

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **TUESDAY 27 SEPTEMBER 2016** commencing at **9.00am**.

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

**1. APOLOGIES AND LEAVE OF ABSENCE**

**2. CONFIRMATION OF STATUS OF AGENDA**

*Mr J Dawson representative from Hamilton & Waikato Tourism will be in attendance from 9.00am to discuss item 7.1.*

**3. DISCLOSURES OF INTEREST**

**4. CONFIRMATION OF MINUTES**

Meeting held on Tuesday 23 August 2016

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**5. MATTERS ARISING FROM MINUTES**

**6. RECEIPT OF SUBCOMMITTEE MINUTES**

Audit & Risk Subcommittee held on Wednesday 10 August 2016

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**7. REPORTS**

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| 7.2 | Plan Change 16: Tuakau Structure Plan Stage 1 (Rezoning for residential and industrial purposes)        | 37 |
| 7.3 | Update on the budget expenditure for the Tuakau and the Ngaruawahia & Surrounds Structure Plan Projects | 40 |
| 7.4 | Financial Review of Key Projects  | 43 |
| 7.5 | Summary of Movements in Discretionary Funds to 15 September 2016  | 48 |
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GJ Ion

**CHIEF EXECUTIVE**

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	GJ Ion Chief Executive
<b>Date</b>	23 August 2016
<b>Prepared by</b>	LM Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I590564
<b>Report Title</b>	Confirmation of Minutes

## **1. EXECUTIVE SUMMARY**

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

## **2. RECOMMENDATION**

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**THAT** the minutes of the meeting of the Strategy & Finance Committee held on Tuesday 23 August 2016 be confirmed as a true and correct record of that meeting.

## **3. ATTACHMENTS**

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Minutes 23 August 2016

**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 held on **TUESDAY 23 AUGUST 2016** commencing at **9.01am**.

**Present:**

Cr JC Baddeley (Chairperson)  
His Worship the Mayor Mr AM Sanson  
Cr DW Fulton *[until 10.38am and from 11.00am]*  
Cr JM Gibb *[from 9.22am]*  
Cr WD Hayes  
Cr SD Lynch  
Cr RC McGuire  
Cr LM Petersen  
Cr JD Sedgwick *[until 10.38am and from 11.00am]*  
Cr NMD Smith  
Cr MR Solomon  
Cr GS Tait

**Attending:**

Mr G Ion (Chief Executive)  
Ms S Duignan (General Manager Customer Support)  
Mr T Harty (General Manager Service Delivery)  
Mr TG Whittaker (General Manager Strategy & Support)  
Mrs LM Wainwright (Committee Secretary)  
Ms S Solomon (Team Administrator Strategy & Support)  
Mr V Ramduny (Planning & Strategy Manager)  
Ms A Diaz (Finance Manager)  
Ms S Kelly (District Plan Administrator)  
Mr C Morgan (Economic Development Manager)  
Ms M Russo (Corporate Planner)  
Mr S Thompson (Financial Operations Team Leader)  
Ms A Brodie (Development Contributions Co-ordinator)  
Ms K Bredenbeck (Huntly i-Site)



## **APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Crs Petersen/Hayes)**

**THAT** an apology be received from and leave of absence granted to Cr Costar and Cr Church representing Council at the Waikato Regional Council Lower Waikato Catchment committee meeting;

**AND THAT** an apology for lateness be received from Cr Gibb.

**CARRIED on the voices**

**S&FI608/01**

## **CONFIRMATION OF STATUS OF AGENDA ITEMS**

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

**THAT** the agenda for a meeting of the Strategy & Finance Committee held on Tuesday 23 August 2016 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 discussed with the public excluded;

**AND THAT** in accordance with Standing Order 3.7.2 the order of business be changed with agenda item 6.11 [*Economic Development Strategy Work Programme*] being considered after agenda item 6.13.

**CARRIED on the voices**

**S&FI608/02**

## **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

## **CONFIRMATION OF MINUTES**

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

**THAT** the minutes of a meeting of the Strategy & Finance Committee held on Tuesday 28 June 2016 be confirmed as a true and correct record of that meeting.

**CARRIED on the voices**

**S&FI608/03**

## **MATTERS ARISING FROM THE MINUTES**

There were no matters arising from the minutes.

## **REPORTS**

### Waikato Enterprise Agency Annual Report for the Waikato District and Raglan i-SITES 2016 Agenda Item 6.1

The Manager Huntly i-Site gave a powerpoint presentation and answered questions of the committee.

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

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

**CARRIED on the voices**

**S&FI 608/04/1**

### Treasury Report to 30 June 2016 Agenda Item 6.2

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

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

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

**CARRIED on the voices**

**S&FI 608/04/2**

### Summary of Movements in Discretionary Funds to 31 July 2016 Agenda Item 6.3

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

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

**CARRIED on the voices**

**S&FI 608/04/3**

### Financial Review of Key Projects Agenda Item 6.4

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

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

The committee sought information in relation to Health & Safety re: the redesign of the front counter at Ngaruawahia.

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

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

**CARRIED on the voices**

**S&FI 608/04/4**

Cr Gibb entered the meeting at 9.22am during discussion on the above item and was present when voting took place.

Minutes of the Future Proof Implementation Committee meeting held on 13 July 2016  
Agenda Item 6.5

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

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

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

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

**CARRIED on the voices**

**S&FI 608/04/5**

Waikato Mayoral Forum Minutes 18 April 2016  
Agenda Item 6.6

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

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

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

**CARRIED on the voices**

**S&FI 608/04/6**

Minutes of the Waikato Plan Joint Committee meeting held on 20 June 2016  
Agenda Item 6.7

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

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

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

**CARRIED on the voices**

**S&FI 608/04/7**

Plan Change 8 Technical Amendments Operative Date  
Agenda Item 6.8

The District Plan Administrator gave a verbal update and answered questions of the committee.

**Resolved: (Crs Petersen/Solomon)**

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

**AND THAT pursuant to clause 20 in Schedule 1 of the Resource Management Act 1991, staff shall arrange a public notice that declares operative the provisions in Plan Change 8 Technical Amendments Operative Date.**

**CARRIED on the voices**

**S&FI608/04/8**

2015-2016 Non-Financial Performance Report  
Agenda Item 6.9

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

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

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

**CARRIED on the voices**

**S&FI608/04/9**

Waikato Local Authority Shared Services Statement of Intent 2016/17  
Agenda Item 6.10

The General Manager Strategy & Support gave a verbal update.

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

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

**CARRIED on the voices**

**S&FI608/04/10**

Waikato District Community Wellbeing Trust Statement of Intent for the year ending 30 June 2017

Agenda Item 6.12

The General Manager Strategy & Support gave a verbal update.

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

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

**CARRIED on the voices**

**S&FI608/04/11**

General rate position for the year ended 30 June 2016

Agenda Item 6.13

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

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

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

**AND THAT the committee recommends to Council that four new budget items (totalling \$1,139,500) in 2016/17 be funded by the 2015/16 surplus;**

**AND FURTHER THAT the committee recommends to Council that the remainder of \$6,809 be transferred to the general accounting reserve fund.**

**CARRIED on the voices**

**S&FI608/04/12**

Economic Development Strategy Work Programme

Agenda Item 6.11

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

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

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

**CARRIED on the voices**

**S&FI608/04/13**

Crs Fulton and Sedgwick withdrew from the meeting at 10.38am following discussion on the above item and were present when voting took place.

The meeting adjourned at 10.38am and resumed at 10.58am.

Savings Report  
Agenda Item 6.14

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

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

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

**CARRIED on the voices**

**S&F1608/04/14**

Crs Fulton and Sedgwick re-entered the meeting at 11.00am during discussion on the above item and were present when voting took place.

Community Engagement Update  
Agenda Item 6.15

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

The Corporate Planner answered questions of the committee.

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

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

**CARRIED on the voices**

**S&F1608/04/15**

Exclusion of the Public  
Agenda Item 6

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

**THAT the report of the Chief Executive – *Exclusion of the Public* – be received;**

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

- a. **Confirmation of Minutes dated Tuesday 28 June 2016**

## **REPORTS**

### **b. Strada Corporation Statement of Intent 2016/17**

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

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

Section 7(2)(b)(i)(ii)

Section 48(1)(h)(i)

### **c. Waikato Muslim Association – Debt settlement proposal**

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

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

Section 7(2)(a)

Section 48(1)(a)(i)

### **d. Development Contributions Agreement NZ Drinks Limited Wastewater**

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

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

Section 7(2)(b)(i)

Section 48(1)(d)

**e. Debts Written Off Under Chief Executive Delegation**

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

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

Section 7(2)(a)

Section 48(1)(a)(i)

**f. Debt Write-Off**

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

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

Section 7(2)(a)

Section 48(1)(a)(i)

**CARRIED on the voices**

**S&F1608/05**

**REPORTS (CONTINUED)**

Development Contributions Agreement NZ Drinks Limited Wastewater  
Agenda Item PEX 3.3

It was resolved [S&F1608/09] 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:

“Resolved: (Crs Lynch/Hayes)

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

*AND THAT the Committee recommend to Council that the draft agreement be approved;*

*AND FURTHER THAT the recommendation be released into open meeting but the report remain confidential and unavailable to the public.*

**CARRIED on the voices”**

**S&F1608/13**



*Resolutions S&F/1608/06 – S&F/1608/12 are contained in the public excluded section of these minutes.*

Having resumed open meeting and there being no further business the meeting was declared closed at 12 noon.

Minutes approved and confirmed this                      day of                      2016.

JC Baddeley

**CHAIRPERSON**

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### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	18 August 2016
<b>Prepared by</b>	Rose Gray Council Support Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1585060
<b>Report Title</b>	Receipt of Audit & Risk Committee Minutes – 10 August 2016

## **1. EXECUTIVE SUMMARY**

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The minutes of a meeting of the Audit & Risk Committee held on Wednesday 10 August 2016 are submitted for receipt.

## **2. RECOMMENDATION**

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**THAT** the minutes of a meeting of the Audit & Risk Committee held on Wednesday 10 August 2016 be received and that the following recommendation becomes a resolution of the Strategy & Finance Committee:

### **Risk Management Maturity Assessment**

**THAT** the committee recommend to the Strategy & Finance Committee to support the engagement of KPMG to undertake a risk management maturity assessment review;

**AND THAT** the committee request the Strategy & Finance Committee to seek funding from the 2015/16 General Rate surplus to fund this review.

**A&R1506/06/9**

## **3. ATTACHMENTS**

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Minutes

**MINUTES** of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia held on **WEDNESDAY 10 AUGUST 2016** commencing at **9.04 am**.

**Present:**

Ms M Devlin (Chairperson)  
Cr JC Baddeley  
Cr JM Gibb  
Cr WD Hayes  
Cr JD Sedgwick *[until 10.27am]*

**Attending:**

Mr GJ Ion (Chief Executive)  
Mr TG Whittaker (General Manager Strategy & Support)  
Mrs RJ Gray (Council Support Manager)  
Ms A Diaz (Finance Manager)  
Mr K Abbott (Organisational Planning & Project Support Team Leader)  
Mrs K Jenkins (Project Management Advisor)  
Ms M Russo (Corporate Planner)  
Mr N Kotze (Audit Manager Audit New Zealand)  
Mr L Pieterse (Director Audit New Zealand)  
Mr K Lockley (Zero Harm Manager)  
Ms B Nand (KPMG)  
Mr D Sutton (KPMG)

**APOLOGIES AND LEAVE OF ABSENCE**

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

**THAT** an apology be received from and leave of absence granted to His Worship the Mayor and Cr Sedgwick for early departure.

**CARRIED on the voices**

**A&R1608/01**

## **CONFIRMATION OF STATUS OF AGENDA ITEMS**

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

**THAT the agenda for a meeting of the Audit & Risk Committee held on Wednesday 10 August 2016 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 discussed with the public excluded.**

**CARRIED on the voices**

**A&R1608/02**

## **DISCLOSURES OF INTEREST**

There were no disclosures of interest.

## **CONFIRMATION OF MINUTES**

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

**THAT the minutes of a meeting of the Audit & Risk Committee held on Friday 8 July 2016 be confirmed as a true and correct record of that meeting.**

**CARRIED on the voices**

**A&R1608/03**

## **MATTERS ARISING FROM THE MINUTES**

2015/16 Annual Report Risk Assessment [A&R1607/204/6]

The General Manager Strategy & Support advised that there were no issues that would compromise the process for completion of the Strada audit.

## **REPORTS**

Review of Strategic Risk Register  
Agenda Item 6.1

The Chief Executive spoke of opportunities and challenges:

- the electoral process being underway
- recruitment and resources
- capital work to be undertaken in roading, waters, wastewater, stormwater and open spaces
- improvement required in the wastewater area, reputational risk
- Waters CCO, working with Waipa District Council and Hamilton City Council, with agreement on the draft agreement in terms of key principles and decisions on how a CCO be set up.

An interactive session was then facilitated by David Sutton and Bonita Nand, representatives of KPMG on the strategic risks.

It was agreed that KPMG would work with management to produce an updated strategic risk register that would be circulated for feedback and sign off prior to the local body elections.

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

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

**CARRIED on the voices**

**A&RI608/04/1**

Update on progress against issues raised in the draft interim management report  
Agenda Item 6.2

The report was taken as read. The Corporate Planner provided a brief overview and the committee agreed with the management comments and Audit New Zealand was satisfied with progress made and action taken to date.

The General Manager Strategy & Support identified two key points:

1. Some policies still to be reviewed. Includes a number of IT policies that are currently being worked on.
2. Outcomes from the Contract Management System included in the staff work programme, needs to be signed off by Audit New Zealand.

The General Manager Strategy & Support spoke of two projects being carried out with regard to the Project Management Framework. Currently in the process of developing a list of management recommendations to bring back to the next Audit & Risk Committee meeting.

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

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

**AND THAT the Audit & Risk Committee approve the management comments in the interim management report.**

**CARRIED on the voices**

**A&RI608/04/2**

Cr Sedgwick retired from the meeting at 10.27am.

The meeting adjourned at 10.27am and resumed at 10.48am.

Risk Management Maturity Assessment  
Agenda Item 6.3

The report was taken as read.

The General Manager Strategy & Support advised of the benefits in ensuring that the framework in place was fit for purpose and gave strength to what the organisation was trying to deliver.

The Organisational Planning & Project Support Team Leader advised that a full project was in place to reinforce messages for best practice.

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

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

**AND THAT the Committee support the engagement of KPMG to undertake a risk management maturity assessment review;**

**AND FURTHER THAT the Committee request that the Strategy & Finance Committee seek funding from the 2015/16 General Rate surplus to fund this review.**

**CARRIED on the voices**

**A&RI608/04/3**

Zero Harm

Agenda Item 6.4

The report was taken as read. The Zero Harm Manager highlighted the following key points:

- Council has changed the KPI to include total recording injury rate (TRIFR) and is continuing with near miss reporting.
- Zero harm culture survey carried out.
- Waikato LASS and BOPLASS - pre qualification of contractors register, site specific safety plans is still required.
- Reverse Parking Policy introduced.

No real trends had been identified to date in respect of near misses. Service strikes were not a risk.

**Resolved: (Crs Baddeley/Hayes)**

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

**CARRIED on the voices**

**A&RI608/04/4**

**EXCLUSION OF THE PUBLIC**

Agenda Item 7

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

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

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

**a. Confirmation of Minutes dated 8 July 2016**

**AND FURTHER THAT the Chair (Ms Margaret Devlin) and representatives from Audit New Zealand (Mr Kotze and Mr Pieterse) remain in the meeting after the public has been excluded to facilitate discussion on items in this section.**

**CARRIED on the voices**

**A&RI 608/05**

*Resolutions A&R1608/06 - A&R1608/7 are contained in the public excluded section of these minutes.*

Having resumed open meeting and there being no further business the meeting was declared closed at 11.21am.

Minutes approved and confirmed this                      day of                      2016.

Ms M Devlin

## CHAIRPERSON

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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	16 September 2016
<b>Prepared by</b>	Clive Morgan Economic Development Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I607057
<b>Report Title</b>	Hamilton & Waikato Tourism Annual Report to Local Government 2015-16

## **1. EXECUTIVE SUMMARY**

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To provide Council with the Hamilton & Waikato Tourism Annual Report to Local Government 2015-16.

Jason Dawson, Chief Executive Hamilton & Waikato Tourism will present this report.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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Hamilton & Waikato Tourism Limited Annual Report to Local Government 2015-16





## *Annual Report to Local Government 2015-16*

Year ending 30 June 2016

**Waikato District Council Strategy & Finance Committee Meeting 27 September 2016**

### *Executive Summary*

Hamilton & Waikato Tourism (HWT) is the region's Regional Tourism Organisation (RTO) whose role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend. HWT is funded through a public/private partnership with the region's seven local authorities and the tourism industry. Currently visitors contribute \$1.1 billion of expenditure and an estimated 6 million guest nights in the region.<sup>1</sup>

In 2015-16, tourism regained the mantle of New Zealand's leading contributor to national export earnings. The visitor sector contributed \$29 billion in visitor expenditure and \$11.8b in export earnings (17% of NZ's total)<sup>2</sup> to the New Zealand economy. The sector is currently experiencing exceptional growth with international visitor arrivals and expenditure at record levels. This growth is forecast to continue with visitor arrivals expected to surpass 4 million international arrivals in the next four years. Domestic tourism has also been buoyant and is showing steady growth with domestic guest nights up 10.9%. Visitor expenditure for the year to March 2016 is expected to reach \$32.5 billion, well ahead of the growth rate required to reach the forecasted \$41 billion in 2025.

Available data and anecdotal evidence indicates the Hamilton & Waikato region has shared in this growth, however, visitor expenditure data for year end March 2016 won't confirm this until it is released in November. For year end June 2016, total commercial guest nights grew by 8.4% and remains above national trends. International night's increased by 19.8% and domestic 4.8%. This is reflective of a greater awareness of the region's visitor proposition and appeal, as well as some overflow from Auckland due to capacity constraints in that region.

Strong and enduring relationships have continued with HWT's seven partner Councils and tourism operators. Investment in HWT's activities has been strong with a 50% baseline increase from local government and over \$430,000 from the private sector. This resulted in a combined investment of \$1.6m towards marketing and development activities. In terms of industry funding per dollar of Council funding, HWT remains at the forefront when compared to other New Zealand RTOs.

A key focus for 2015/16 has been the development of Tourism Opportunities Plan and the expansion of HWT's activities to include destination management and product development. HWT has also invested more into the domestic market.

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<sup>1</sup> MBIE YE December 2015 (updated May 2016)

<sup>2</sup> MBIE, YE March 2016

## Key Performance Indicators (KPIs)

HWT and the sector have performed well against the KPIs as per the Schedule of Services 2015-16;

1. *Grow commercial guest nights in line with national trend (Commercial Accommodation Monitor Stats NZ)*  
Result: ACHIEVED (NZ growth 5.7%, HWT growth 8.4%)
2. *Grow market share of total delegate days to 10% (Convention Activity Survey MBIE)*  
Result: NOT MET (8% market share growth)
3. *To at least maintain share of domestic visitor expenditure (Regional Tourism Indicators MBIE)*  
Result: ACHIEVED (NZ growth 5.1%, HWT growth 7%)
4. *To at least maintain share international visitor expenditure (Regional Tourism Indicators MBIE)*  
Result: ACHIEVED (NZ growth 9%, HWT growth 10.6%)
5. *30% increase in visits to hamiltonwaikato.com*  
Result: NOT MET (26.9% increase in website visits)
6. *\$400,000 industry investment*  
Result: ACHIEVED (\$430,000 of industry investment)

## Summary of Key Activities

### International Marketing

New Zealand's international visitor spend for 2015 across all markets was up 31.3%, with international visitor arrivals peaking at 3.3 million for the year end April 2016 - an 11% increase on the previous year<sup>3</sup>.

Both volume (visitor arrivals) and value (visitor spend per person) drivers contributed to overall growth in visitor spend; more people are coming and spending more each trip. This growth has been driven by gradual economic recovery in origin markets, greatly increased air connectivity/capacity, particularly into Auckland, and the lower cost of air travel due in the main to competitive forces and depressed oil prices. The Hobbit movies are also cited by a significant number of visitors as having an influence on their decision to travel to New Zealand. The rapid expansion of the outbound Chinese market to New Zealand has also been a factor with China now the second largest source of international visitors behind Australia. As the Chinese market continues to mature, so will the proportion of visitors from China who can be classified as 'free and independent travellers (FIT)' continue to increase.

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<sup>3</sup> MBIE YE April 2016

For the past four years, the H&W region has benefitted from solid growth in international expenditure and guest nights, primarily driven by the region's international visitor icons, Waitomo Caves and Hobbiton Movie Set.

- **“Tour the North” campaign in Australia**

For the fourth consecutive year, HWT has participated in a \$1.4m campaign in conjunction with other upper North Island regions and Tourism New Zealand. HWT's investment was supported by two key operators, Hobbiton Movie Set and Tourism Holdings Limited. This continues to be a cost-effective way of targeting Australian visitors as our largest international market.

- **Explore Central North Island (ECNI)**

HWT continued its partnership with the Central North Island collective of eight regions. The 'collective' participated in travel trade training in China, US and Australia, and hosted the Explore Show in Auckland with 12 operators exhibiting and 200 inbound agents attending. The ECNI product manual was produced with 22 H&W products featured (international travel trade focussed).

- **RideNZ (8 RTOs)**

HWT continued to participate in the RideNZ initiative focused on positioning the Central North Island as “the place” for cycling and mountain biking in both domestic and international markets. The website RideNZ.co was launched in January and provides a single portal for the groups 8 great rides and other cycling/mountain biking experiences. The goal is to provide a single repository of information, itineraries and planning tools.

- **International Travel Trade and Media**

HWT participated in Tourism New Zealand's international trade and media programmes, hosting 75 media in the region and training 293 travel trade. HWT participated in an Australian All Stars Mega Famil, training 400 agents and hosting 100 agents in the region.

## **Domestic Marketing**

The New Zealand domestic market has remained buoyant with 4.1% growth in domestic guest nights for the year end. The H&W region also saw positive, modest growth in domestic guest nights which increased by 4.8%. Visitor expenditure remains below the national trend.

HWT's key domestic promotional activities included:

- **Explore Your Own Backyard campaigns (EYOB)**

Two campaigns to target our local residents were undertaken.

1. The first of HWT's EYOB campaigns took place during Dec-Jan and focused on summer activity options for families in the region. This included outdoor activities such as walking and hiking trails, free attractions, events and operator partner activities. The campaign received 24,723 website landing page views and 82,900 Facebook video views.
2. The second campaign ran from mid-June to mid-July. Channels included online and social media advertising, the 4KIDS Waikato Times school holiday pull-out, cinemas and bus backs. The

campaign received 30,912 website landing page views and 2.1 million total advertisement impressions across the entire campaign.

- **Short Escapes campaign**

Two campaigns to external target audiences were undertaken.

1. HWT's first 'Short Escapes' domestic marketing campaign began in November to mid-December 2015. The campaign encouraged short summer breaks in the region with a focus on outdoors activities, cycling and summer events. The campaign included online search and display ads, social media, and electronic direct mailers (e-DM). 15,000 website landing page views were achieved.
2. HWT's Summer Short Escapes campaign launched in early February and ran until the end of March 2016. The goal was to encourage consumers to take a short summer break in the region, with a focus on outdoor activities, summer events and partner operator experiences. HWT also provided specific promotional activity for Hamilton Garden Arts Festival (HGAF) and Balloons over Waikato (BOW) through an additional partnership with Hamilton City Council.

The campaign received 52,514 website page views and coverage through the following channels:

- TVOne – Breakfast show live coverage of BOW
- NZ Herald Weekend – Summer Events Guide, circ 323,000
- New Zealand Herald Travel Magazine editorial content, circ 280,000+
- Feature interview in Canvas Magazine with HGAF's concert pianist David Helfgott, circ 347,000
- The Breeze – nationwide radio breakfast show coverage, 260,000+ listeners
- The Hits – Tauranga and Rotorua radio breakfast show coverage

- **Chinese New Zealanders**

For the past three years, HWT has been promoting the region to Auckland's Chinese community. The goal is to build awareness of the region as a great place to visit for short breaks with family and friends. Activity has taken place year-round plus HWT undertook a specific Chinese New Year campaign. Channels used are Weibo, WeChat and specific Chinese forums and blogs.

- Estimated views on Weibo 2,000 followers
- Chinese New Year Campaign results WeChat promotion: 14,219 views
- Weibo Hashtag page: 750,000 views
- Weibo Campaign Activity: 17,000 views

- **Fieldnights**

HWT's 2016 Fieldnights campaign targets those visiting the region for Fieldays, as well as our local market, and encourages visitors to make the most of the dining, activities and event options during Fieldays week. This year HWT also included 'Explore Your Own Backyard' messaging into the campaign in a subtle way, as a large proportion of Fieldays visitors are internal domestic visitors.

- **Fieldays**

HWT exhibited at Fieldays for the first time in 2016 with a stand in the Lifestyle marquee. The focus was social engagement and database acquisition, as well as overall awareness raising. Key messaging was in relation to 'Explore Your Own Backyard' given 44% of attendees live in the region with a further 40% living within a 2 to 3-hour drive time.

- **Regional Visitor Guide**

HWT's Official Visitor Guide for the Hamilton & Waikato Region was completed in November. 100,000 copies of the 88-page DLE-sized brochure are printed and distributed through New Zealand's i-SITE network, other key locations, Tourism New Zealand offshore offices and conference attendee packs.

- **Our NZ Escape – Domestic TV Series**

HWT are participating in a new domestic 10-episode TV series – with one episode focused on the Hamilton & Waikato region. Each episode covers three days and two nights in a region with a 'celebrity couple' flying with Air NZ and staying in regional accommodation. Operators who partnered with HWT and are profiled include Hobbiton Movie Set, Black Water Rafting, Hamilton Gardens, Waikato River Trails, Sarnia Park and SkyCity Hamilton's Co-Op Dining precinct. The series begins in August with the Hamilton & Waikato region episode airing on 1 October 2016.

- **Domestic Research**

With additional funding this year, HWT has been able to undertake research to better understand our domestic market. This will inform future campaign activity and product development opportunities. HWT will continue to invest in this new domestic data and research.

## Digital

The re-development of the Hamiltonwaikato.com website was completed early in 2015-16. The site has a refreshed design and is built in an open source platform with a new content management system (CMS) that enables improved management in-house. Total website visits reached 560,000 - a 63% increase. Social media sites have continued strongly with Facebook "followers" for year end June at 30,000. New developments have been completed for the Convention Bureau along with a new Chinese language site.

## Convention Bureau

Business Events (BE) is a key sector for the region and focus of HWT's activity. BE delegates are high spending visitors with average daily spend \$340, they also visit throughout the year (easing seasonality) and have the potential to be repeat visitors.

HWT's Convention Bureau (CB) experienced some changes in personnel with a new manager coming on-board in October 2015, and the appointment of a full time coordinator/administrator in January 2016. The CB has seen a steady increase in enquiries and proposals and the region has been successful in securing five international conferences in partnership with the University of Waikato and Tourism New Zealand.

For the year, the HWT CB has 56 partners and handled 153 enquiries. H&W's awareness and appeal as a conference destination continues to go from strength-to-strength due to excellent collaboration across the region's venues, accommodation and attractions, along with a strong commitment, combined investment and hard work by many. The region successfully bid to host the sector's annual Conferences & Incentives New Zealand (CINZ) conference in the region in October 2016.

The H&W region accounts for 8% of national delegate days, fourth behind Auckland, Wellington and Christchurch<sup>4</sup>. Competition in this sector will continue to increase as new convention centres are planned over the next 3-5 years for the main centres, plus Christchurch coming back on-stream as a meetings destination.

Key Convention Bureau highlights:

- Two key trade shows attended throughout the year and the region exhibited alongside CB partners
- 800 copies of the Business Events Directory printed and distributed at tradeshow, sales calls and famils
- Regional promotion in key sector publications eg Meetings Newz, Micenet
- 16 famils undertaken including a national buyers Mega famil, Australian buyers and Waikato buyers famils
- Sales calls, hosted events and networking functions in Auckland, Wellington and H&W
- Launch of the BeWais initiative for young business events professionals

## *Destination Management/Product Development*

- **Tourism Opportunities Plan**

Destination marketing alone will not deliver on the region's visitor sector growth targets, so a plan needed to be developed to provide more reasons for people to visit. Development of the Tourism Opportunities Plan identifies tourism infrastructure, product development and investment opportunities across the region. The plan also assessed the region's brand positioning, themes and experiences and provides a framework to further enhance and strengthen the visitor proposition. The formation of the plan involved significant consultation across the region with local government, tourism operators, Iwi and the wider business community.

In addition, WEL Energy Trust granted HWT \$100,000 to support development activities as part of their economic development focus. This is an excellent demonstration of the support and respect for HWT's performance and tourism industry's contribution to the region's economy. The funding will be spread over two years.

- **Options Report for Sanctuary Mountain Maungatautari**

HWT led the development of a Tourism Options report which identifies strategies to improve the Maungatautari visitor experience, and increase visitor numbers and revenue to the Sanctuary. This project was carried out in partnership with the Waipa District Council, Waikato Regional Council, Department of Conservation and Maungatautari Ecological Island Trust.

- **Otorohanga Kiwi House**

HWT partnered with the Otorohanga District Council and the Kiwi House on a feasibility study/business case to further develop the visitor experience and attract investment.

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<sup>4</sup> MBIE Convention Activity Survey YE March 2016

- **Waikato Story**

In addition, HWT continued its relationship with the Waikato Regional Council through our involvement with the Waikato Story.

- **Operator Support**

Information, research and support was provided to a number of new tourism ventures and existing operators. Two operator updates and networking functions were held including operator development opportunities provided around the new Health & Safety laws and Chinese Market research. Regular newsletter updates were distributed.

## ***The Board of Hamilton Waikato Tourism***

Two valued Board members resigned their roles with HWT during 2015/16. In August 2015, we farewelled Anna Bounds and in February 2016, Bob Weir. Mark Morgan joined the board as the Waikato Regional Airport Limited's (WRAL) appointee in December 2015.

The Board currently comprises: Graeme Osborne (Chair), Don Scarlet, Simon Douglas and Mark Morgan.

## ***Chief Executive***

Kiri Goulter finished with HWT on 30 June after 7.5 years at the helm. In 2009, Kiri commenced in a contract role with Hamilton International Airport to re-establish the Regional Tourism Organisation (RTO) after it was dis-established some years earlier. HWT was officially launched in July 2011, fully supported by the regions seven councils and tourism industry. HWT now operates to a \$1.6m budget, has eight staff and is acknowledged as a professional, high performing and respected organisation.

Jason Dawson joined the team as Chief Executive on 16 August 2016.

## ***Conclusion***

The record growth of New Zealand's visitor sector is forecast to continue for the foreseeable future. This positive growth also presents new opportunities and challenges.

The growth has seen seasonal peak periods become increasingly busy allowing tourism operators to benefit from this strong demand. This high demand has resulted in capacity constraints and placed pressure on infrastructure such as roading, parking, water and sewerage or recreational amenities, as well as long-term infrastructure such as accommodation facilities. Sector wide focus and coordination is necessary to address these issues through marketing strategies and initiatives to grow visitor demand in shoulder season and low season periods which in turn will ensure tourism assets are better utilised year-round. Strategies to better distribute visitors across the country will bring economic benefit to regions whilst relieving the pressure on places with high visitor loads.



After five years of operation, HWT is in a sound financial position and enjoys strong support from its local government partners and tourism industry. The additional funding from partners has enabled HWT to allocate increased investment to addressing the challenges of the domestic market and broaden HWT scope from destination marketing to include a focus on the development of the region's 'reasons to visit'. The Tourism Opportunities Plan provides a clear direction to realise the visitor potential of the region in partnership with key stakeholders and agencies.

Finally, we would like to thank our local government and industry partners, and the dedicated team at HWT for their continued efforts throughout the year.

Jason Dawson  
Chief Executive  
Hamilton & Waikato Tourism



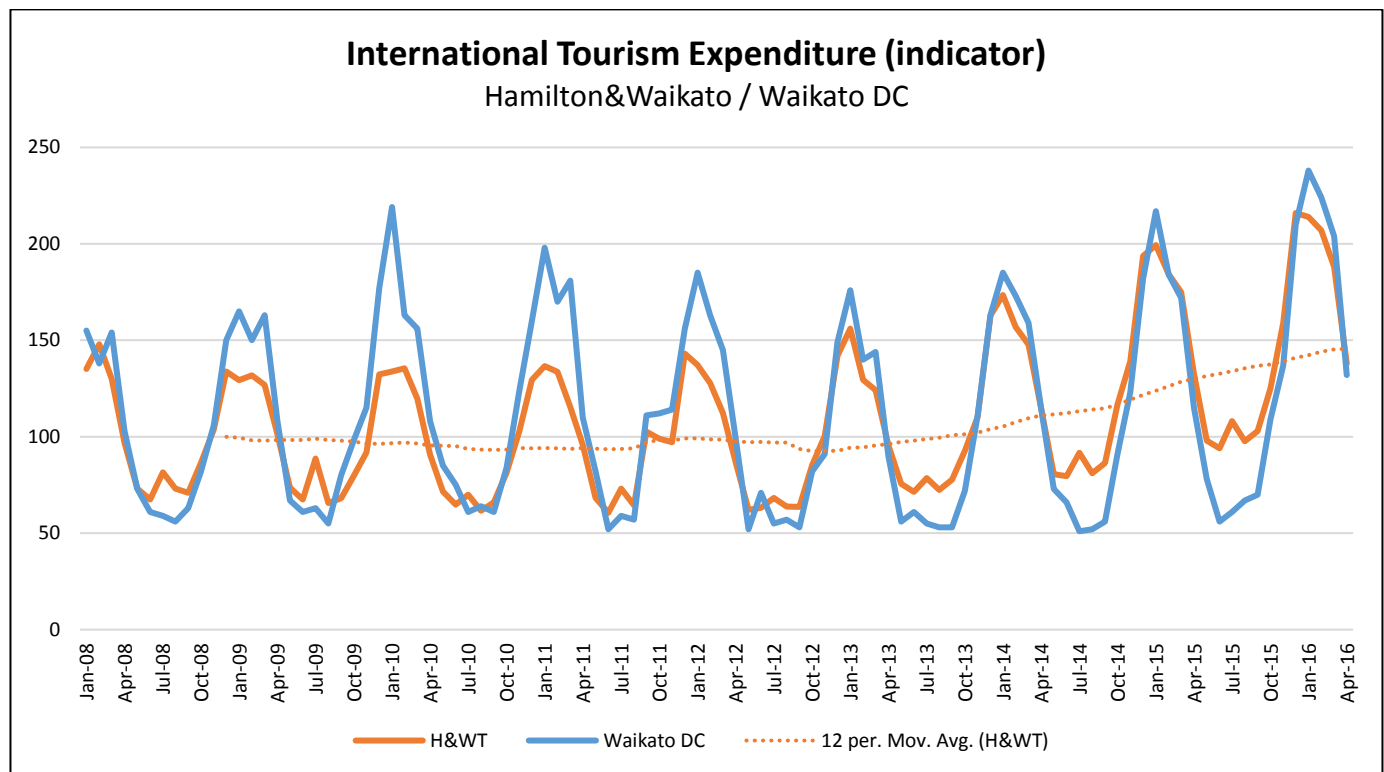
# Hamilton & Waikato TOURISM

## Summary of Activity for Waikato District 2015-16

Year ending 30 June 2016

Waikato District Council Strategy & Finance Committee Meeting 27 September 2016

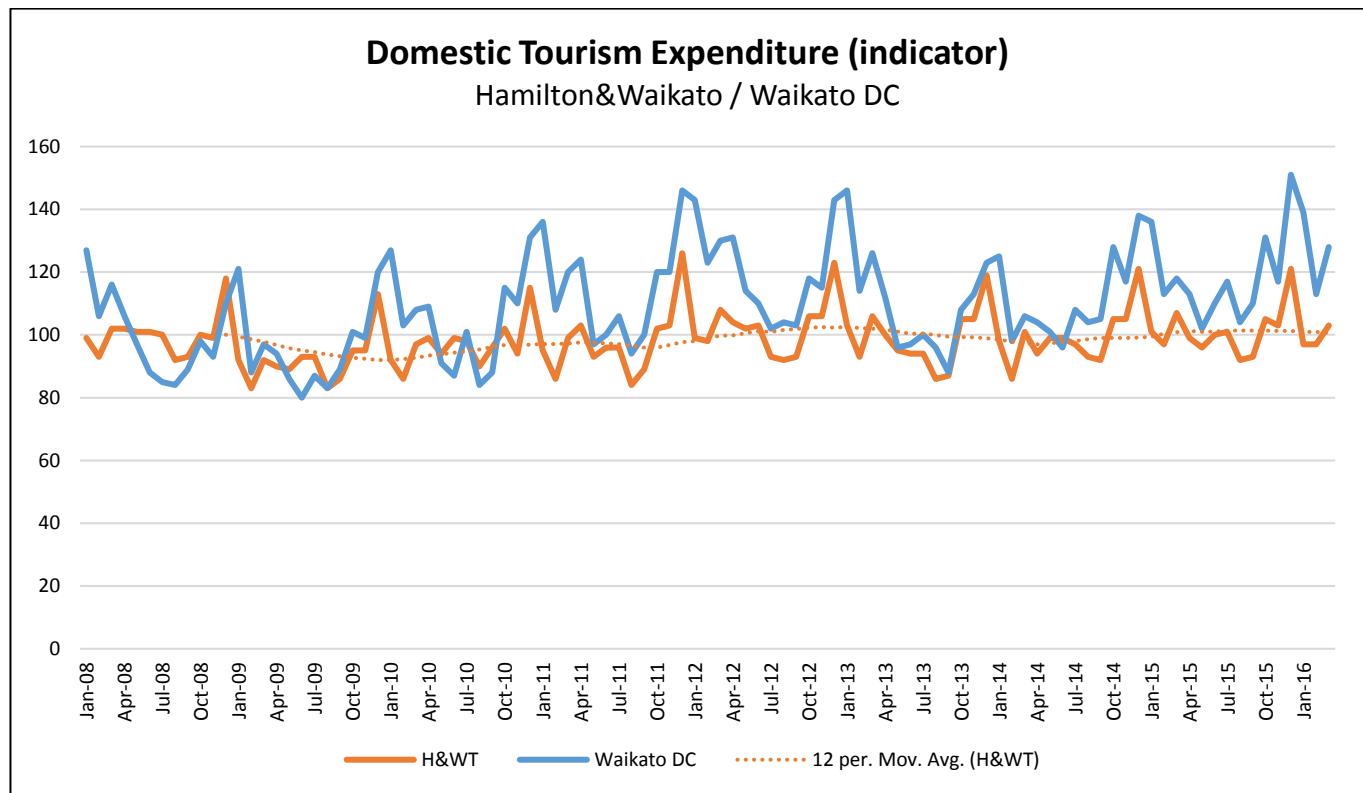
### Visitor Statistics - Waikato District



Source: Regional Tourism Indicators MBIE April 2016

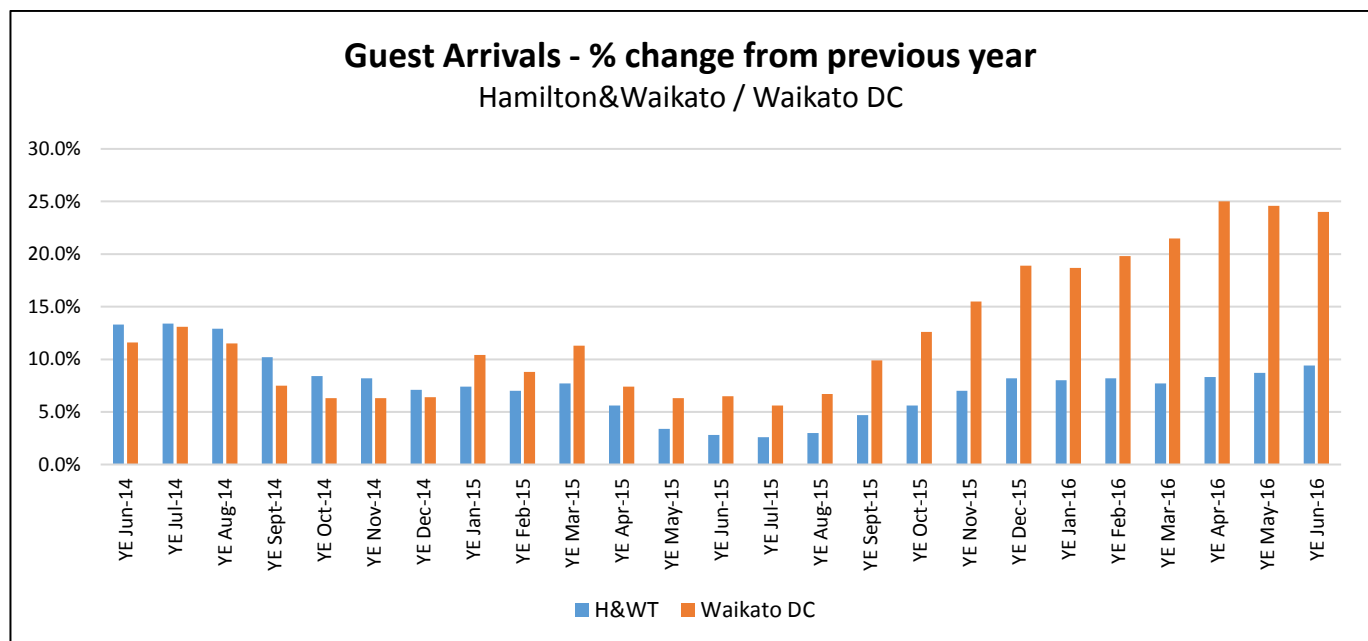
This will be the last time this activity report will be provided as the Ministry for Business, Employment & Innovation has replaced it with Monthly Regional Tourism Estimates.

Waikato District consistently performs strongly and above regional domestic tourism expenditure.



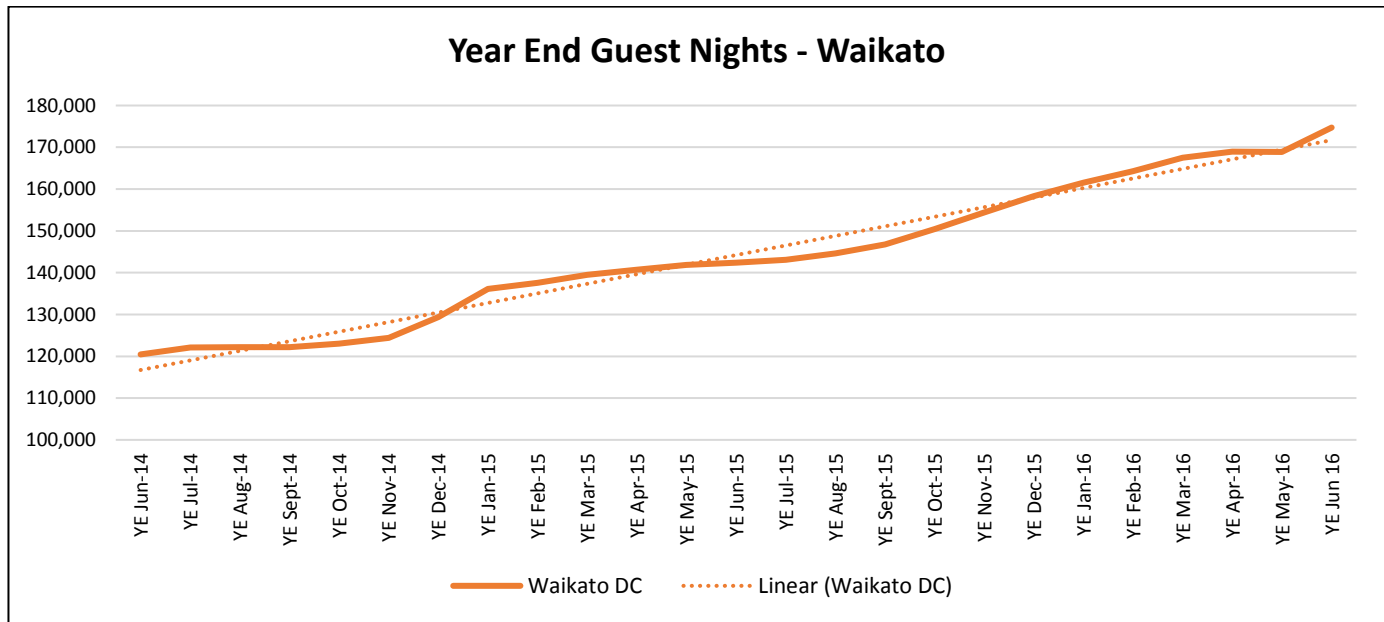
Source: Regional Tourism Indicators MBIE April 2016

Following a decline in 2015, guest nights have increased over 2016 in the Waikato District. Guests have also remained buoyant throughout the shoulder season in 2016.



Source: Commercial Accommodation Monitor Stats NZ June 2016

Commercial guest nights for Waikato District are at its highest since 2014 with over 170,000.



Source: Commercial Accommodation Monitor Stats NZ June 2016

## Marketing activity - Waikato District

Target market	Campaign or activity	Waikato experiences profiled
Australia	Tour of the North Island Campaign July - August 2015	Te Awa River Ride, Raglan Learn to Surf, Zealong Tea Estate, Fish and Chips at Raglan, Wahine Moe sunset cruise (Raglan), Raglan District Museum, Bridal Veil Falls, The lookout - Raglan
Media – domestic & international	Media hosting and famils profiling Hamilton: <ul style="list-style-type: none"> <li>Australia: Jarrad Seng, RideNZ, Joscha Remus</li> <li>Canada: Huffington Post</li> <li>France: Caroline Receuver, Natoo + Lea Famil, Phosphore Magazine</li> <li>Germany: Anton Reyst, Yaez German famil</li> <li>Indonesia: MNC Lifestyle, Muslim Corner, NetTV, Social Influencers</li> <li>Japan: Dance with Konno, Japan Press Trip, Sekai No Mystery, Social Influencers</li> <li>New Zealand: Kia Ora magazine, The Best Nest</li> <li>Singapore: Eunice Goh</li> <li>South East Asia: Desin Asian, Qyer Blogger</li> <li>UK: Empire Magazine, Lonely Planet, Social Influencers</li> <li>USA: Hemispheres Famil</li> </ul>	Wahine Moe sunset cruise (Raglan), Solscape Raglan & Zealong Tea

Travel Trade - events	Australian All Stars Mega Famil September 2015	Major Waikato District attractions & products
	Travel trade events profiling Hamilton: <ul style="list-style-type: none"> <li>• TRENZ: biggest international tourism event (May 2016)</li> <li>• Inbound Operators / RTO Day (April 2016)</li> <li>• Tourism NZ / RTO Day (April 2016)</li> <li>• Explore Central North Island Trade Show (April 2016)</li> <li>• KiwiLink America (October 2015)</li> <li>• Mega Famil Training Days (Australia: September 2015; India: March 2016)</li> </ul>	Major Waikato District attractions & products
Travel Trade - famils	Waikato District profiled in following trade famils: <ul style="list-style-type: none"> <li>• CZ Airlines Guangzhou, China</li> <li>• Australian Pacific Tours, Australia</li> <li>• Grand Pacific Tours, Australia</li> <li>• Kirra, Australia</li> <li>• Flight Centre - Infinity, Australia</li> <li>• Infinity Holidays Famil, Australia</li> <li>• Infinity TNZ Incentive Famil, Australia</li> <li>• China Eastern Airlines, China</li> <li>• European Front liners Famil, EU</li> <li>• Steffi mix-n-match pre-TRENZ, Germany</li> <li>• AOT Mega Famil, Global</li> <li>• Indonesia Product Managers, Indonesia</li> <li>• 100% Pure NZ Indonesian Specialists</li> <li>• Indonesian Product Managers, Indonesia</li> <li>• HIS Co Staff Famil, Japan</li> <li>• Pre-TRENZ Malaysia/Philippines Famil</li> <li>• Air New Zealand / General Travel, Singapore</li> <li>• Singapore Air NZ Front liners, Singapore</li> <li>• Paul Watkins mix-n-match pre-TRENZ, USA</li> </ul>	Zealong Tea Estate, Wahine Moe sunset cruise, Raglan Surf School, Solscape Raglan
Travel Trade – Central North Island Alliance	HWT are part of the Central North Island RTO alliance known as 'Explore Central North Island' <ul style="list-style-type: none"> <li>• ECNI Product Manual 2016-2018 (22 HW products advertised, 3 Waikato Dist. products)</li> <li>• Explore Show: 1 Waikato Dist. product (Apr 16)</li> <li>• Thermal Explorer Highway presentations (KiwiLink in India July 2015, South America Aug 2015, America Sept 2015, China Oct 2015 &amp; UK March 2016)</li> </ul>	Major Waikato District attractions & products

Domestic – consumer	<p>Waikato District was profiled as part of regional promotions in the following publications:</p> <ul style="list-style-type: none"> <li>• Go Travel – summer edition</li> <li>• Great NZ Roadtrip magazine</li> </ul> <p>HWT also participated in a 10-episode TV series exploring the country called ‘Our New Zealand Escape’:</p> <ul style="list-style-type: none"> <li>• Hamilton &amp; Waikato episode will air on 1 October 2016</li> </ul>	Major Waikato District attractions & products
Domestic – Auckland, Bay of Plenty & Taranaki	HWT ran an annual domestic campaign called ‘Short Escapes’ from November – December 2015 through online channels	Hakarimata Walkway, Zealong Tea Estate, Te Awa–The Great NZ River Ride, Raglan Cycle Trails, Raglan Arts Weekend and Little Foodfest,
Domestic – Auckland, Bay of Plenty, Taranaki & Wellington	HWT ran an ‘Event Escapes’ campaign to leverage off key regional events from January to March 2016 through online, print, radio and social influencers	Zealong Tea Estate, Hakarimata Walkway, Turangawaewae Regatta, Huntly Half Marathon, Raglan Arts Weekend and Little Foodfest, Karioi Trail Run
Local – Hamilton & Waikato	HWT ran an annual local campaign called ‘Explore Your Own Backyard’ to encourage Hamilton & Waikato residents to explore the region during the summer holidays 2015-2016 via online channels.	Zealong Tea Estate, Hakarimata Walkway, Raglan Arts Weekend and Little Food Fest, Soundsplash Music Festival, Raglan, Bridal Veil Falls, Te Awa–The Great NZ River Ride
Local – Hamilton & Waikato	HWT ran a local ‘Explore Your Own Backyard’ campaign to encourage Hamilton & Waikato residents to explore the region during winter 2016 using print, radio, busback and cinema advertising.	Zealong Tea Estate, Hakarimata Walkway, Raglan, Bridal Veil Falls, Te Awa–The Great NZ River Ride
Domestic – Fieldays visitors	HWT ran its annual ‘Fieldnights’ campaign to encourage locals and Fieldays visitors to take advantage of evening entertainment & dining options, and explore the wider region.	Raglan, Bridal Veil Falls, Dining options in Raglan, Dining Options in North Waikato, Zealong Tea Estate, Hakarimata Walkway, Te Awa–The Great NZ River Ride
Domestic & International – Fieldays	HWT had a stand at Fieldays to encourage visitors to explore the Hamilton & Waikato region.	Raglan
Domestic – Chinese New Zealanders	Extra campaign activity was undertaken around the Chinese New Year to raise the profile of Hamilton & Waikato region as an attractive ‘short break’ visitor destination using Chinese social media channels	Raglan, Bridal Veil Falls, Zealong Tea Estate, Hakarimata Walkway, Lake Hakanoa

Domestic & International – consumer and trade	The Cycling and Mountain Biking Tourism Marketing Network was established with our Central North Island RTO partners to promote cycling and mountain biking within our alliance area, including the development of the website <a href="http://www.ride.nz">www.ride.nz</a>	Waikato District cycling experiences featured include Mt Karioi Loop, Raglan Inlet, Te Awa - The Great NZ River Ride
Domestic & International – consumer and trade	Our annual Hamilton & Waikato regional visitor guide was produced and distributed through NZ i-SITES, airports, national and international trade shows, Tourism NZ off-shore offices and conference delegate packs	Waikato District profiled in 'Regional Highlights' section and featured in the 'Raglan', and 'North Waikato' sections
Domestic & international	Our <a href="http://hamiltonwaikato.com">hamiltonwaikato.com</a> website increased visitor traffic and engagement over the year with new content, campaign activity and competitions.	Waikato related content views estimate: up 74.88%% (excludes operator listing & event listings)
Domestic – consumer & trade media	Regular e-newsletters are distributed to consumer subscribers and trade media	Soundsplash, Bridal Veil Falls, Zealong Tea Estate, Raglan, Raglan Arts Weekend & Little Food Fest, Turangawaewae Regatta, Huntly Half Marathon, Karioi Classic, Raglan Cycle Project
Domestic & International	Waikato District profiled through HWT's various social profiles including Facebook, Instagram, Twitter, YouTube & Weibo.	

### Convention Bureau – Waikato District

- There are currently 56 Bureau Partners, with 5 Waikato District Products Partnered
- 23 Famils hosted or coordinated
- 'Best Stand Winner' at Convene 2016
- 'Best Regional Stand' at Meetings 2016
- Successful bid for the CINZ Conference to be held in the region – October 2016
- BEWais group established for young business events professionals

Activity	Event
Famils	National Buyers Mega Famil (November 2015)
	Pre-Convene Famil (April 2016)
	Waikato Day Famil (July 2015)
	Australian Pre-MEETINGS Famil (June 2016)
	One-Day Famils (May & June 2016)
Editorial and advertising	<ul style="list-style-type: none"> <li>• Meeting Newz (January &amp; April 2016)</li> <li>• Travel Inc Memo (April 2016)</li> <li>• Meeting Newz E-Newsletter (April 2016)</li> <li>• Micenet (Aus) (February 2016)</li> <li>• CIM Magazine(Aus) (March 2016)</li> <li>• CINZ Event Planners Guide - Advertising</li> </ul>

**International conference wins (in association with Tourism NZ Conference Assistance Programme):**

- Asia Pacific Software Engineering Conference (December 2016)
- IT Security Techniques (April/May 2017)
- Australia & New Zealand Garden History Society (November 2017)
- International Society for River Science (November 2017)
- IEEE Industrial Electronics for Sustainable Energy (February 2018)
- International Conference on Polar & Alpine Microbiology (September 2019)

### ***Product development - Waikato District***

Hamilton & Waikato Tourism worked with Waikato District Council and local operators on the Tourism Opportunities Plan. The Plan provides a framework and direction for delivering new and improved tourism experiences over the next 10 years that have the potential to drive growth in the tourism sector and its contribution to the regional economy.

The aim of the Tourism Opportunities Plan is to identify gaps and opportunities for the development of new and existing visitor experiences (activities, attractions and infrastructure) to support the long term growth of the sector and increase the economic value and benefits of tourism to the Hamilton & Waikato region.

The objectives of the Tourism Opportunities Plan are to:

- Review and confirm the region’s visitor proposition including different parts of the region.
- Provide recommendations for the development of visitor experiences and infrastructure to support and enhance the tourism proposition.
- Provide investment recommendations and priorities to guide local government planning and resources, and private sector investment.

Under the ***Tourism Opportunities Plan***, the following activities have been identified within Waikato District:

- **Game Changers:**
  - Waikato River
  - Brand Strategy
  - Kiingitanga Story
  - Regional Events Strategy
- **Discover Your Own Backyard:**
  - Emerging: Raglan Precinct
  - Emerging: Themed-drive Itineraries
  - New: Agri-Tourism – Zealong Tea
- **Middle-Earth & Beyond:**
  - Emerging: Cluster of Conservation – Hakarimata forest park
- **Inspiring Pathways:**
  - Emerging: Home of Cycling – Te Awa Cycle Trail
  - Emerging: Waikato Walks – Hakarimata Summit Track; Kauri Loop; Bridal Veil Falls
  - New: Sports Tourism – Hampton Downs

Hamilton & Waikato Tourism look forward to working with Waikato District Council and local operators developing the tourism opportunities identified above, as well as new visitor experiences.

To find out more and download a copy of the Tourism Opportunities Plan:

[www.hamiltonwaikato.com/TOP](http://www.hamiltonwaikato.com/TOP)



### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	06 September 2016
<b>Prepared by</b>	Sandra Kelly District Plan Administrator
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I603000
<b>Report Title</b>	Plan Change 16: Tuakau Structure Plan Stage 1 (Rezoning for residential and industrial purposes)

## **1. EXECUTIVE SUMMARY**

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The purpose of this report is to advise the Committee on the following for Plan Change 16 ("PC16") Tuakau Structure Plan Stage 1 (Rezoning for residential and industrial purposes):

- Number of submissions received;
- The notification of further submissions;
- The proposed hearing date; and
- To seek approval to appoint an independent commissioner and two elected members as the hearings panel.

## **2. RECOMMENDATION**

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

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

**AND FURTHER THAT** the hearings panel is delegated the authority to make the decision on **Plan Change 16**.

## **3. BACKGROUND**

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Proposed Plan Change 16 ("PC16") seeks to undertake zoning changes for identified properties to address an immediate need to provide for Tuakau's residential growth. In addition, PC16 will reconfigure the existing Whangarata Business Park and introduce new zoning provisions for this location to better facilitate industrial growth. PC16 will generally

implement Stage 1 of the Tuakau Structure Plan which was adopted by Council in December 2014.

PCI6 was notified on 16 July 2016 and submissions closed on 31 August 2016. A total of 52 submissions were received.

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

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### **4.1 DISCUSSION**

Proposed Plan Change 16 (“PCI6”) seeks to undertake zoning changes for identified properties to address an immediate need to provide for Tuakau’s residential growth. In addition, PCI6 will reconfigure the existing Whangarata Business Park and introduce new zoning provisions for this location to better facilitate industrial growth. PCI6 will generally implement Stage 1 of the Tuakau Structure Plan which was adopted by Council in December 2014.

PCI6 was notified on 16 July 2016 and submissions closed on 31 August 2016. A total of 52 submissions were received.

Council will advertise for further submissions on 28 October 2016 and have allowed a 15 working day timeframe (the RMA recommended is 10 working days) with further submissions closing on 18 November 2016.

It is anticipated that the hearing will take place in mid February 2017. It is recommended that the hearing be heard by an independent chairperson, two qualified elected members and an iwi representative.

## **5. CONSIDERATION**

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### **5.1 FINANCIAL**

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

### **5.2 LEGAL**

The Plan Change is being conducted in accordance with the First Schedule of the RMA and has been legally peer reviewed.

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

The Plan Change has been written to address zoning changes for identified properties to address an immediate need to provide for Tuakau’s residential growth and will reconfigure the existing Whangarata Business Park and introduce new zoning provisions for this location to better facilitate industrial growth.

Highest levels of engagement	Inform <input type="checkbox"/>	Consult <input checked="" type="checkbox"/>	Involve <input type="checkbox"/>	Collaborate <input type="checkbox"/>	Empower <input type="checkbox"/>
	Consultation has been undertaken as part of the First Schedule of the RMA. The hearings will enable the commissioners to consider the submissions and make a determination.				

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

## 6. CONCLUSION

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This report updates the Committee on the progress of PCI6 and also seeks the support of the Committee to appoint an independent commissioner to make up the hearings panel with two Councillors and an iwi representative.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	15 September 2016
<b>Prepared by</b>	David Totman Structure Plan Project Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I606866
<b>Report Title</b>	Update on the budget expenditure for the Tuakau and the Ngaruawahia & Surrounds Structure Plan Projects

## **1. EXECUTIVE SUMMARY**

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The purpose of this report is to provide the Strategy & Finance Committee with an update on the budget expenditure for both the Tuakau and the Ngaruawahia and Environs structure plan projects. This report covers total budget expenditure to date for both projects.

## **2. RECOMMENDATION**

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

## **3. BACKGROUND**

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Work began on the Tuakau Structure Plan project in January 2013 following on from completion of the Tuakau and Districts Community Plan in December 2012. The Tuakau Structure Plan was adopted by the Council in December 2014. In 2015 some additional technical studies were commissioned to address reverse sensitivity concerns related to odour and noise.

Work on the Ngaruawahia and Environs Structure Plan project began in mid 2013. The project is expected to be completed by the end of 2016. Expenditure in the last year has been limited to community consultation expenses and the preparation of notices and posters for public open days.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

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### 4.1 BUDGET EXPENDITURE ON THE TUAKAU STRUCTURE PLAN

The Tuakau Structure Plan was adopted by Council in December 2014. In 2015 some additional technical studies were commissioned to address reverse sensitivity concerns related to odour and noise.

#### Tuakau Structure Plan Budget Expenditure Table

<b>Four Year Total Project Budget 2012/13 – 2015/16</b>	<b>\$350,000</b>
<b>Total expenditure to date</b>	<b>\$277,963</b>
Amount returned to reserve fund	\$72,037

### 4.2 BUDGET EXPENDITURE ON THE NGARUAWAHIA AND SURROUNDS STRUCTURE PLAN

The project is expected to be completed by the end of 2016. Expenditure in the last year has been limited to community consultation expenses and the preparation of notices and posters for public open days.

#### Ngaruawahia & Surrounds Structure Plan Budget Expenditure Table

<b>Four Year Total Project Budget 2013/14 – 2016/17</b>	<b>\$350,000</b>
<b>Total expenditure to date</b>	<b>\$162,758</b>
Amount returned to reserve fund	\$82,409
Budget available for 2016/17	\$87,500

### 4.3 OPTIONS

Since the Tuakau Structure Plan project is complete and the Ngaruawahia and Surrounds Structure Plan project is nearing completion, the expectation is that the Council proceed with completion of the Ngaruawahia & Surrounds Structure Plan as planned and provided for in the project budgets. It is anticipated that any subsequent follow-up work related to these two structure plan projects will be addressed through the District Plan Review project.

## 5. CONSIDERATION

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### 5.1 FINANCIAL

Both projects have progressed within the parameters of the budgets provided by the Council over the last four years.

## 5.2 LEGAL

N/A

## 5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The development of the Tuakau and the Ngaruawahia and Surrounds structure plans is in accordance with the Long Term Plan 2015-2025.

## 5.4 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 checked="" 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>	The development of both the Tuakau and the Ngaruawahia & Surrounds structure plans have involved extensive engagement with both the Tuakau & the Ngaruawahia and surrounding communities. Councillors have been involved in both these processes and have informed decisions at key stages of both projects.				

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

Both projects have progressed within the parameters of the budgets provided by the Council over the last four years.

## 7. ATTACHMENTS

NIL

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	G J Ion Chief Executive
<b>Date</b>	14 September 2016
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1605759
<b>Report Title</b>	Financial Review of Key Projects

## **I. EXECUTIVE SUMMARY**

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To update the Committee on the monitoring and process that has been undertaken during 2016/2017 to ensure that the financial implications of projects are known at an early stage.

## **2. RECOMMENDATION**

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

## **3. BACKGROUND**

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The Chief Executive, on an annual basis, provides details on a range of projects to be monitored and reported to the Strategy & Finance Committee. The projects are selected based on value, level of risk and other factors. A series of projects were identified for particular scrutiny during 2016/2017. 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 2016/2017 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 has planned to undertake for 2016/2017, including carry forwards. Council has chosen not to reduce the upfront risk. This could have been done by investing in advance design work or other scoping work in advance of setting budgets.

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

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

## **4.2 OPTIONS**

This report is largely for information only. It is to update Councillors on progress with the financial implications of the key projects identified for the 2016/2017 financial year.

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

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

Improved reporting has been implemented to keep the Chief Executive and the various Committees informed of progress on the key projects.

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 a list of agreed projects for 2016/2017:

- Wastewater Scheme – Pokeno Stage 2
- Water reservoirs/storage Hopuhopu
- Pokeno water reservoir
- Tamahere recreation reserve
- Wastewater Huntly
- Horotiu water reservoir
- Huntly water reservoir
- Ngaruawahia office front of house
- Stormwater upgrades Raglan
- Stormwater upgrades Ngaruawahia

## **5. CONSIDERATION**

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### **5.1 FINANCIAL**

All of the projects included in the list form part of the Annual Plan for 2016/2017 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

A review of key projects was included in the Chief Executive's Performance Agreement.

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

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

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

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

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

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input 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 at this early stage in 2016/2017 financial year.

## **7. ATTACHMENTS**

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Financial Review of Key Projects

## KEY PROJECTS

Team	Project Description	Project Owner	Full Year Budget	YTD Actual	Remaining Budget	Full Year Forecast	Expected Completion Date	Progress & Risk Comment
Programme Delivery	Ngaruawahia council office upgrade construction	Paul White	521,379	2,500	518,879	521,379	Jun-17	August - Security assessment to be looked at in more detail and to be incorporated into the final design.
Programme Delivery	Tamahere Sports Ground Reserve Management Plan	Hamish Cairns	82,078	31,166	50,912	250,000	Multi year project	August - Saturated ground conditions and the lowering of soil temperatures inhibits seed germination for turf growth resulting in unproductive construction efforts of late. As the weather improves and becomes more consistent works will continue. Currently it is expected to take a couple of weeks of good weather to dry the grounds out sufficiently to successfully start moving the soil around. There is probably still four weeks of work but will be weather dependent. There will be \$200k brought forward from the 2017/18 year.
Programme Delivery	Raglan stormwater reticulation extensions	Josy Cooper	356,312	0	356,312	356,312	Mar-17	August - Renewal list received and we are in the process of bundling multiple projects into a single contract with tender expected to be issued during September.
Programme Delivery	Ngaruawahia, Kent St/George St Stormwater Network upgrades	Josy Cooper	409,800	0	409,800	409,800	Mar-17	August - Renewal list received and we are in the process of bundling multiple projects into a single contract with tender expected to be issued during September.
Programme Delivery	New Reservoirs for Huntly, Horotiu, Hopuhopu and Pokeno	Richard Clark	7,090,397	18,632	7,071,765	5,859,005	Jul-17	Pre-commencement meeting held in August. Reservoirs have been ordered and scheduled for delivery in January. Continuing with design during September. Huntly/Horotiu likely to be first reservoirs to be constructed.
Programme Delivery	Land Purchases for Horotiu and Hopuhopu Reservoir Sites	Elton Parata	227,708	600	227,108	103,349	TBA	Horotiu - no longer purchasing land, existing land surrounding cemetery will be used. Hopuhopu - no longer purchasing land. Working on a land swap and lease agreement for reservoir site, proposal for this went to Tainui Tribunal meeting in August.
Three Waters - Planning	Huntly wastewater treatment plant upgrade	Martin Mould	1,632,951	0	1,632,951	1,632,951	TBA	August - Engineer's estimate is substantially higher than anticipated, continuing to relook at specifications and investigating other options.
Programme Delivery	Pokeno Wastewater scheme construction - Stage 2	Paul White	2,173,821	17,485	2,156,336	2,173,718	Jun-17	August - In the final review stage and update of Tender documents, drawings and erosion sediment control plan.

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**Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	15 September 2016
<b>Prepared by</b>	Julienne Calambuhay Management Accountant
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1606237
<b>Report Title</b>	Summary of Movements in Discretionary Funds to 15 September 2016

## **1. EXECUTIVE SUMMARY**

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To provide the Committee with a summarised report giving balances of all the discretionary funds including commitments as at 15 September 2016.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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Summary of Movements in Discretionary Funds to 15 September 2016

**Summary of Movements in Discretionary Funds**  
**As of 15 September 2016**

	<b>Carry Forward 2015/16</b>	<b>Annual Plan Budget 2016/17</b>	<b>Plus Income 2016/17</b>	<b>Less Expenditure 2016/17</b>	<b>Net Funding Remaining 2016/17</b>	<b>Less Commitments 2016/17</b>	<b>Funding Remaining after Commitments</b>
<b>Rural Ward</b>	17,325.00	30,963.00	-	5,270.51	43,017.49	23,034.84	19,982.65
<b>Huntly</b>	25,941.00	24,026.00	-	1,814.57	48,152.43	24,851.31	23,301.12
1 <b>Meremere</b>	5,871.00	6,325.00	-	127.28	12,068.72	990.00	11,078.72
<b>Ngaruawahia</b>	51,473.00	20,999.00	-	5,625.00	66,847.00	45,062.39	21,784.61
<b>Onewhero Tuakau</b>	30,656.00	28,878.00	-	9,622.00	49,912.00	22,060.66	27,851.34
<b>Raglan</b>	6,718.00	14,271.00	-	2,000.00	18,989.00	1,200.00	17,789.00
<b>Taupiri</b>	7,870.00	1,624.00	128.85	-	9,622.85	2,452.70	7,170.15
2 <b>Te Kauwhata</b>	64,087.00	11,139.00	-	6,160.00	69,066.00	56,576.00	12,490.00
<b>Mayoral</b>	2,383.00	8,000.00	-	2,155.16	8,227.84	-	8,227.84

1 Meremere budget inclusive of budget for salaries of \$4,775

2 Te Kauwhata budget inclusive of budget for salaries of \$6,941

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	05 September 2016
<b>Prepared by</b>	Tony Whittaker General Manager Strategy & Support
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I605066
<b>Report Title</b>	Proposed Submission for Healthy Rivers – Plan for Change – Wai Ora He Rautaki Whakapaipai

## **I. EXECUTIVE SUMMARY**

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In 2010 the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act gave effect to the 2009 deed of settlement in respect of the Raupatu claims of Waikato-Tainui over the Waikato River and in 2012 the Nga Wai o Maniapoto (Waipa River) Act gave effect to the co-management deeds between the Crown and Ngāti Maniapoto to restore and protect the health of the Waikato and Waipa Rivers. The Waikato Regional Council are proposing a plan change to reduce the point and non-point source discharges of four contaminants: Nitrogen, Phosphorus, Sediment and E-Coli from entering surface and ground water bodies in the Waikato and Waipa catchments. Plan Change I will contribute to achieving the Vision and Strategy by making the Waikato and Waipa Rivers and their tributaries:

- safe for swimming;
- safe to harvest kai; and
- support abundant and diverse fisheries, flora and fauna.

The Plan Change is expected to be adopted by the Regional Council on 15 September 2016 and notified in October 2016.

## **2. RECOMMENDATION**

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

**AND THAT** the **Strategy & Finance Committee** recommends to **Council** support for engagement with other **Waikato territorial authorities** on shared points of agreement following the plan change notification.

**AND THAT** the **Strategy & Finance Committee** recommends to **Council** the attached submission to be lodged following notification.

### 3. BACKGROUND

At the beginning of 2013 the Waikato Regional Council and Waipa and Waikato River Iwi decided to jointly recommend that a plan change to the Regional Plan was required to address the adverse effects of discharges in the Waikato and Waipa River catchments.

The Waikato Regional Council decided to follow the process of having a Collaborative Stakeholder Group, representing all stakeholders, develop the plan change, rather than follow the more traditional method of having staff formulate the plan change and recommend it to Council.

The Collaborative Stakeholder Group (CSG) was established through an engagement process held in 2013 and 24 members, representing key sectors, were selected.

Sector Representatives		Representative	Delegate
	Dairy	George Moss Rick Pridmore	Charlotte Rutherford
	Horticulture	Chris Keenan	Garth Wilcox
	Rural Advocacy	James Houghton	Sally Millar
	Energy	Stephen Colson	Rosemary Dixon / Tim McKenzie
	Industry	Ruth Bartlett	Elizabeth Aveyard
	Sheep and Beef	James Bailey	Graeme Gleeson
	Environment/NGOs	Al Fleming	Jim Crawford
	Local government	Sally Davis	Tim Harty
	Tourism	Alastair Calder	Don Scarlet
	Forestry	Patricia Fordyce	Sally Strang
	Māori interests	Alamoti Te Pou	
	Water supply takes	Garry Maskill	Mark Bourne
	Māori interests	Weo Maag	Clinton Hemana
	Māori interests	Gina Rangi	
	Environment /NGOs	Michelle Archer	David Campbell
	Rural professionals	Phil Journeaux	
Community Representatives			
		Jason Sebastian	
		Brian Hanna	
		Gayle Leaf	
		Evelyn Forrest	
		Gwyneth Verkerk	
		Liz Stolwyk	
		Matt Makgill	

To support the CSG a technical leaders group (TLG) was formed. The purpose of the TLG was to provide information on the following topics to allow the CSG to make well-informed decisions:

- Water quality
- Soils
- Modelling

- Aquatic ecosystems
- Riparian (land and water interface)
- Mātauranga Māori
- Farm systems
- Land management systems
- Economic outcomes
- Social outcomes
- Health issues related to water quality

The CSG had two points of focus: one was sector engagement and the other was to come up with limits, timelines and practical options for managing contaminants and discharges into the Waikato and Waipa catchments to ensure our river and lakes are safe to swim in and take food from, support healthy biodiversity and provide for social, economic and cultural wellbeing. The catchment has been divided into Freshwater Management Units (FMUs) and within the FMUs there are priority 1, 2 and 3 sub-catchments. Complex sub catchment and economic models were developed to help the CSG identify:

- The size of change required.
- Priorities across sub-catchment.
- Effectiveness of potential.
- Benchmarking against “1863 state” ( proxy for full achievement of the Vision & Strategy).

The key findings from that modelling were that:

- Costs are high in terms of GDP and jobs – predicted to be \$50-100m regionally and 5000 jobs.
- Impacts will occur across the catchment, sectors, and wider regional and national economy.
- Even when the full range of current mitigation tools is applied, limits will still be breached, particularly the *E.coli* swimming attribute.
- Improved water quality outcomes can be achieved, but may not be realistic using currently available technologies (for example, requiring 400,000 ha to be forested).

For the stated reasons above the CSG have recommended a staged approach towards achieving water quality improvements to achieve the Vision & Strategy. In the first ten years the CSG intend to:

- ‘hold the line’.
- start reducing the amount of contaminants entering rivers.
- Benchmark current Nitrogen (N) discharges using Overseer (N reference point required by March 2019). Overseer is a farming modelling tool originally designed to calculate the amount and type of fertiliser required for any farming operation.
- Introduce “Good Management Practice” on all farms.



- Require point source discharges to adopt the “Best practicable Option” at consent renewal, or provide an offset, within FMU or upstream.

The scale of implementation is significant, and includes approximately 14,000 properties in the two catchments, 10,000 rural properties must register and 5,000 landowners will need a Farm Environment Plan to demonstrate Good/Best Management Practice.

The key elements of the Plan Change are outcomes based over time, therefore under the catchment-wide rules all properties over 2 hectares must register (between September 2018 – 31 March 2019) and provide:

- Location of the property
- Land use and area under each activity
- A map showing boundaries, perennial water bodies, existing fencing/stock exclusion and livestock crossings. This information must be updated when properties change hands.

For all land less than 25 degrees slopes, all cattle, horses, pigs and deer must be prevented from entering any waterbody. The setback for new fences is 3 metres along waterways. For slope over 25 degrees a farm plan must show how effects are to be mitigated if water bodies are not fenced.

The timing for the Farm Environment Plans is dependent upon which priority catchment (see attached map) the farms are in but all productive farming units will need to have a plan either through an industry certified scheme or a resource consent.

The Nitrogen Reference Point will be based on the highest annual Nitrogen loss for 2014/15 or 2015/16 year based on the Overseer or another approved model. For commercial vegetable production the Nitrogen Reference Point will be based on an average loss between 2006 – 2016.

Finally for point source discharges there are four new policies but no new rules. The plan does not specifically target stormwater but it is acknowledged as being an issue.

The Plan Change is being proposed to be considered for adoption by the Waikato Regional Council on 15 September and then publically notified in October 2016. However, under Section 86B (3) of the Resource Management Act 1991 there is provision for the Plan Change to have immediate legal effect because the plan protects or relates to water.

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

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### **4.1 DISCUSSION**

Council has held two workshops since the rules for the Healthy Rivers – Plan for Change have been publically shared with the wider community and now has the opportunity to decide on the way forward regarding making a submission.

### **4.2 OPTIONS**

Option 1 is to work with other territorial authorities and make a joint submission;

Option 2 is to make our own separate submission; or

Option 3 is to make no submission.

The recommendation is for Council to make a separate submission to the Waikato Regional Council plan change but work with other territorial authorities on shared points of agreement.

## 5. CONSIDERATION

### 5.1 FINANCIAL

There are financial implications for Council as the plan change moves through the Resource management Act 1991 Schedule 1 process but it is hoped that the cost can be shared with other Councils who are making submissions on the plan change.

### 5.2 LEGAL

Council will require legal advice as the plan change moves through the Schedule 1 process but it is hoped that the cost can be shared with other Councils who are making submissions on the plan change.

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

Council is part of the Waikato Region and as such has an interest in any regional plan change that could affect its community.

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

This submission does not trigger the Significance and Engagement Policy and the external stakeholders have been consulted by the CSG where local government was represented.

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

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

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

## **6. CONCLUSION**

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This report is to present the proposed submission for the Healthy Rivers – Plan for Change, Wai ora – He Rautraki Whakapaipai to the Strategy & Finance Committee and seek a recommendation for approval by Council and support working with other territorial authorities on shared points of agreement.

## **7. ATTACHMENTS**

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- Draft Submission on Healthy Rivers Plan Change I
- Farm Environment Plan prioritised implementation

**TO:** Waikato Regional Council  
Private Bag  
Hamilton

**NAME OF SUBMITTER:** Waikato District Council  
Private Bag 544  
Ngaruawahia

Council contact person: Tim Harty  
[Tim.harty@waidc.govt.nz](mailto:Tim.harty@waidc.govt.nz)  
Phone: 07 824 8633 (Extn 5829)

#### **Submission on Healthy Rivers Plan Change 1 -**

##### **General Comments**

The Waikato District Council thanks the Regional Council for the opportunity to submit on the Healthy Rivers Plan Change 1.

This submission is written on behalf of the Waikato District Council (WDC). The council currently consists of a mayor and 13 councillors. The district is made up of 418,000 hectares and 64,000 people. The district is part of the 'golden triangle' between Auckland, Hamilton and Tauranga.

As part of the fourth largest regional economy in New Zealand, the Waikato District contributes 23.5% to the regional GDP made up of 11.8% from dairy farming, 3.9% from sheep, beef and cattle and 2% from horticulture including fruit growing.

The Council supports the Te Ture Whaimana o Te Awa o Waikato or Vision and Strategy as set out in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 where the overarching purpose is to restore and protect the health and wellbeing of the river for future generations.

The council understands that in order to achieve the Vision and Strategy there will need to be, over time, change on how land is managed and the type of activities undertaken in order to support the Waikato and Waipa River where it is safe to swim and take food from. The Council acknowledges that this Plan Change is part of several stages to restore and protect the health and wellbeing of the Waikato and Waipa Rivers.

The Plan Change will have both positive and negative impacts on the social, economic, cultural and environmental wellbeing of the communities living, working and playing within the Waikato and Waipa catchments.

The positive effects will be the gradual improvement of the water quality through the reduction in non-point source discharges of the four contaminants of nitrogen, phosphorus, sediment and E-coli from land currently undertaking agricultural, forestry and horticultural activities.

The Council does have concerns regarding the cost of implementation for all rate payers as clearly there will be impacts on both the urban and rural communities to fund the final outcome of this Plan Change.

### Objectives

The Waikato District Council supports in full, Objectives 1- 6 as listed below in the Plan Change.

1. Long term restoration and protection of water quality for each subcatchment and Freshwater Management Unit
2. Social, economic and cultural wellbeing is maintained in the long term
3. Short term improvements in water quality in the first stage of restoration and protection of water quality for each subcatchment and Freshwater Management Unit
4. People and community resilience
5. Mana Tangata – protecting and restoring tangata whenua values
6. Whangamarino Wetland

### Policies

The Waikato District Council supports in part, Policies 1-17, but has concerns around the cost to ratepayers of implementation and the economic impact of the restrictions placed on land use changes expected to reduce non-point discharges from farming activities over the long term.

The phases supported include:

1. Manage diffuse discharges of nitrogen, phosphorus, sediment and microbial pathogens
2. Tailored approach to reducing diffuse discharges from farming activities
3. Tailored approach to reducing diffuse discharges from commercial vegetable production systems
4. Enabling activities with lower discharges to continue or to be established while signalling further change may be required in the future
5. Staged approach
6. Restricting land use change
7. Preparing for allocation in the future
8. Prioritised implementation
9. Sub catchment (including edge of field) mitigation planning, coordination and funding

10. Provide for point source discharges of regional significance
11. Application of Best Practicable Option and mitigation or offset of effects to point source discharges
12. Additional considerations for point source discharges in relation to water quality targets
13. Point sources consent duration
14. Lakes Freshwater Management Units
15. Whangamarino Wetland
16. Flexibility for development of land returned under Te Tiriti o Waitangi settlements and multiple owned Māori land
17. Considering the wider context of the Vision and Strategy

### Rules

The Waikato District Council supports in part, Rules 1-7 being proposed in the Healthy Rivers Plan Change 1. The major concern is around Rule 7 and the non-complying activity status for land use change.

### Rule 1 - Small and low intensity farming activities

#### Permitted activity

This rule applies to farming activities on properties that are not used for commercial vegetable production and are not part of a multi-property enterprise and are registered (Schedule A) and have stock excluded (Schedule C) and are either:

- ≤ 4.1 hectares OR
- >4.1 hectares with <6 stock units / hectares, no arable cropping

**Council supports this Rule.**

### Rule 2 - Other farming activities

#### Permitted activity

This rule is designed to identify properties with low risk factors which do not need a Farm Environment Plan at this stage. It applies to farming activities on properties that are not commercial vegetable production and are registered (Schedule A) and have stock excluded (Schedule C) and can meet either set of the following conditions:

- greater than 4.1 hectares and less than or equal to 20 hectares with >6 stock units / hectares OR arable cropping AND not part of multi-property enterprise AND

1. Stocking rate has not increased since notification (if grazing) OR

2. Nitrogen, phosphorus, sediment and microbial pathogen losses have same or lower discharges since notification
  3. Water bodies are fenced so that any new fences keep cattle, horses, deer and pigs at least 3m away from water body
    - >20 hectares with >6 stock units / hectares OR arable cropping:
  1. N loss doesn't exceed Nitrogen Reference Point (see Schedule B) or 15kg N/Hectare/year (whichever lesser) AND
  2. no land >15 degree slope cultivated or grazed AND
  3. no soil cultivation occurs within 5 metre of a water body
- AND
4. no winter forage crops grazed in situ AND
  5. water bodies are fenced so that any new fences located to keep cattle, horses, deer and pigs at least 3 metres away from water body

Note: Properties between 4.1 and 20 hectares do not require a Nitrogen Reference Point modelled through OVERSEER, but must provide verification that they comply with points 1 and 2.

Council supports this rule.

### Rule 3 - Farming activities with a Farm Environment Plan under a certified industry scheme

#### Permitted activity

Properties, excluding commercial vegetable production, that do not come under rules 1 or 2, and are registered to a certified industry scheme and are registered (Schedule A) and stock excluded (Schedule C) must provide a Farm Environment Plan to Waikato Regional Council and adhere to it by:

- 1 July 2020 for priority 1 sub catchments, and properties with a Nitrogen Reference Point greater than 75<sup>th</sup> percentile nitrogen leaching value
- 1 July 2023 for priority 2 sub catchments
- 1 July 2026 for priority 3 sub catchments

Note: Industry schemes will have to be approved by Waikato Regional Council. Schedule 2 sets out the requirements for an industry scheme. Policies state that there must be a similar level of rigour in developing, monitoring and auditing of mitigation actions for both rules 3 and 4. The notes to Rule 4 also apply to Rule 3.

Council supports this rule.

#### Rule 4 - Farming activities with a Farm Environment Plan not under a certified industry scheme

##### Controlled activity

For properties that do not come under Rules 1 or 2, farming (excluding commercial vegetable production) where the land use is not registered to a certified industry scheme is controlled provided:

- It has a Farm Environment Plan prepared by a certified person and provided to Waikato Regional Council as part of a consent application, designed to identify risk of contaminant loss from that property and actions to reduce those risks with timeframes specified for those actions
- Farm Environment Plans are in place by 'tranche' dates (Priority 1 and properties with a Nitrogen Reference Point greater than 75th percentile nitrogen leaching value by July 2020; Priority 2 by 2023, Priority 3 by 2026)
- Cattle, horses, deer and pigs are excluded from any water bodies for stock exclusion (in line with Schedule C)
- The stock listed above are excluded within 3 years of the tranche date for Farm Environment Plans or by 2026 whichever is sooner
- The Farm Environment Plan demonstrates how the property will not exceed its Nitrogen Reference Point (see Schedule B), as measured by a 5-year rolling average via OVERSEER unless other suitable mitigations are specified
- If the property has a Nitrogen Reference Point greater than 75th percentile nitrogen leaching value, the Farm Environment Plan is prepared by 2020 and demonstrates how the property will reduce to the 75th percentile by 2026
- Note: Policy 2(d) says that reductions must be proportionate to the amount of current discharge (those discharging more are expected to make greater reductions) and proportionate contaminant loss from that property and actions to reduce those risks with timeframes specified for those actions to the scale of water quality improvement required in the sub catchment.

Council supports this rule.

#### Rule 5 - Existing commercial vegetable production

##### Permitted activity

Commercial vegetable production enterprises operating under an approved Farm Environment Plan (in place by July 2020) as part of an industry scheme are a controlled activity as long as the area of the enterprise does not exceed the maximum area occupied by that enterprise from 1 July 2006 to 1 July 2016 and the enterprise does not exceed its Nitrogen Reference Point (see Schedule B).

Note: Policies require a reduction in 10% of nitrogen discharges across the sector by 2026.



Council supports this rule.

#### Rule 6 – Use of land for farming activities

##### Restricted discretionary activity

Properties used for farming activities but not covered by preceding rules.

Council supports this rule.

#### Rule 7 - Land use change

##### Non-complying activity

The following land use changes (greater than 4.1 hectares) are non-complying activities from date of notification and therefore require a resource consent.

Woody vegetation(excluding weed species)	→	Farming Activities
Livestock grazing other than dairy farming	→	Dairy Farming
Arable cropping	→	Dairy farming
Any land use	→	Commercial vegetable production (except as under Rule 5)

Note: Provision is made in Objectives and Policies for some flexibility for development of tangata whenua ancestral lands. This is to recognise that flexibility has been restricted in the past due to legal and/or historical impediments. Any land that does change use will also be subject to other rules, for example the requirement to have a Farm Environment Plan under Rule 3 or 4. A Nitrogen Reference Point for any new land use will be established as part of the consent application.

Council does not support the Non –complying activity status for the land use change rule. It would like to see the activity status of the rule reduced from non-complying to discretionary. The reasons for this are:

-The Regional Council will still retain full discretion over proposed activities in accordance with the relevant policies and objectives of the plan change; while

-Some flexibility on location, soil type , topography and activity is afforded to future applicants in respect to land use change and the possibility of a consent being judged on its individual merits.

Given the variability of property types within the region, the rigidity of the non-complying status does not seem appropriate. Council does not consider the principle of 'one size fits all' necessarily 'fair' when applied over the whole of the Waikato and Waipa catchments.

### Schedule A - Registration

All rural properties >2 hectares must, by March 2019, provide Waikato Regional Council with information that includes:

- landowner/land user details and other basic information
- details of land use activities undertaken at date of plan change notification
- (if grazing animals) stocking rate, location of water bodies and any adjacent fences, location of livestock crossing points and type of structures.

### Schedule B – Nitrogen Reference Point

All commercial vegetable production properties or enterprises must, by March 2019, provide Waikato Regional Council with a Nitrogen Reference Point (average N leaching

losses from 1 July 2006 to 30 June 2016) and associated data.

Other properties >20 hectares must, by March 2019, provide Waikato Regional Council with a Nitrogen Reference Point (highest annual leaching loss in either the 2014/15 or 2015/16 financial year for the property) and associated data.

All Nitrogen Reference Points are calculated using OVERSEER or other approved model.

### Schedule C – Stock exclusion

Properties grazing cattle, horses, deer or pig must have fences or stock proof natural barriers to prevent them from entering water bodies. Water bodies for stock exclusion in this plan change are any:

- Rivers that continually contain surface water
- Drains that continually contain surface water
- Wetlands, including constructed wetlands
- Lakes

### Timeline of rules

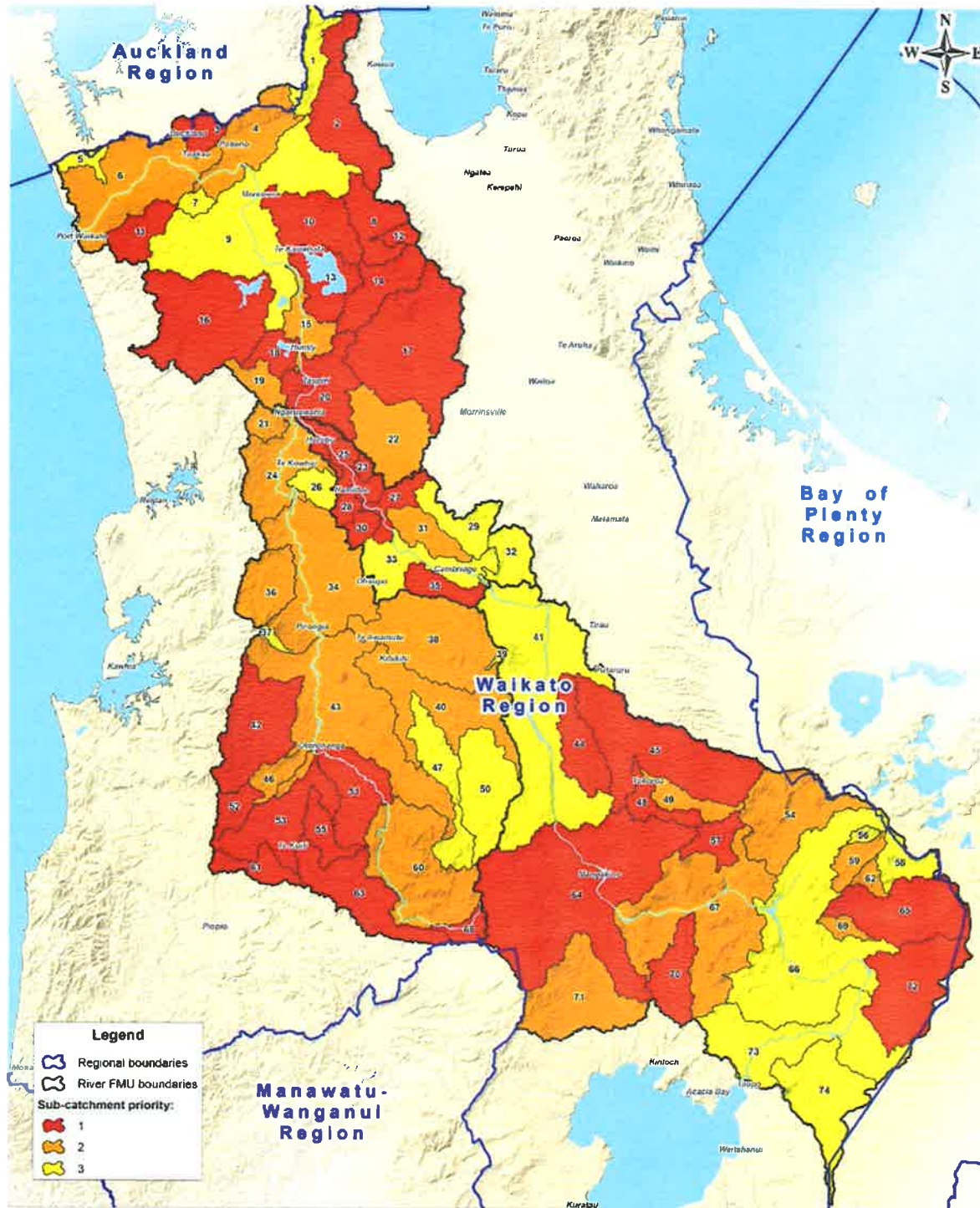
Date	Requirement
Notification	Land use change (rule expires 1 July 2026)
31 March 2019	Registration Nitrogen Reference Point information submitted
1 July 2020	Priority 1, 75 <sup>th</sup> percentile nitrogen leaching value discharges and commercial vegetable production complete Farm Environment Plans.
1 July 2023	Priority 2 complete farm Environment Plans Priority 1 complete stock exclusion
1 July 2026	Priority 3 complete farm Environment Plans Priority 2 and 3 complete stock exclusion

	Leaching exceeding 75 <sup>th</sup> percentile nitrogen leaching value have been reduced to meet 75 <sup>th</sup> percentile Land use change rule expires
--	--




The Waikato District Council thanks the Waikato Regional Council for the opportunity to submit on the Healthy Rivers Plan Change 1 and wishes to be heard.

Yours sincerely

A M Sanson  
MAYOR



# Farm Environment Plan prioritised implementation

-  Priority 1: 1 July 2020
-  Priority 2: 1 July 2023
-  Priority 3: 1 July 2026

### ***Open Meeting***

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	14 September 2016
<b>Prepared by</b>	Sharlene Jenkins PA General Manager Strategy & Support
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I605976
<b>Report Title</b>	Waikato Mayoral Forum Minutes 04 July 2016

## **I. EXECUTIVE SUMMARY**

---

To provide the Committee with the minutes of Waikato Mayoral Forum meeting held on 04 July 2016.

## **2. RECOMMENDATION**

---

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

## **3. ATTACHMENTS**

---

Waikato Mayoral Forum Minutes 04 July 2016

# Waikato Mayoral Forum

**MINUTES** of a meeting of the Waikato Mayoral Forum held at the Waikato University on 4 July 2016 commencing at 1.30pm

## **ATTENDANCE:**

### Hamilton City Council

Mayor Julie Hardaker

Chief Executive Richard Briggs

### Hauraki District Council

Mayor John Tregidga

Chief Executive Langley Cavers

### Matamata-Piako District Council

Mayor Jan Barnes

### Otorohanga District Council

Mayor Max Baxter

### Rotorua District Council

No representatives

### South Waikato District Council

Mayor Neil Sinclair

Chief Executive Craig Hobbs

### Taupo District Council

No representatives (refer apologies)

### Thames-Coromandel District Council

Chief Executive Rob Williams

### Waikato District Council

Mayor Allan Sanson

Chief Executive Gavin Ion

Waikato Regional Council  
Chairperson Paula Southgate

Waipa District Council  
Mayor Jim Mylchreest (from 3.15pm)  
Chief Executive Garry Dyet

Waitomo District Council  
Mayor Brian Hanna  
Chief Executive Chris Ryan

### **ALSO IN ATTENDANCE:**

Sally Davis, LASS Chief Executive  
Stephen Ward, Waikato Regional Council  
Neil Quigley, Vice Chancellor Waikato University (for items 1 – 4)  
Harvey Brookes, Waikato Means Business (for item 4)  
Deborah Lee, Waikato District Council

### **APOLOGIES:**

Mayor David Trewavas	(Taupo District Council)
Acting Chief Executive Gareth Green	(Taupo District Council)
Mayor Glenn Leach	(Thames-Coromandel District Council)
Don McLeod	(Matamata-Piako District Council)
Vaughan Payne	(Waikato Regional Council)
Mayor Jim Mylchreest	(for lateness)

## **1. LAW BUILDING TOUR**

Vice Chancellor Neil Quigley and Facilities Manager Tony Dicks provided a tour of the law building.

Mr Quigley provided an overview of some of the plans intended for the University in the coming years.

## **2. WELCOME AND APOLOGIES**

Apologies were noted as listed above.

### **Resolution:**

*The apologies are received and sustained.*

Mayor Barnes/Mayor Hanna  
**CARRIED**

### 3. CONFIRMATION OF PREVIOUS MINUTES

No matters were arising from the previous minutes.

**Resolution:**

*That the minutes of the Mayoral Forum meeting held on 18 April 2016 be confirmed as a true and correct record of that meeting and the minutes be adopted.*

Mayor Baxter/Chair Southgate  
**CARRIED**

### 4. WAIKATO MEANS BUSINESS

Harvey Brookes provided an update on the economic development strategy for the Waikato. A hardcopy of the presentation was also handed out.

Mr Brookes advised that as Parekawhia McLean was standing down as Chair of the steering group a new chair would be selected in September. There are also two new members to the steering group – Dallas Fisher and Mike Pohio.

### 5. UNISA UPDATE

Chair Southgate provided an update on UNISA. A key message was the high need to coordinate infrastructure and procurement if we are to attract the next raft of economic opportunities.

### 6. REGIONAL SERVICES FUND UPDATE

Chair Southgate provided an update on the regional services fund. At its meeting on 31 May 2016, the Waikato Regional Council adopted option 3. Following approval of the individual funding deeds, an update will be provided to the next Mayoral Forum on 29 August 2016.

**Resolution:**

*That the report Waikato Regional Services Fund – Accountability and Reporting Framework be received for information.*

Mayor Hanna /Mayor Tregidga  
**CARRIED**



## 7. FINANCIAL REPORT

Sally Davis provided the financial report. There were no queries raised.

### **Resolution:**

*That the financial management report to 31 May 2016 be received.*

Mayor Hanna /Mayor Baxter

**CARRIED**

## 8. GENERAL BUSINESS

### **Founders Theatre**

Mayor Hardaker provided an update on the situation with the Founders Theatre. A report will be going to council at the end of July with the expectation that a decision will be made on the options.

### **Regional Economic Development Strategy Topics**

Mayor Hardaker advised that the presentation from Harvey Brookes was still a work in progress. There have been discussions over how the Waikato Plan, regional economic development strategy, some aspects of Future Proof and the mayoral forum workstreams will all work together.

Mayor Hardaker will report back to the next mayoral forum meeting on options for a possible structure of an agency for economic development for the Waikato.

### **LASS Board Review and Membership**

Mayor Hardaker raised the possibility of a review of the structure of the LASS Board.

Gavin Ion advised that there is a meeting being held on Wednesday 6 July between himself, Richard Briggs and Margaret Devlin to discuss options on a possible review of the LASS Board. Gavin will discuss the possibility of including other advisers in any such review.

It was agreed to see what the outcome of that meeting is and for a report to come back to the Mayoral Forum.

**Meeting Closed: 4.17pm**

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	13 September 2016
<b>Prepared by</b>	Melissa Russo Corporate Planner
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1604774
<b>Report Title</b>	Presentation of the Annual Report 2015/16 and Summary

## **I. EXECUTIVE SUMMARY**

---

The Local Government Act 2002 requires Council to adopt its annual report and summary by 31 October each year. The Annual Report 2015/16 compares the actual activities and performance of Council against the intended activities and performance of the Council as specified in the Long Term Plan 2015-25.

Audit New Zealand is due to complete its final audit by 23 September 2016. We expect to receive an unmodified audit opinion and for Audit New Zealand to provide verbal clearance at the Audit & Risk Committee meeting on 27 September 2016.

Council is scheduled to adopt the Annual Report 2015/16 and Summary at its meeting on 03 October 2016.

## **2. RECOMMENDATION**

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

**AND THAT** the final audited **Annual Report 2015/16 and Summary** be recommended to Council for adoption.

## **3. BACKGROUND**

---

The Local Government Act 2002 requires Council to adopt its annual report and summary by 31 October each year. The audit process has proceeded as planned with no major issues to report. The final audit opinion will be incorporated into the final Annual Report 2015/16 and Summary documents following Council adoption.

## 4. DISCUSSION AND ANALYSIS OF OPTIONS

---

### 4.1 *Non-financial performance*

Council's projects, activities and associated budgets are divided into eight separate groups of activities:

- Governance
- Sustainable Communities: Customer and Partnership Focus, Economic Development, Emergency Management, Grants and Donations, and Parks and Facilities
- Sustainable Environment: Animal Control, Building Quality, Environmental Health, Strategic and District Planning, and Solid Waste
- Roding
- Stormwater
- Wastewater
- Water Supply
- Organisational Support

Council has 97 performance measure targets across all activities, which Council aim to meet each year. Some of these measures are based on residents' opinions or what Council is doing through the Resident Satisfaction Survey. Other are based on how well Council responds to customer requirements, which is measured by our service request system.

Council reports on progress every quarter against these measures. The Annual Report 2015/16 indicates mixed results across all activities. We have met and exceeded some targets (green), on track towards the target but haven't quite made it (within 5%) (amber) and some targets have not been met (red).

Out of the 97 measures 66 were achieved, 8 were on track and 23 were not achieved.

### 4.2 *Financial performance*

Council has had another excellent year of financial performance. The Council's budgeted income for this financial year was \$111.8 million, against which actual income earned was \$141 million, a positive variance of \$29.2 million. Vested assets, which are not a budgeted item, account for the majority of the variance, along with higher development and financial contribution income and additional subsidies and grants which were carried over from prior years.

The Council's operational expenditure budget was \$96.2 million of which actual operational expenditure was \$112.2 million. This includes asset write-offs of \$7.5 million which are not a budgeted item. Taking this into account the Council incurred \$8.5 million more than what was budgeted for 2015/2016. This variance against budget relates mainly to interest costs relating to development timing in Pokeno, additional roading maintenance works and provision for weather tight building claims.

Capital programmes were budgeted at \$48.5 million for 2015/2016. In addition to this, budget for projects that had not been fully completed during 2014/15 totalled \$22.8 million (including \$5.7 million of developer led projects). Therefore, although when compared to the Annual Plan budget the completed works sits at 103 per cent of budget (spend of \$49.9 million) the budget usage including progression of prior years' work was approximately 70 per cent. Variance in capital work programmes can arise for various reasons; savings in construction prices, progression and related timing of subdivision activity within the district, adverse weather resulting in delays, public consultation timeframes and negotiations over land purchase. This year \$26.2 million of capital works budget will be carried forward to the 2016/17 financial year. While this is higher than the carry forward amount in the prior year, the majority of these projects are in progress but were not completed before the end of the financial year.

Debt at the end of June 2016 was \$60 million, lower than the forecast of \$68.6 million, mainly due to better than budgeted cash flow from operations.

In addition to specifying debt limits, the Council's financial strategy stipulated benchmarks for rates increases going forward. These measures are in place to ensure accountability to the public with respect to rates increases and management of debt. The Council were successful in achieving both the rates affordability and debt affordability measures set for 2015/16.

## **5. CONSIDERATIONS**

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### **5.1 Legal**

The Annual Report 2015/16 and Summary is prepared in accordance with section 98 of the Local Government Act 2002, and must be adopted within four months of the end of the financial year. The report must be publicly available within one month of adoption.

### **5.2 Engagement**

The Annual Report 2015/16 and Summary will be made available to the public on the Council website within a month of adoption. Printed copies will be available via Council offices and libraries. Delivery of the summary will be made via the Link distribution in November.

## **6. ATTACHMENTS**

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The following will be circulated separately to the report:

1. Draft Annual Report 2015/16
2. Draft Annual Report Summary 2015/16

# GROWING THE DISTRICT OUR JOURNEY SO FAR

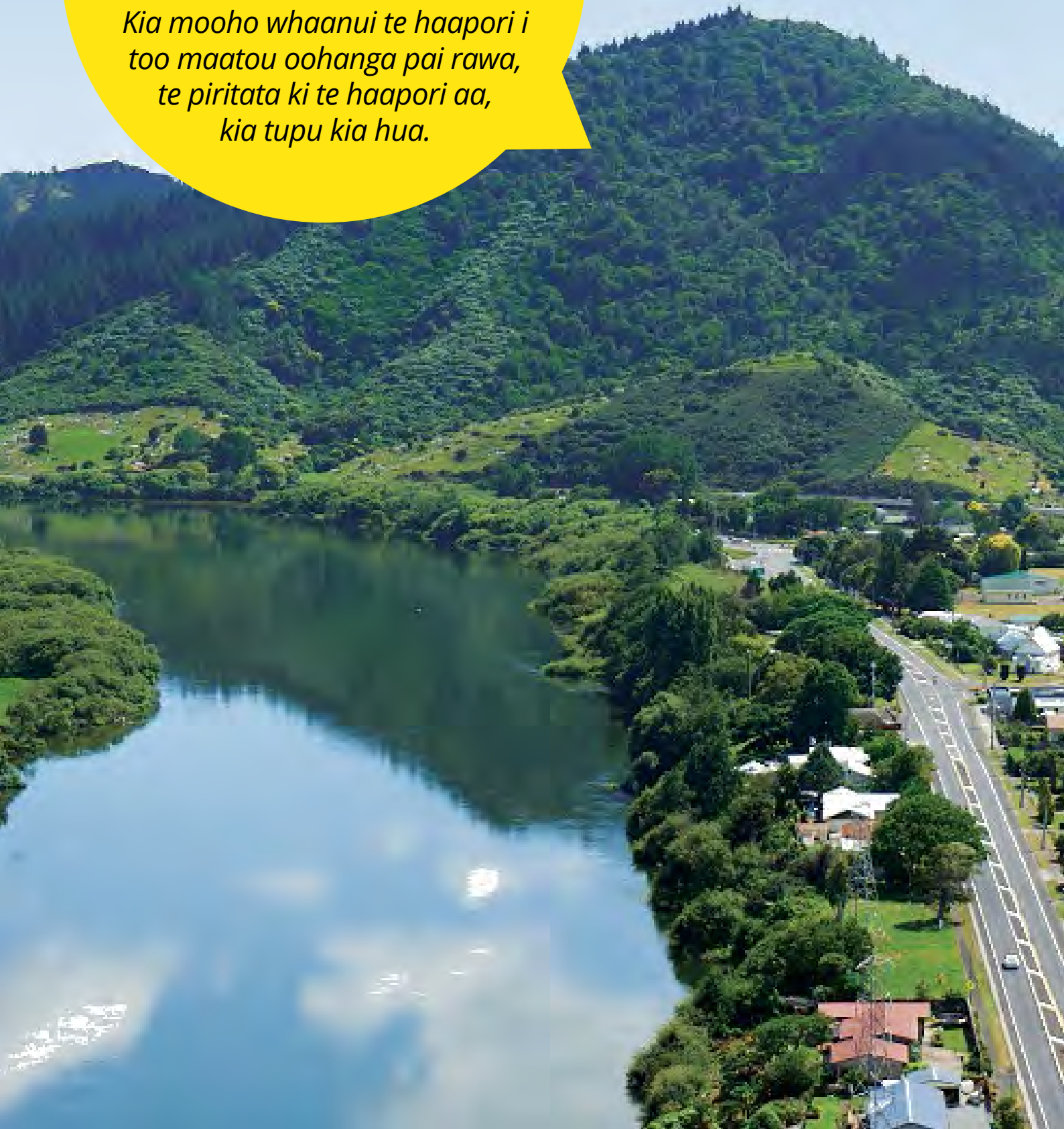


**ANNUAL** REPORT 2015/16  
*Te Riipoata-a-tau*

## OUR VISION

To be a recognised leader in creating a district that prides itself on economic excellence, local participation and sustainable communities.

*Kia mooho whaanui te haapori i  
too maatou oohanga pai rawa,  
te piritata ki te haapori aa,  
kia tupu kia hua.*







# OVERVIEW

## *TIROHANGA WHAANUI*



**XX** This is Waikato district



**XX** Our role and structure



**XX** From the Mayor  
and Chief Executive



**XX** Who we are



# THIS IS WAIKATO DISTRICT

## WAIKATO IS HOME TO...

**69,900**  
PEOPLE

(24.3% IDENTIFY  
AS MAAORI)



**162** NEW  
NZ  
CITIZENS IN 2015/16

**14,254** DOGS



## WE PROVIDE...

**12,568,040**

**LITRES OF**  
DRINKING WATER A DAY

**53 PUBLIC  
TOILETS**  
USED BY 3,500  
PEOPLE EVERY DAY

**12**   
SKATEPARKS

**43**     
SPORTS PARKS

**REGULAR  
COLLECTIONS  
FOR 10,300  
TONNES OF  
REFUSE EACH YEAR**

**3** SWIMMING  
POOLS

## WAIKATO SPANS...

OVER

**452,000**

HECTARES  
OF LAND

## IN 2015/16 WE SUPPORTED...

**167**

COMMUNITY  
**GROUPS**



AND

**253**

DOGS WERE  
RE-HOMED



## WE MAINTAIN...

**1,830KMS**

OF SEALED ROADS

**221KMS**  
OF FOOTPATHS

**604KMS**  
OF UNSEALED  
ROADS

**51** NEIGHBOURHOOD  
RESERVES  

**34**        
COMMUNITY HALLS

## WE OPERATE...

**6**

LIBRARIES THAT SERVICE  
18,264 LIBRARY MEMBERS



**31**

WATER  
RESERVOIRS  
WITH A TOTAL  
CAPACITY OF **18,690m<sup>3</sup>**



**2** ANIMAL  
SHELTERS

**10** WATER TREATMENT  
PLANTS WITH A TOTAL CAPACITY  
OF **19,000m<sup>3</sup>**  
PER DAY



**22**  
CEMETERIES

**23** DOG  
EXERCISE AREAS

# FROM THE MAYOR AND CHIEF EXECUTIVE

## Managing a growing district

Over the past year our focus has been on planning for and managing rapid growth in our district.

As spill-over demand from Auckland's housing crisis spreads south, and as the Waikato region continues to develop as a nationally significant freight and transport juncture for the upper North Island, we have worked to ensure we manage our growth in ways that are socially, environmentally and economically sustainable.

We have also continued to work with our neighbouring councils in the Waikato region and Auckland to reach common understandings over shared cross-boundary issues.

## Infrastructure management

We continued to make progress in developing ways for maintaining and building the infrastructure we need to support an expected population growth of more than 26 per cent over the next 15 years (from about 69,900\* this year to 88,200\* in 2031.)

Results from the first year of our new roading 'Alliance' with Downer NZ have demonstrated that the new contract model is delivering improvements in efficiency and customer responsiveness for our roading and footpath maintenance services. We can now look forward confidently to continuing to meet our growing infrastructure needs as the development of the new Waikato Expressway will, when it is completed, add nearly 100 kilometres of ex-State Highway roading to our district network.

We adopted a draft Record of Agreement (RoA) to form a water and wastewater Council-controlled organisation (CCO) with Hamilton City and Waipa District Councils to manage water supply and waste water across the sub-region. Provided all three councils confirm their commitment to this initiative after the October local body elections, a formal proposal will be subject to public consultation in 2017. Independent reports suggest a CCO would provide financial savings, as well as other benefits including improved environmental compliance, higher quality drinking water, fit-for-purpose infrastructure and the opportunity to maximise our joint expertise.

## Shared services initiatives

We continued to investigate the potential for developing more shared services with other local councils in areas such as procurement, and systems for human resources (HR) and geographic information (GIS). In doing so, we are mindful of the new Section 17A of the Local Government Act that requires us to review the cost-effectiveness of the funding, governance and delivery of all our services by August 2017, and regularly thereafter.

## Strong financial performance

We met our financial targets. We have maintained a judicious balance in setting rates and debt levels that are affordable, but that also enable us to provide for the present and future needs of our growing community.

Average rates per rateable property were \$2,596 for the 2015/16 year and this sits comfortably within Government affordability measures. Average debt per rateable property is \$2,012. This is 65 per cent below our current debt servicing limit and leaves a generous capacity for funding services and facilities needed to meet future growth.

Following the sale of its quarry interests to Fulton Hogan, our CCO Strada Corporation Ltd reviewed its strategic direction in an increasingly competitive road contracting industry. It made the decision to close, and will be wound up once the sale of its assets is concluded. The Council will receive a dividend and return of capital through this process.

## Economic development

Recognising the need to balance a growth in population with a growth in employment opportunities and vice versa, we adopted a strategy for implementing our Economic Development Plan to capitalise on the district's growth potential in areas of economic strength – including primary and food industries, energy, freight and logistics.

Major developments during the year included the opening of Yashili NZ's \$220m infant formula plant in Pokeno in November, and the Ports of Auckland decision in February to purchase 33 hectares of land for an inland freight hub at Northgate Business Park in Horotiu.

*\*University of Waikato population projections*

We submitted a Registration of Interest for extended Government funding of broadband in our district, supported by a Digital Enablement Plan.

We also partnered with Waikato Innovation Park to offer a free advisory service for North Waikato firms needing help to establish and grow their businesses.

### **Caring for our environment**

Waikato communities send more than 35,000 tonnes of refuse to landfill, but 64 per cent of it (23,000 tonnes) could be recycled in some way. We embarked on a major waste minimisation campaign and community consultation that has led to the introduction of new refuse and recycling services throughout our district starting in the new financial year.

As part of our District Plan Review we engaged with 4,500 property owners to seek feedback on sites we proposed identifying as Significant Natural Areas to protect the biodiversity of our district.

We're disappointed that we suffered two wastewater spills into Raglan Harbour this year. The Council has approved funding for some short term actions to improve the situation whilst we develop a longer term plan to minimise future incidences.

### **Building communities together**

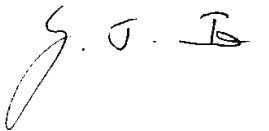
Growth inevitably brings change. We are working hard to ensure we build our communities as our townships grow. We've undertaken new inclusive initiatives to bring people together from Youth Awards to 'placemaking' projects to revitalise the public spaces in our towns. We've also adopted new methods for engaging with our communities, from the introduction of new online services and searchable databases on our website, to meeting with you on local market days.

We also committed grants totalling more than \$1.2m on behalf of the Creative Communities Scheme Fund, the Waikato District Community Wellbeing Trust, and from targeted and discretionary council funds, for distribution to nearly 200 community groups, organisations and charities throughout the district to enable our communities to come together to meet some of their own needs.

We are proud of what we have achieved by working together to meet our district's present and future needs.



Allan Sanson  
**Mayor**



Gavin Ion  
**Chief Executive**

**"Growth  
inevitably  
brings change.  
We are working hard  
to ensure we build  
our communities as  
our townships  
grow."**



# OUR ROLE AND STRUCTURE

The Council is elected by the residents and ratepayers of the Waikato district. Thirteen Councillors are elected from within the 10 wards they represent. The Mayor is elected at large. The Councillors and the Mayor make the decisions affecting the communities across the whole district.

## Wards

The district is divided into 10 wards as identified in the map opposite. They are: Awaroa ki Tuakau, Eureka, Hukanui-Waerenga, Huntly, Newcastle, Ngaruawahia, Onewhero-Te Akau, Raglan, Tamahere, and Whangamarino.

## Community boards

Five community boards, whose members are elected within the board areas, deal with local issues within their areas. Community boards are established in Huntly, Ngaruawahia, Onewhero-Tuakau, Raglan and Taupiri.

## Community committees and groups

By advocating on behalf of their local communities, voluntary community committees and groups play an important role within community decision-making. The Council works with them and the community boards so it can take into account local perspectives as part of its decision-making.

They include: Aka Aka, Eureka, Glen Afton/Pukemiro, Gordonton, Horsham Downs, Matangi, Meremere, Newstead, North East Waikato (including Mangatawhiri, Mangatangi and Maramarua), Pokeno, Port Waikato, Pukekawa, Rangiriri, Tamahere, Te Kauwhata, Te Kowhai, and Whatawhata.

## Our Governance Structure



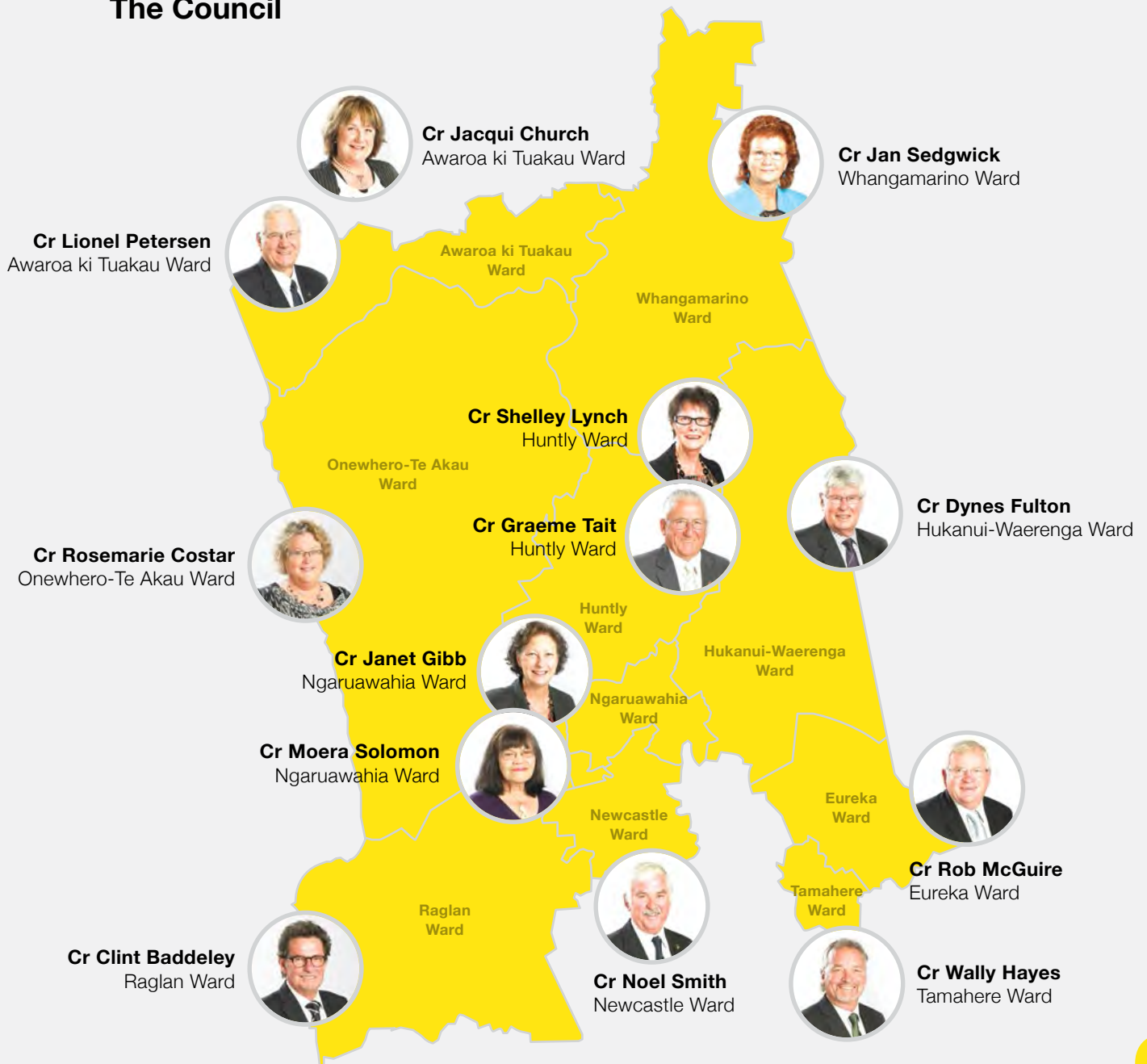
### Mayor

2015/16  
Allan Sanson



# WHO WE ARE 2015/16

## The Council



## The Executive Team



**Gavin Ion**  
Chief Executive



**Sue Duignan**  
General Manager  
Customer Support



**Tim Harty**  
General Manager  
Service Delivery



**Tony Whittaker**  
General Manager  
Strategy and Support

# STATEMENT OF SERVICE PROVISION *TAUAAKI RATONGA WHAKARITENGA*

XX

## Governance

XX

## Sustainable communities

Customer and partnership focus	XX
Economic development	XX
Emergency management	XX
Grants and donations	XX
Parks and facilities	XX

XX

## Sustainable environment

Animal control	XX
Building quality	XX
Environmental health	XX
Strategic and district planning	XX
Solid waste	XX

XX

## Roading

XX

## Stormwater

XX

## Wastewater

XX

## Water supply

XX

## Organisational support

XX

## Progress towards community outcomes



# STATEMENT OF SERVICE PROVISION

## What we did

This Annual Report reviews our progress towards achieving what we set out to do in the first year of our 2015-2016 Long Term Plan. The Long Term Plan sets out our strategic direction for the next 10 years and is reviewed every three years. It establishes our community goals and outlines the work programmes we need to carry out to achieve the community outcomes identified.

Our work programmes and associated budgets are divided into eight groups of activities that contribute to the community outcomes we're seeking. Our community outcomes are encapsulated by the Council's guiding principles of People, Energy and Economy.

## People

We will develop and maintain relationships and partnerships and provide accessible services, facilities and activities that create a supported, healthy, safe and engaged community.

## Economy

We will promote sustainable growth, maintain accessible, safe and connected infrastructure and services, create an attractive business environment and provide sound financial governance.

## Energy

We will provide active leadership, empowerment and collaboration in our business environment and we will effectively and sustainably manage natural resources.

Activity	Outcome		
	People	Economy	Energy
Governance	✓	✓	✓
Sustainable Communities <ul style="list-style-type: none"> <li>- Customer and partnership focus</li> <li>- Economic development</li> <li>- Emergency management</li> <li>- Grants and donations</li> <li>- Parks and facilities</li> </ul>	✓	✓	✓
Sustainable Environment <ul style="list-style-type: none"> <li>- Animal control</li> <li>- Building quality</li> <li>- Environmental health</li> <li>- Strategic and district planning</li> <li>- Solid waste</li> </ul>	✓	✓	✓
Roading	✓	✓	✓
Stormwater	✓	✓	✓
Wastewater	✓	✓	✓
Water Supply	✓	✓	✓
Organisational Support			

## How we did

We have established performance measures for our work programmes to gauge our progress towards the community outcomes identified. In the following pages, you'll see we have shown how we're doing against our performance measures. We've used the 'traffic light' system to indicate whether:



We've achieved



We're on track towards the target but haven't quite made it (within 5%)



We've not met the target (variance greater than 5%)

We conclude with a tabular presentation of our progress towards our community outcomes on pages 50 to 53.

# GOVERNANCE

## What we did

### Involved our communities in decision-making

Our goal, as a democratically-elected council, is to involve you in the decisions that affect the future of our district.

We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws throughout the year, from the Freedom Camping Bylaw to plan changes to our District Plan, and from our Sport and Recreation Strategy to rolling out our Youth Engagement Plan.

To help make it easier for you to deal with us we expanded our efforts to interact and consult with you through electronic and print communications and surveys, and we've been coming to your communities by running public meetings and market day stands. We also upgraded our Council website – providing a wider range of online services and searchable databases – and attracted nearly 150,000 people to visit our website over the past year (compared with a district population of about 69,900).

We developed a Youth Engagement Plan and we hosted our inaugural Youth Awards to recognise youth leadership in our community. We also recognised the outstanding contribution being made by community volunteers across the district in our biennial Mayoral Community Awards.

A new 'placemaking' strategy is designed to give communities 'ownership' of their public places. We talked with our communities in Pokeno, Tuakau, Huntly, Ngaruawahia and Raglan to help identify projects to revitalise the public spaces in our towns.

As a Council we have set ourselves a challenge to have the most engaged community by 2020 and we have established annual performance indicators for our staff to meet this goal.

### Monitored our performance

We continued to measure your response to how we work with you through an independent customer satisfaction survey which involves weekly telephone polling. We are pleased to hear you think we are responsive and becoming easier to work with, but we know we still have a way to go to ensure we engage with you on all the right issues.

We also monitored our performance to ensure we continue to provide an acceptable standard of infrastructure, community services and facilities. We published our performance measurements on a quarterly basis.

### Developed our regional partnerships

Through the Waikato Mayoral Forum we continued to work with other Waikato councils to develop a first draft Waikato Plan to guide regional development in four priority areas: planning for population change, getting investment right, partnering with iwi/Māori, and addressing issues around the allocation and quality of fresh water. Public consultation on the Waikato Plan is due in early 2017.

### Maintained iwi partnerships

Tangata whenua are partners in Future Proof, the sub-regional growth strategy we've established with Hamilton City, Waipa District and Waikato Regional Councils. We met regularly with our regional tangata whenua reference group, Nga Karu Atua o te Waka, on sub-regional growth and iwi development issues.

In line with our Joint Management Agreement (JMA) with Waikato-Tainui and our Waipa River JMA with Ngāti Maniapoto we held co-governance forum hui (meetings) with representatives from each of these iwi.

A planned outdoor celebration of the anniversary of the 2010 signing of our historic Waikato River JMA with Waikato-Tainui was postponed until the new financial year as a result of bad weather.








We continued to consult regularly with recognised Iwi Management Committees in our district on proposed plan changes to the operative District Plan as well as on the District Plan Review.

### Established democratic representation

In recognition of the fast growth being experienced in Pokeno we established a new Pokeno Community Committee to provide a formal voice for that community and a formal structure through which the Council can maintain strong links with the community.



## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Satisfaction of residents that they were able to contact their councillor as and when required.	New measure	100%	76%		The contact details of our councillors are available on our website or through the call centre. Some of our councillors also write regular columns for community newspapers – their contact details are included at the end of the column.
Number of upheld objections/appeals lodged against election process.	0	0	0		No election processes have been undertaken during the 2015/16 financial year.
Number of joint committee meetings held per annum.	New measure	2 Waikato-Tainui, 2 Maniapoto	1 Waikato-Tainui, 1 Maniapoto		Two joint meetings were held successfully. Attempts to organise a second JMA meeting with Waikato-Tainui were unsuccessful. A second meeting with Maniapoto was held just after the year's end.
Number of identified or notified breaches/objections under Joint Management Agreements, MOU's and MOA's.	New measure	0	0		No breaches were identified.
Number of formal governance hui held between the Council and iwi/hapuu groups.	New measure	Minimum of 3	4		Target met.
Percentage of minutes of all open meetings that are made publicly available via the Council's website.	100%	100%	100%		Target met.
Percentage of Council decisions that comply with statutory requirements.	New measure	100%	100%		All Council decisions taken during the course of the 2015/16 financial year have complied with statutory requirements and met the Council's statutory obligations. These decisions are minuted in the Council agendas.

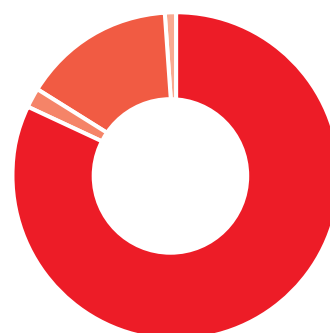
## What this tells us

Your feedback through our regular customer satisfaction survey is giving us the information we need to improve the way we work with you. We have not met all our targets for the year overall, but results in the second half of the year show our community engagement strategies are beginning to pay off. We are encouraged we are making positive progress in working with you to ensure our district continues to develop as an attractive place to live and work.

- *There are no potential significant negative effects associated with this activity.*

## How we paid for it

### Operational funding



**83%** General rates

**14%** Internal charges recovered

**2%** Targeted rates

**1%** Local authorities fuel tax, fines, infringement fees and other receipts

# SUSTAINABLE COMMUNITIES

This group of activities includes economic development, grants and donations, parks and facilities, emergency management, and customer and partnership focus. We provide these services to address social and economic wellbeing to support the development of 'communities' and not just discrete sets of towns and villages. It's about the provision of leisure options and the protection of enduring communities.

Our strategic focus is to support economic growth rather than spatial growth, and to enrich our communities through employment and improved quality of life rather than simply encouraging population growth.

## Customer and partnership focus

We want to make it easy for you to contact us about issues and questions regarding the services we provide. Key contact points include staff in our libraries and service centres, and our call centre. In order for our customer to feel supported outside of normal working hours, an after-hours service is provided by Hamilton City Council.

## Economic development

We are continually providing infrastructure to support businesses and residents, and updating the district plan to attract industry to our district, along with many other initiatives. The goal is to ensure our district has longevity by bringing more employment opportunities. The unit leads, supports and co-ordinates economic development activities, plans and initiatives across the district's growth nodes to help build a local environment that attracts and sustains new and existing business investment, residential development and visitor experiences.

## Emergency management

Public safety and emergency management activities are fundamental to the protection of life and property in the community. We have a key role in disaster and emergency response, management and recovery, including rural fire management.

## Grants and donations

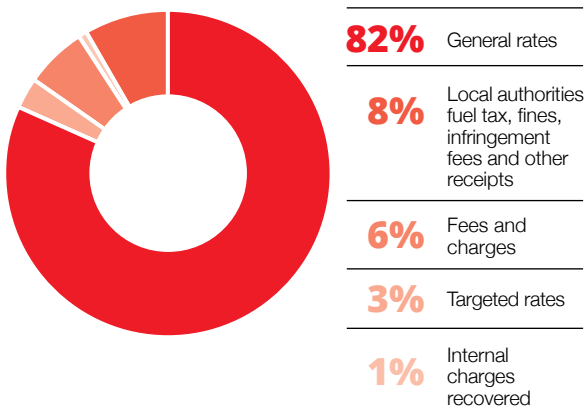
Every year we provide grants and donations to various organisations and charities throughout the district, which otherwise might not have access to funding for their work.

## Parks and facilities

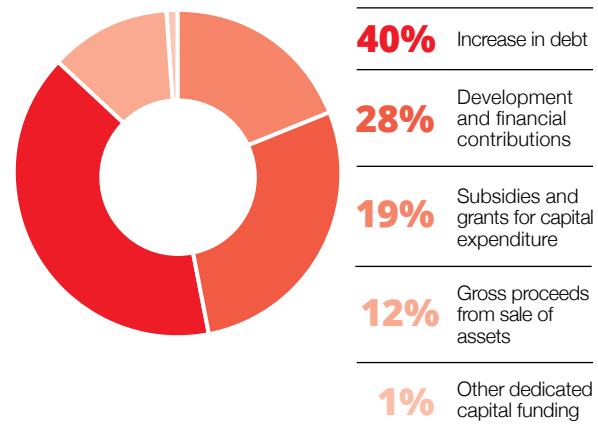
We provide many parks and reserves, playgrounds and public facilities including aquatic centres and libraries, walkways and sports grounds, providing the facilities and amenities needed for a healthy and thriving community.

## How we paid for it

### Operational funding



### Capital funding



# Customer and partnership focus

## What we did

### Customer satisfaction survey

We set high targets for responding to and engaging with our community and commissioned the National Research Bureau to undertake a customer satisfaction survey by means of randomised telephone polling throughout the year. Overall results varied from 41 per cent satisfaction that the Council engages with customers on the right issues through to 90 per cent satisfaction with the district's parks and reserves, including sports fields and playgrounds, and 93 per cent satisfaction with the quality of our library services.

### Staff responsiveness

We introduced new critical training for our customer delivery staff to support them in dealing with customers to resolve difficult situations or enquiries. We provided this team with more technical knowledge to empower our customer delivery staff to resolve queries at first point of contact, and as our ability to do this rose through the year the number of repeat calls dropped.

We also consistently exceeded targets for the timeliness of our response to customers' service requests.

Positive comments in support of our survey results showed that customers found Council staff helpful and easy to deal with, although satisfaction with the resolution of requests hovered at 59 per cent overall despite exceeding targets in some quarters.

### Customer engagement

We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws during the year, from the Freedom Camping Bylaw to plan changes to our District Plan, and from our Sport and Recreation Strategy to rolling out our Youth Engagement plan. To complement our formal consultation processes we undertook electronic and print communications and surveys, and ran public meetings and market day stands.

Our online customer engagement has surged as a result of upgrading our website and expanding our online services and searchable databases. Compared with 2014/15, website analytics for 2015/16 show a 29 per cent rise in visits to the website, a 27 per cent rise in users (to nearly 150,000 unique visitors), and a 17 per cent increase in page views. There's been a jump in website traffic coming to the site via social media (up 488 per cent) and a big rise in visitors viewing the website using mobile (up 90 per cent) and tablets (up 27 per cent).









### Library services and opening hours








Our libraries are an important focus for community activity. Based on customer feedback we extended our library opening hours in Ngaruawahia, Raglan and Tuakau, and we'll extend opening hours at Te Kauwhata and Huntly in the second half of the 2016 calendar year. This has made it easier for customers to make use of the facilities, engage in learning opportunities and do some council business after hours, like paying rates at our integrated sites.

Another new initiative saw the introduction of tablet devices at self-led learning stations in our libraries at Ngaruawahia, Raglan, Te Kauwhata and Tuakau. The tablets are pre-loaded with learning applications (apps) such as TED talks and searchable newspaper files. The tablets will also be introduced at the Huntly and Meremere libraries in the second half of the 2016 calendar year.

We are in the process of reviewing our Collections Policy and started buying more Te Reo and heritage books in line with our policy and customer demand. We also started planning for the refurbishment of the Huntly library.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Percentage of customers satisfied that the Council engages with the community regarding the right issues.	New measure	60%	41%		The result is disappointing as it does not reflect the amount of engagement activities the Council has undertaken during 2015/16. We will continue to actively engage with the community in 2016/17 in line with our Community Engagement Strategy, our work programme and legislative requirements.
Percentage of customers satisfied with the ease of access to information regarding key community issues.	New measure	60%	46%		The Council has interacted with the community through various means (e.g. website, social media, The Link, open and market days and letter drops) throughout the year. Staff are always on hand to address any request for information. A very high neutral response to our survey means the 'low satisfaction' score may be misleading.
Percentage of customers satisfied that the material available on key issues is clear and provides sufficient information to allow feedback.	New measure	60%	42%		We always try to provide information in a clear, concise manner whilst not detracting from key messages and legislative requirements. We will continue to try to simplify complex issues communicated to the public and look at best practice approaches.
Percentage of customers satisfied that council provides a suitable range of options and avenues to engage through.	New measure	60%	50%		The final result does not adequately reflect the effort that councillors and staff have placed on engagement, using face to face and postal techniques and a range of traditional and online media.
Percentage of customers satisfied that Council provides sufficient time and opportunity for engagement with the community.	New measure	60%	47%		The times and opportunities for engagement are agreed with our councillors as they (as the elected representatives) have a good understanding of their communities. We provided numerous engagement opportunities throughout the year. It's hard to ascertain why the result is falling short.
Average level of effort to conduct business with council. On a scale of 1 – 5 (5 being high effort) how much effort did it take to conduct your business with the Council?	New measure	Less than or equal to 3	2.6		Staff have embraced the 'every interaction counts' sentiment and the effort required by our customers has reduced. Survey feedback indicates we need to concentrate on 'closing loops' for customers by giving clear explanations and making the right person available.
Percentage of CRM calls responded to within agreed timeframes.	New measure	80%	93%		These results have been steady since January 2016. For five consecutive months the results were over 90%, which indicates that the changes brought about by our Service Request Project have stabilised and moved performance to a new norm.
Percentage of respondents/ customers who are satisfied or very satisfied with the resolution of their request of the Council.	New measure	70%	59%		Again, we need to 'close loops' for customers. Dissatisfaction with outcomes is usually amplified when customers do not feel a reasonable explanation is present or it is difficult to personally engage with appropriate staff.

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Percentage of respondents who are satisfied or very satisfied with the overall service received when contacting the Council.	70%	75%	66%		Customers have rated us higher for 'service received' than 'satisfaction with resolution of request'. All staff are making an effort to represent the Council professionally and to make every interaction count. In this and other measures, neutral survey responses have affected results.
Net Promoter Score (level of likelihood that library users will recommend to friends and family their library as a place to go).	New measure	80%	93%		93% of respondents say they would recommend our libraries as a place to go. The 2016/17 survey will continue to focus on our existing customer satisfaction but also try to understand how we can engage with community members who are not currently using our growing number of library services.
Level of customer satisfaction that the quality of library resources meets their needs.	New measure	90%	93%		A very positive response. Our focus for the next survey will be to increase the number of respondents through improved customer engagement and better use of online channels. We also want to survey non library users to understand why they choose not to engage with our six district libraries.
Percentage of books that are less than five years old.	New measure	50%	69%		We have culled old stock, rotated our collection across sites and purchased new material to meet our members' needs. Our 2016/17 Collection Policy review will focus on non-fiction material as technology is reducing customer needs for hard copy books of this type.
Percentage of books that are less than 10 years old (excluding reference, specialist items, local history and core stock of long term value).	New measure	100%	93%		The reporting software does not easily identify reference material and stock of long term value and it's assumed some of this stock is being included in the main collection reporting. A Collection Policy review in 2016/17 will gather all relevant and necessary data to ensure our collection and services are meeting the needs of our customers and communities.
Percentage of time that access to a free internet service is available in libraries.	100%	100%	98%		We have not achieved this target due to the Ngaruawahia Library refurbishment. During the site closure asbestos was found within the building which meant the hardware required to operate the free WIFI and internet service was not accessible. Apart from Ngaruawahia, the internet service has been utilised consistently at all sites throughout 2015/16. This service provides a number of customers with their only platform to access resources, entertainment and online communities.
Number of publicly shared reports assessing Council's progress against its goals and objectives.	New measure	4	4		The quarterly non-financial report is presented to the Strategy and Finance Committee and then displayed as part of the Our Plan boards.

## What this tells us

Satisfaction with the way in which we engage with our communities on key issues was low despite a strong Council focus on this area.

This may be partly due to the high number of initiatives we must undertake to plan and cater for the high growth we are experiencing in our district.

Survey results varied through the year depending on the issues at hand and the level of perceived engagement activity. Many customer satisfaction targets were surpassed in some periods even if the overall results for the year were below target. Overall there were also high 'neutral' response rates and relatively low dissatisfaction scores on questions relating to community engagement, so some 'low satisfaction' results may be misleading.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Damaged library items.	Repaired as condition assessed during the issuing or receipting process, or discarded in accordance with the collections policy.
Inappropriate books/magazines/material in the collection (such as adult material, or offensive to cultures, religion, or in general).	Items are acquired in accordance with the collections policy and catalogued as per the nature of the material.

# Economic development

## What we did

### Strategy

In 2015/16 we adopted an Economic Development Plan and implementation strategy to map a way ahead for our district. The Plan identifies the potential for growth in proven areas of economic strength, including primary and food industries, energy, freight and logistic industries. It also identifies the opportunities provided by the district's geographic positioning between the other growth regions of Auckland and Bay of Plenty and the Government's major investment in roading infrastructure through the Waikato district to link these major growth regions.

### Regional approach

North Waikato has strong ties with Auckland Council's Franklin ward and we continue to meet with Franklin Local Board representatives to develop cooperative approaches to cross-boundary issues such as roads and transport, planning spaces, economic development and how to handle growth.

We're also working with our regional partners through the Waikato Mayoral Forum to develop a prospectus to promote the Waikato region to attract visitors, businesses and talent to support its economic development. The 'Waikato Story' has been prepared

and a website is the next phase for the new financial year. We also helped review priorities within the regional economic development strategy, 'Waikato Means Business'.

Tourism is a regional growth industry. Along with six other councils across the region, Waikato District Council co-funds Hamilton & Waikato Tourism to promote the district both domestically and internationally. We are currently supporting the agency to develop a regional tourism opportunity plan which will help to identify local visitor product development opportunities. We are also helping fund a Franklin Tourism Group to focus on developing a strong tourism operators' network in North Waikato.

## Highlights

### New business development

Latest figures show an annual employment growth to March 2015 of 3.1 per cent (compared with 2.4 per cent nationally) and a 2.2 per cent growth in the number of businesses in the district (compared with 1.8 per cent across New Zealand).



Major developments during the year included the opening of Yashili New Zealand's \$220m infant formula manufacturing plant in Pokeno in November 2015, bringing a major exporter and 85 new jobs to the region. After attending our economic development conference in October 2014, Ports of Auckland announced in February this year it was purchasing 33 hectares of land at Northgate Business Park, Horotiu, for development as a freight hub. The Waikato freight hub is designed to serve growth in the region and to complement an existing network of freight hubs in South Auckland, Manawatu and Bay of Plenty.






We continue to support other potential developments in our district, notably in the food industry, through our 'Open Waikato' economic development initiatives.

We also partnered with Waikato Innovation Park to offer a free advisory service for North Waikato firms needing help to establish and grow their businesses.

### Ultrafast broadband

In September 2015 we submitted a Registration of Interest (ROI) for extended Government funding of broadband in our district. We also developed a Digital Enablement Plan with a budget of \$100,000 to support initiatives in any Waikato district areas identified by the Government for this extended funding. In May we surveyed the Tamahere and Matangi communities to help ascertain whether there was sufficient community support to attract commercial investment in fibre-based broadband for the area.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Net Promoter Score (level of likelihood that business owners will recommend WDC as a district to do business in).	-80	20% increase on previous year (-64)	+6 (A positive shift of 86 percentage points)		Respondents in the business perception survey rated the Waikato district 8.6 out of 10 as a place to do business, and we achieved a Net Promoter Score of 6. These results are very positive and continue the trend of an improving perception for the district.
The percentage increase in number of business units in the Waikato District (Same or higher than New Zealand growth rate in number of business units).	New measure	District growth rate is = or higher than NZ growth rate	2.20		The percentage increase in geographic (business) units in the Waikato district for 2015/16 was 2.2%. The corresponding increase for all New Zealand was 1.78%. This reflects the growth in district population and supports the perception that the district is attractive to new businesses.
Number of enquiries that generate through the Open Waikato website.	New measure	20% increase on previous year	109%		A total of 67 enquiries were received through the Open Waikato website in 2015/16. This is a significant increase on the 32 enquires we received in 2014/15. The appointment of a new marketing resource is expected to further increase the number of enquiries through this channel.
Measureable tourism expenditure in \$.	New measure	\$97m	\$85m		We set a target \$1m higher than MBIE's tourism expenditure estimates for 2014/15. After we adopted our LTP, MBIE changed their methodology for calculating expenditure and revised the 2014/15 figure down from \$96m to \$77.8m. Therefore, although tourism expenditure has increased, we have not met the target.
The percentage delivery of the Economic Development strategic work programme.	New measure	90%	93%		All projects were undertaken on time except recruitment of a marketing officer which occurred in July 2016. Projects completed include the submission to MBIE of a Digital Enablement Plan, the adoption of a new Economic Development Strategy, and a survey in Tamahere and Matangi to gauge community support for a fibre optic internet service.

## What this tells us

Business and employment growth are supported by a population growth which has, in turn, fuelled a 54 per cent growth in new dwelling consents (to 791) in the past year. Statistics for the year to May 2016 show the number of new dwellings consented by Waikato District Council is now the third highest of any district council after Selwyn (in Canterbury) and Queenstown.

In response to the continuing growth the district is forecast to experience, we are planning infrastructural support for this growth with a particular focus on our larger towns including Huntly, Ngaruawahia, Pokeno, Raglan and Tuakau.

Increasing development is also fuelling a higher demand for Council services so we are continuing to focus on improving our overall customer service

and community engagement processes, including developing more online services.

Waikato district's reputation as a place to do business is increasing according to the six-monthly business perception surveys we've commissioned. In March 2016 respondents rated the district as 8.6 out of 10 as a place where business owners would recommend a colleague or friend do business. This compares with a rating of 7.9 out of 10 in April 2015. The 'net promoter score' for our district – which measures advocates versus detractors – rose to +6.0 in the March survey compared with -8.0 in the first survey in November 2014.

- *There are no potential significant negative effects associated with this activity.*

## Emergency management

### What we did

#### Disaster response capability

Civil Defence and Emergency Management (CDEM) training has been ongoing throughout the year. More than 100 council staff are now trained and capable of forming teams to operate and support the district's Emergency Operations Centre (EOC). About one third of these personnel have undertaken intermediate level CDEM training and some have completed advanced training. We also ran a successful council training exercise to test our standard operating procedures in the EOC.

We have helped facilitate the completion of four community response plans, and there are four more in development. We've also started discussions with other communities to help identify and bring together a local group prepared to take responsibility for this important function to ensure their community is ready to manage the first 72 hours of an emergency.

We took part in an annual North Island Red Cross exercise in September, and we promoted and took part in the Ministry of Civil Defence and Emergency Management's 'Get Ready Get Thru' public campaign in October. This included support for the innovative Waikato Civil Defence three-day 'Disaster House', publicised on social media, in which three young

people showed what it was like to survive three days on whatever they could grab from their homes in 10 minutes.

#### Business resilience





Having completed our district's Civil Defence Emergency Management Plan the previous year, this year we developed a 'recovery' plan for rehabilitation after a disaster. This includes how we prioritise and restore our critical infrastructure and services such as water and roading. We undertook a training exercise to test the plan and will continue to refine our capability to improve our business resilience in case of a civil emergency.

A commissioned assessment of tsunami risk on the district's west coast was completed and concluded that Port Waikato, Raglan Harbour and Aotea Harbour are at low risk of inundation, but tsunami waves would produce potentially dangerous currents that would persist for many hours, particularly at the entrance to each harbour.

We continued to maintain good working relationships with local emergency services, the Waikato District Health Board, NZ Red Cross, local Lions groups and the Ministry of Social Development, who will be key partners in an emergency and recovery.



## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of community response plans completed.	New measure	15%	13%		We have completed four community response plans, started four plans, and four plans are in the very initial stages of start-up. We will continue to work with communities around response plans in 2016/17.
Council maintains a minimum number of trained staff to fulfil core Emergency Operations Centre roles.	New measure	30 staff trained	103 staff trained		We have provided foundation training for 103 staff and intermediate training for 35 to fulfil core EOC roles. Going forward we will provide foundation training as part of the induction programme for new staff and intermediate training for staff identified for roles in the EOC.
Percentage of Council's business continuity processes implemented.	New measure	100%	100%		Key processes have been identified, captured and prioritised throughout the business. These processes contribute to a new framework which ensures that the business will be able to respond and recover as fast as practicable in the event of significant disruption.
Council manages local participation in the national Get Ready, Get Thru campaign annually.	New measure	100%	100%		Council participated in the 'Drop Cover Hold' exercise and 'Get Ready Get Thru' annual campaign.

- There are no potential significant negative effects identified with this activity

# Grants and donations

## What we did

### Local groups supported

We made grants and donations from Council-owned or administered funds to support the work of 192 organisations and charities throughout the district that otherwise might not have access to funding for their work.

From Council-owned funds we committed more than \$1.2m for distribution to 167 local groups. Of this the largest single amount was \$600,000 set aside for Te Awa – Great New Zealand River Ride.

Another 21 local groups benefited from \$46,715 we distributed on behalf of the Creative Communities Scheme Fund, and the work of four more groups benefited from \$51,048 we distributed on behalf of an independent trust we administer, the Waikato District Community Wellbeing Trust (see page 59.)

### Council funds committed

Council funding committed for grants and donations in 2015/16 is identified in the table following.

Nearly \$1m was committed for distribution to 31 local groups as a result of consulting with you when we developed our Long Term and Annual Plans. A further \$256,360 of discretionary grants and other funding was committed for distribution to 136 local groups during the course of the year through applications

processes managed by Council committees and Community Boards.

Not all of the amount committed was distributed within the year under review.

Rather than distributing the \$600,000 set aside for the Te Awa River Ride, it was decided it would be more beneficial to spend the money directly on the project by transferring it to the Council's roading team to help construct the final sections of the cycleway. So far \$367,000 has been spent on the recently-completed Ngaruawahia section. The balance will be spent in the new financial year to help construct the final Horotiu section which will complete a continuous riverside cycleway from The Point in Ngaruawahia to Hamilton Gardens.

Of other funding committed and not yet paid out, \$10,000 for Waikato district crime prevention initiatives will be released as soon as a new trust is established, and \$10,000 for the Onewhero Old School Building will be released when the balance of funding needed to complete the project has been raised.

Some Council-owned funds distributed in 2015/16 arose from commitments made in the 2014/15 year. These are also identified in the table.



Description	Annual Plan 2015/16 Committed \$	Amount Paid 2015/16 \$
Twin Arts Information Centre	5,000	5,000
Raglan Museum	20,000	20,000
Air Ambulance	15,000	15,000
Northern Surf Lifesaving	34,500	34,500
Waikato District Sports Award	5,000	5,000
Life Education Trust	5,000	5,000
Ecosourced Waikato in the District	2,000	2,000
Waikato district crime prevention	10,000	–
Bush Tramway	1,000	1,000
Bush Tramway (one-off grant)	5,000	5,000
Raglan Coastguard	33,346	33,346
Te Akau Community	7,000	7,000
Te Otamanui Lagoon	25,000	25,000

Description	Annual Plan 2015/16 Committed \$	Amount Paid 2015/16 \$
Tamahere Community Committee	4,000	4,452*
FIFA U20 World Cup	5,000	5,000
Waikato River Alive	–	7,000*
Tuakau and District Museum Society Inc.	10,000	10,000
Te Awa – Great New Zealand River Ride	600,000	–**
Matangi information sign	–	1,059*
Onewhero Old School Building	10,000	–
Te Whakaruruhau Inc.	5,000	5,000
North Waikato Transport Trust	2,000	2,000
Waikato district lakes	20,000	20,000
Huntly Volunteer Fire Brigade	15,000	15,000
Para Kore	5,000	5,000
Karioitahi Hall	–	5,812*
Te Kauwhata & Districts Information and Support Centre	10,000	10,000
Waikato Coalfields Museum	50,000	50,000
Waikato Biodiversity Forum	3,000	3,000
Tamahere Reserve	50,000	55,991
Franklin Tourism	2,500	2,500
Matariki Festival	5,000	1,500
<b>Sub-total of Annual Plan 2015/16 commitments</b>	<b>964,346</b>	<b>361,161</b>
A total of 136 other groups benefited from:		
Cultural heritage assistance	18,565	14,810
Conservation fund grants	30,000	3,184
Heritage project fund	40,000	7,887
Discretionary grants	167,795	222,103*
<b>Total Council funds committed 2015-2016</b>	<b>1,220,706</b>	<b>609,144</b>

\* Includes funds committed in 2014/15.

\*\* Transferred to the Council's roading team and \$367,000 spent on the project in 2015/16.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Number of discretionary grant funding rounds undertaken per year.	New measure	4	4		The discretionary funding rounds were undertaken as scheduled in July 2015, October 2015, February 2016 and April 2016.
The percentage of community funding/grant recipients meeting grant obligations, as evidenced through accountability reports.	New measure	100%	90%		We seek accountability reporting for all community funding grants, but not all recipients have provided these on time. The initial deadline for June has been extended until August 2016 to allow staff to chase up all outstanding project accountability forms.

- There are no potential significant negative effects associated with this activity

# Parks and facilities

## What we did

### District wide

We made two strategic appointments to manage our assets over the next five years for the benefit of our communities. We appointed Belgravia Leisure NZ to operate our aquatic facilities in Huntly, Tuakau and Ngaruawahia and to improve access and use through extended opening hours and broader services. We also appointed Christchurch-based City Care to maintain our parks and open spaces including our sportsgrounds, playgrounds and cemeteries.

### Central Waikato

We secured nearly \$400,000 from the Waikato River Authority to support a four-year planting and capital works restoration programme for Lake Rotokauri. Plans include constructing a pest fish barrier and creating a floating wetland to soak up nutrients.

We also secured \$14,000 from Waikato Regional Council for a planting and restoration programme at Lake Puketirini in Huntly.

Following a period of community consultation, the decision to demolish the Huntly War Memorial Hall was deferred to allow for a community working party to be established in the new financial year to consider viable options for community facilities that will meet Huntly's needs. Meanwhile a start was made on planning for a refurbishment of the Huntly library. Other work in the central Waikato included

the construction of new public toilets in Te Kauwhata designed to match the architectural style of the town's library, new toilets and upgraded car parking at the bottom of the popular Hakarimata Track in Ngaruawahia, and an upgrade of the boat ramp at Taupiri. We also built a new accessway to allow for an extension of the Whatawhata cemetery.

In Tamahere, south of Hamilton City, earthworks have begun for the development of sports fields on the Tamahere Recreation Reserve.

### North Waikato



We released a report on erosion at Port Waikato's Sunset Beach and consulted with the community on options for dealing with the retreat of public assets if erosion continues to impact the car park and hall.









We improved the Tuakau Hall by upgrading the toilets and installing a sound system, and we extended the 'destination' playground at Tuakau's Dr John Lightbody Reserve. We also purchased 8ha of land between Tuakau and Pokeno for the development of a new cemetery for the area.

### Raglan area

Coastal work included the redesign and renewal of the Manu Bay seawall and the upgrade of the Te Akau boat ramp. We also extended Raglan's 'destination' playground at Kopua Domain.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Percentage of customers who are satisfied with Parks and Reserves, including sports fields and playgrounds overall.	New measure	80%	90%		This result reflects staff commitment to ensuring our contractors are meeting their contractual agreements through regular joint auditing and frequent site visits. There is more work to do to ensure a consistent delivery of service across the entire open space network and the contract with City Care for district maintenance will help achieve this.
Percentage of interments completed within the requested timeframe.	New measure	95%	100%		All burials were completed within appropriate timeframes. No issues arose regarding outcomes. Communication with customers and contractors ensured work was completed efficiently and on time.

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
Percentage progress of the Playground Strategy implementation plan.	New measure	90%	100%		All 16 actions in the Playground Strategy were completed in 2015/16.
Percentage of customers who are satisfied with public toilets in the annual satisfaction survey.	67%	75%	73%		The resident's satisfaction survey shows a significant improvement in customer satisfaction with public toilets, rising from 39-48% of customers in previous years to 67% in 2014/15 and 73% in 2015/16. This result reflects ongoing improvements by our toilet contractor, partly as a result of joint audits/ inspections.
Percentage of natural areas (categorised in parks strategy) which have had restoration efforts undertaken.	New measure	4%	4%		Ecological enhancement activities were within budget and on target. Highlights to date include a successful biological control programme being implemented with partners from the Regional Council, a number of rare habitat types being restored and a \$400,000 grant application to the Waikato River Authority being approved.
Percentage of buildings that require a warrant of fitness and that comply with it.	New measure	100%	100%		All buildings have a current building warrant of fitness and are compliant.
Percentage of time that pool water meets the NZS5826 Part 1 Water Standards: 2000 Code of Practice for the operation of swimming pools.	New measure	95%	95%		Tests are undertaken by a contractor on a daily basis. Pool water met the standards 95% of times tested.
Percentage of customers who are satisfied with the pool facility.	New measure	80%	86%		Overall a combined score of 86% of satisfied and very satisfied customers was achieved across the three pool complexes. Satisfaction levels with individual facilities were: Tuakau 82.09%, Huntly 90.94%, and Ngaruawahia 82.5%.
Percentage of satisfied customers as per the Council 'Housing for the Elderly' survey.	New measure	70%	75%		The Housing for the Elderly survey was sent to all tenants. 75% of respondents are satisfied.
Total annual energy consumption.	New measure	1.5% reduction on previous year	8% increase on previous year		Total annual energy consumption has increased 8%. Most of this relates to the Huntly Aquatic Centre and could be due to the increase in opening hours or pool temperature. WDC now has an agreement with Local Authority Shared Services Ltd to develop a plan to reduce electricity consumption across all Council facilities. Staff will work with pool contractor Belgravia to reduce gas usage.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Disability access to facilities.	Development of the disabilities access policy. Design and manoeuvrability for wheelchair access, or mobility scooter. New facilities to be designed in accordance with the council's HCC development manual.
Noise and disorderly behaviour issues from events at reserves, and general use of reserves.	Events managed in line with the council's terms and conditions of hire. Any disturbance will be handled by local police or noise control if required.
Herbicides impacting environment.	Working in conjunction with Hazardous Substances and New Organisms (HSNO) standards for handling agri-chemicals. Enforcing appropriate conduct and use of wash down facilities and hard stands. Ensuring pest and weed control activities are within guidelines.
Damages to property and harm to people from falling trees and branches.	Tree maintenance programme according to industry standards. Focus on higher risk areas such as walkways, playgrounds, higher use reserves, and power networks. Responsive to customer requests and cyclical maintenance.
Reserves can create a fire hazard for properties.	Management of fire breaks to prevent this effect.
Hazardous chemicals used to keep bio hazards under control, can be harmful if mishandled.	Staff training to identify and handle emergency events and safety standards strictly adhered to. Sodium hypochloride used which is safer alternative than traditional chemicals.
Accidents at aquatic facilities.	Pools managed to Pool Safe certification standards. Wet floor signage for appropriate areas.
Isolation/location of public toilets leading to safety concerns.	Ensure toilets are designed appropriately and located in areas that are easily visible and accessible. Use Crime Prevention Through Environmental Design (CPTED) principles.
Congregation of undesirable groups with the potential to vandalise equipment.	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. CPTED principles.
Toilets can present a sanitary risk to the community.	Included in Water & Sanitary services assessments (three yearly).
Considered to have a negative aesthetic effect.	Use of eco design, strategic locations, planting to minimise the impact, environmentally complementary plain colour.
Noise and disorderly behaviour issues from events at cemeteries and general use of cemeteries.	Restricted opening hours.
Congregation of undesirable groups with the potential to vandalise equipment.	Maintenance regimes in place to rectify any issues, installation of CCTV as appropriate. Use CPTED design principles.
Potential pollution of waterways from cemetery activities.	Maintain an adequate separation distance between human remains and the highest seasonal ground water table. Maintain an adequate buffer zone around cemeteries, and plant with deep rooting trees.

# SUSTAINABLE ENVIRONMENT

This group of activities includes animal control, building quality, strategic and district planning, solid waste and environmental health.

Our strategic focus is to develop and maintain an integrated approach to providing sustainable, attractive, affordable and safe options for living, in a way that's in tune with what ratepayers want. We need to provide more streamlined processes that cost less while still delivering required results for our community and Council.

## Animal control

The Animal Control Team provides animal control services through dog registration, complaint response, and impounding wandering stock and animals as required by the Dog Control Act 1996, Impounding of Stock Act 1955, and Council's Dog Control Policies and Bylaws. This is achieved through active enforcement of requirements and via the education of dog owners and the general public.

## Building quality

We protect the community by ensuring that buildings in our district comply with legislation, including the fencing of swimming pools. We process building consent applications and carry out construction inspections.

## Environmental health

We provide a range of services to ensure food outlets maintain high food safety standards, alcohol outlets operate to the conditions of their licences, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

## Strategic and district planning

Land use and growth management planning ensures the district can grow and develop in a sustainable manner and in accordance with the principles contained in the Resource Management Act (RMA) 1991.

## Solid waste

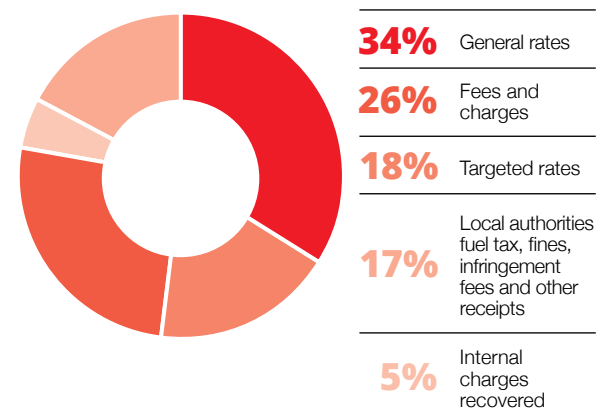
As set out in the Waste Minimisation and Management Plan (WMMP), Council has adopted an aspirational vision of 'Working towards zero waste for the Waikato district.'

The goals of the WMMP are summarised as:

- Working more closely with our communities in managing waste;
- Working more closely with the growing waste management industry in the district and the other councils around us;
- Improving our kerbside recycling collections;
- Considering ways to reduce the amount of rubbish we collect and how much it costs; and
- Improving transfer stations to recover and recycle more material than we do now.

## How we paid for it

### Operational funding





# Animal control

## What we did

### Public education

This year we continued to put more focus on educating owners about responsible dog ownership and compliance with registration and fencing requirements, and this is helping lead to fewer call-outs and higher dog registration numbers.

As part of this effort we increased the number of school visits we made (to 36 schools) as part of our 'Dogsmart Education Programme' to introduce children to dogs, to teach them about responsible ownership and how to stay safe around them. We intend to extend this effort by launching a 'Dogs in Libraries' project that is also expected to benefit our children's reading levels, and we have begun temperament testing dogs for this project.

Complementing our public education programme we have a goal to increase the number of dog owners on our 'selected dog owner' list which grants reduced registration fees for responsible owners with properties that meet fencing requirements. We promoted this option by offering free property inspections in December and January and we now have nearly 3,000 owners on the list who are meeting the same stringent criteria as farm dog owners.

### Dog registrations

The number of registrations is 13,901, up from 13,654 last year, and this represents about 98 per cent of all known dogs in the district.

### Animals impounded, returned and rehomed

The number of dogs impounded was 1,190, down from 1,241 last year. The number of wandering stock impounded was 56, including cows, bulls, sheep, goats and pigs. We are pleased that the number of animals returned home and rehomed has increased so that fewer animals have had to be destroyed. We rehomed or passed to other rescue organisations 253 dogs, up from 175 the year previous.

### Response times to call-outs

We have set new goals to be on-site within an hour for 95 per cent of emergency animal control call-outs. (There are some parts of the district that cannot be reached within an hour's travel time.) We have purchased radio telephones (RTs) for all animal control staff to improve our communications systems to support these goals and help us to meet them successfully. We have also upgraded two vehicles in our animal control fleet.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of aggressive dog behaviour complaints, where immediate risk to public safety is present, that has council personnel on site within 1 hour.	New Measure	95%	98%		Animal Control Officers responded quickly to these types of complaints, reflecting their commitment to keeping our communities safe.
The percentage of complaints regarding stray stock that have council personnel on site within 1 hour.	New Measure	95%	97%		Animal Control Officers responded quickly to these types of complaints, in order to avoid traffic accidents and harm to stock.
The number of dog owners on the selected owner policy list (i.e. good dog owners) for known dogs increases by 5% each year.	New Measure	30%	32%		The number of dog owners in the 'good dog owner' category has increased by 32%, bringing the total to 8,778. This includes selected owners and farm dog owners who have to meet the same criteria.



## Potential significant negative effects

Potential negative effect	How we are addressing this
Injury to Animal Control Officers from attack by dog owners, dogs and livestock.	Continue to provide ongoing training and ensure the correct and required personal protection equipment is provided.
Dog owners disgruntled by enforcement action taken against them.	Professional and courteous enforcement.
Members of the public are at risk from dog attack.	Ensure animal control services are maintained at a level to ensure stray dogs are impounded.
Dog control activity is predominantly paid for through registration of known dogs which may not target those that use the service.	Implement cost recovery options where possible.

## Building quality

### What we did

#### Assessment of earthquake-prone buildings

In anticipation of new legislation requiring building owners to undertake initial seismic assessments (ISAs) of potentially earthquake-prone buildings, we started ISAs of Council-owned buildings in this category. We set aside \$100,000 for the work and so far it has cost us \$42,000. This work will continue in the new financial year.

So far we have identified about 416 potential earthquake-prone buildings in our district that require owners to undertake ISAs, but we still have to complete this work in the north Waikato area, including Pokeno, Tuakau and Port Waikato.

#### Building consents systems





We reviewed our building consenting systems and began investigating and trialling online systems for handling consent applications. This work will continue in the new year with a view to improving efficiencies to meet a huge growth in demand as a result of significant subdivision work across the district, especially in north Waikato towns, fuelled by rising Auckland house prices.

### Issues

#### Consents processing

Partly as a result of the Auckland housing crisis, building consents for new dwellings rose by 54 per cent to 791 across the district (a rise of 117 per cent over the number of new dwellings being consented three years ago). Applications for building consents overall rose 22 per cent to 2,004 in the past year (representing a rise of 40 per cent over the number of building consent applications received three years ago). This has had a significant impact on our consent processing and building inspection workloads. We slipped behind on our statutory timeframes for consents, but have now employed two extra processing officers and this is bringing us back up to target. We will review our staffing levels again to maintain compliance in the new financial year. We are also reviewing our processes to look for opportunities to do things in a smarter way.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of existing buildings with building WOFs that are monitored and audited for compliance annually.	New Measure	33%	55%		Due to the increase in the number of building consents meeting the target has been challenging. The result reflects our priority to ensure all inspections are completed in a timely manner.
The percentage of buildings that provide sleeping care or paid accommodation that are audited for compliance annually.	100%	100%	100%		Auditing these types of buildings will remain a high priority due to the nature of the sleeping care facilities.
The percentage of swimming pools that are inspected for compliance annually.	New Measure	20%	0.5%		Under a new Council policy, informed by legal opinion, we require customer permission to inspect. We've inspected all pools (13) where permission has been granted. Anticipated legislative change will amend this situation.
The percentage of building consent applications that are processed within 20 working days.	100%	100%	96%		The increase in consent numbers meant we were unable to meet the target. We processed 2,004 consents in 2015/16, up 22.1% from 1,642 consents processed in 2014/15. Consents numbers for new dwellings, which take longer to process, were up 54.8% from 2014/15. As a result we've employed two additional full time staff.

## What this tells us

We met our target for auditing existing buildings for compliance, including buildings with sleeping care or paid accommodation.

Our ability to meet our targets for swimming pool inspections now depends on pool owners granting permission to carry out these inspections.

Heavy workloads ensuing from the rising number of new dwellings in our district impacted on the timeliness with which we were able to process building consent applications.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Legislation is requiring more council input into plan review and building inspection, which increases costs.	The council has to react to new legislation, but tries to limit the cost increase as much as possible.
Non-compliance requires the council to take offenders before the Courts.	Prosecution of blatant offences against the Building Act is necessary to reinforce compliance, maintain equity for those who obtain consents and fulfil statutory duty.
The time to process applications might be regarded as a delay to construction.	This is mitigated through the simplification of the consent process.
Leaky homes are identified.	More thorough vetting of the drawings, inspections by better trained highly skilled inspectors, will assist in reducing the incidence of leaky homes.

# Environmental health

## What we did

### Implementing new food legislation

The Food Act 2014 came into force in March this year requiring us to start making a three-year transition from an inspection to an auditing system for food manufacturers and suppliers, with different requirements for different types of food operations dependant on perceived risk. Most food premises are still currently inspected under the old regulatory system, but any new business must be registered and run under the new system.





A new business in a 'higher risk' category must register and operate a 'food control plan' that is then regularly audited by the Council. A 'lower risk' category business must register under a national

programme that may be audited by an independent auditor. All premises with an on-licence must move to the new regime by June 2017 and we have been working with the industry to support this transition. Other food premises have longer to make the change.

### Applications, inspections and audits

During the year we registered and inspected or audited 260 food premises, handled 341 alcohol licensing applications and 291 contaminated land property information requests, provided technical comment on a range of resource consent applications and responded to 241 general nuisance complaints. We also received 1,246 excessive noise complaints.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of registered food premises that are inspected/audited annually.	100%	100%	100%		All 260 premises requiring inspection have been inspected or audited.
The percentage of medium risk or higher fee category licensed premises that are inspected annually.	New measure	100%	100%		All medium or higher risk category premises operating within the district that sell alcohol have been inspected during the year as required. No significant issues or non compliances with the conditions of their licences were observed during these inspections.
Percentage of excessive noise complaints responded to within agreed timeframes.	79%	90%	86%		We investigated 1,246 noise complaints during the year. We significantly improved our response times but did not meet the target because technical issues with our system during the first quarter affected overall performance for the year. These issues have now largely been resolved.
Percentage of environmental health complaints responded to within agreed timeframes.	New measure	95%	95%		A total of 241 complaints were received during the year of which 229 were responded to within agreed timeframes.

## What this tells us

We've improved our response rates to noise and nuisance complaints and have developed better systems with our contractors for resolving the issues we handle. We will be continuing to work with our contractors to further improve the response to noise complaints. All food premises and licensed premises requiring inspection were visited during the year. The transition to the new food legislation creates challenges in future where some lower risk food businesses will not be subject to Council audit.

- *There are no potential significant negative effects associated with this activity.*

# Strategic and district planning

## What we did

### District wide

We made good progress with the review of the District Plan which will integrate the Waikato and Franklin sections into a single plan for the first time since the district's boundary changes in 2010. We are on track for a new proposed District Plan to be publicly notified in 2017.

We completed structure plans for Tuakau and Ngaruawahia to help guide development in these towns over the next 30 years. We also progressed a number of plan changes during the course of the year to help meet long term projected growth throughout our district.

We developed a 'placemaking' strategy and implementation plan and began engaging with communities in Pokeno, Tuakau, Huntly, Ngaruawahia and Raglan to help identify placemaking projects to revitalise the public spaces in our towns.

Youth engagement is a key initiative of Council. We adopted a Youth Engagement Plan which forms the basis of ensuring that youth in our district have a voice in community decision-making through community boards and community committees.

We established a Heritage Project Fund as part of our Heritage Strategy to support groups interested in playing a role in preserving heritage within our district.

### Sub-regional and regional

As a key player in the Future Proof Growth Strategy partnership with Hamilton City, Waipa District and Waikato Regional Councils, we have begun reviewing the Strategy to ensure it accommodates the growth expected in our district over the next 30 years. This review is expected to be completed by the end of this year for consultation in early 2017.

We have also played a key role in the development of the Waikato Plan with the nine other councils that make up the Waikato region. A major milestone has been the adoption of the updated Strategic Direction Summary Document as the basis for drafting the Waikato Plan. The Plan is expected to be notified for public consultation in early 2017.

We have also engaged in various fora with Auckland Council on cross-boundary issues pertinent to both councils. Many of these discussions (e.g. on water quality/ quantity and transport infrastructure) will continue to be progressed to ensure mutually

beneficial solutions to common issues can be found.

### Consents workload

Demand for housing and land for development has grown rapidly in our district as a result of spillover of demand for housing in Auckland. We have employed five more staff in order to meet statutory timeframes to handle a significant increase in resource consents, building consents and Land Information Memoranda (LIMs).





Our Consent Planners and Land Development Engineers received 1,000 resource consents, up 34 per cent from last year, and representing a 53 per cent increase over the past two financial years. Of a record 2,004 applications for building consents, our Project Information Officers undertook planning and engineering assessments of 1,486, up 34 per cent from last year, and up 37 per cent over the past two years. LIM staff processed 1,666 requests, up 8.4 per cent since last year, but a jump of 51 per cent overall since the 2013-14 financial year.

Other related enquiries also rose dramatically. Our Duty Planner service handled 4,778 enquiries, up 19 per cent on last year and 31 per cent over the past two years, and our Property Enquiry service received 1,935 enquiries, a rise of 29 per cent from last year, and a record 61 per cent increase over the past two years.

## Highlights

- The District Plan Review project team carried out 18 public open days across the district in late 2015 to enable the public to contribute to issues that they considered important. In all, more than 600 individual resource management issues were raised during consultation.
- As part of the Review we also engaged with 4,500 property owners to seek feedback on sites we propose identifying as Significant Natural Areas (SNAs) to protect the biodiversity of our district, and we received more than 1,000 responses.
- We successfully launched e-Plan which allows the public to examine and search the District Plan online.
- We hosted a successful inaugural Youth Awards 2016 in May. Through this project we were able to empower youth volunteers from across our district by giving them an opportunity to work on the project.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of resource consent applications which are processed within statutory timeframes.	99.5%	100%	100%		This year we received 1000 resource consents, which is up 34% from last year. All consents for the year were processed within statutory timeframes.
Percentage of residents who feel they have the opportunity to be involved and participate in publicly-notified Council projects and processes, to help Council make informed decisions.	64%	68%	67%		We are finding and creating new, more efficient ways to involve our communities in decision making processes in ways that suit them. For example, we run stalls at market days across our district at various times through the year so community members can talk to staff about current consultations and Council related projects.
The percentage of projects in identified areas of growth and as contained in the Long Term Plan, which are on track or completed.	New measure	100%	97%		Areas of residential growth include Tamahere, Te Kauwhata, Tuakau and Pokeno. Areas of industrial growth include Horotiu, Tuakau and Pokeno. We've identified 66 projects planned or underway in our growth areas, of which 49 are on track (32 being developer led) and 15 completed. Staff will continue to monitor these projects.
The percentage of all land use consents that have been issued and are current that have been monitored for compliance in the past two years.	New measure	75%	79%		Of 1,232 land use consents that are current as at 30 June 2016, 975 have been checked for compliance. This level of monitoring ensures that consented works are being carried out appropriately and not having any significant adverse effects on the environment.

## What this tells us

Our district is growing rapidly and this is putting pressure on our planning and consents teams to meet targets and ensure our district develops in a sustainable manner.

However we are making good progress in planning for growth by developing structure plans for our growing communities, and by taking a balanced and sustainable approach to growth through our District Plan Review currently in progress.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Planning may increase development costs, through compliance costs, development levies or financial contributions.	Benefits flow back to developers from improved environmental quality, and provision and co-ordination of services such as infrastructure, and any net negative effect is not significant.
Non-compliance with statutory requirements for the issuing of resource consents may cause delays.	Improvement of systems is ongoing to ensure continual improvement in services.
Inadequate or harsh monitoring of District Plan requirements may discourage development, affecting the economy in the district.	Apply a reasonable, concise, consistent monitoring process.

# Solid waste

## What we did

To support our vision of 'Working towards zero waste for the Waikato district' as set out in our Waste Minimisation and Management Plan (WMMP), we developed plans to:

- introduce a district-wide user-pays system for all households that have a kerbside waste collection, and
- standardise kerbside recycling services and an annual inorganic refuse service for all areas with kerbside waste collection services (except Raglan which has an alternative service).

We developed and distributed 'Less Waste Saves More' educational materials to inform residents about why it's important to reduce the more than 35,000 tonnes of




refuse we send to landfill each year when 64 per cent could be recycled. We also informed residents about the new services which will be introduced in the new financial year (starting in July 2016).

In preparation for the changes we awarded new refuse and recycling contracts to Smart Environmental for North Waikato, and renewed our refuse and recycling contracts with Xtreme Waste for Raglan.

We listened to residents in Pukekawa where there was not enough support to introduce a kerbside refuse and recycling service.

We deferred developing a resource recovery centre at the Huntly transfer station until other upgrade work at the transfer station is also scheduled in the new financial year.

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The percentage of schools in the district that receive solid waste education.	New measure	55%	72%		42 out of the possible 58 schools were visited this financial year which is well above the 55% target.
The number of times that bags or bins are missed in Council's kerbside collection.	159	Less than 200 per annum	141		141 bags/bins/crates missed this year. (We collect refuse from 25,000 properties every week.)
The percentage of kerbside collection complaints that are resolved within agreed timeframes.	New measure	100%	97%		375 out of 386 complaints resolved within agreed timeframes (five working days). System processes were revised following issues in the first quarter.

## Potential significant negative effects

Potential negative effect	How we are addressing this
Increase in the amount of refuse to be disposed as population increases over time.	The council acts as the advocate for waste reduction through the adoption of the Waste Management Plan. The council also supports education initiatives and provides education material for its customers.
Environmental impacts caused by the discharge of contaminants to land and water from closed landfills.	Compliance with resource consent conditions that stipulate the frequency and parameters to be monitored.
Ease of disposal, through convenient waste management services, encourages increased quantities of material to be sent to waste by customers.	Education and programmes to build awareness and foster ownership of waste minimisation within the community.
Potential impacts on customer satisfaction due to service failure /delays /responsiveness.	Monitor and report on Levels of Service and in Service provider contracts. Seek to resolve customer complaints to 'close the loop'.
Health and safety risks associated with the operation, maintenance, or construction of solid waste infrastructure.	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Under-provision of recycling facilities fails to promote a positive shift in the community's attitude to waste.	Each main urban community in our district has green waste and/or recycling facilities.
Waste entering the water bodies affect the mauri of the environment.	Each main urban community in our district has green waste and/or recycling facilities.



# ROADING

## What we did

The start of the financial year heralded the start of a new five-year roading 'Alliance' contract signed with Downer, through which the Council and contractor work together to identify and deliver the work. The new contract model is designed to achieve greater efficiencies and improved levels of service. It covers the majority of the roading programme except for strategic network management and major capital works.

### Rotowaro culvert replacement

Through the new Waikato District Alliance we replaced a badly corroded steel culvert under Rotowaro Rd which was in danger of collapse. The \$500,000 project involved closing the road for 10 days to install a new concrete culvert to carry a stream that runs under the road. It has since been named as joint winner of the small site award for erosion and sediment control by Waikato Regional Council.

### Tuakau Bridge

We started on structural repairs and repainting of Tuakau Bridge and will complete this in the new financial year.

### Taupiri-Mangawara Stream Bridge

We also started investigation and design work for a new Taupiri-Mangawara Stream Bridge that will allow safe access to the Taupiri Mountain urupa (Māori burial ground). Waikato District Council, Kiwi Rail, Waikato-Tainui and the New Zealand Transport Agency will each contribute to the cost of the project. Once completed, this will allow us to close the current, dangerous road accessway off SH1 just north of Mangawara Stream. We expect the new bridge to be constructed and open for use by June 2017.

### Te Awa cycleway

Where possible we support cycling as part of our district road strategy. In 2015-16 a new Ngaruawahia section of Te Awa – The Great New Zealand River Ride was completed and contracts let for the final Horotiu section of the cycleway, including a new bridge across the Waikato River. These works will complete a continuous Waikato riverside cycleway from The Point in Ngaruawahia to Hamilton Gardens. This \$4.5m project has been funded by the Te Awa River Ride Charitable Trust, the government's Urban Cycling Fund, Waikato District Council and the New Zealand Transport Agency.

### Road surfacing and strengthening

During the past year, through the Waikato District Alliance, we have re-surfaced 142 kilometres of sealed roads in the district, and completed 16 kilometres of road strengthening work.

In conjunction with this work we have also undertaken work to improve road safety by increasing road widths and improving visibility.

### Road safety

New guard rails, new and upgraded signs and lane markings are helping make our high-risk rural roads safer, at a cost of \$200,000.

In line with the Government's 'Safer Journeys' strategy, and in joint initiatives with the New Zealand Police, New Zealand Transport Agency and other agencies, we helped run road safety traffic stops in Huntly in December 2015 and March 2016 to urge drivers to 'Drive Fresh' to avoid fatigue and to provide truck drivers with a general road safety refresher and health check.








### Footpath upgrades

As a result of residents' requests we completed, or nearly completed, a number of new footpaths district-wide at a cost of \$200,000.

These included:

- Mangatangi – a stretch along Miranda Road to the school
- Matangi – Taplin Road
- Raglan – Nihinihi Ave, Uenuku Ave and Wainui Road (to be completed in the new year following wet weather delays)
- Tamahere – a portion of Newell Road, and more to be completed in the new year
- Te Kowhai – Horotiu Rd and Bedford Road

## How we did

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	37	Target for reducing the number of serious injuries or fatalities -1	0 change		In the year ending 30 June 2016, 37 fatal and serious injury crashes were recorded in the NZTA crash database, compared with 37 in the previous year. Further analysis is required to understand the causes, but road conditions do not appear to have been a significant factor.
The average quality of ride on a sealed local road network, measured by smooth travel exposure.	96%	91% (minimum)	95%		The result comfortably exceeds the target but is a decrease on the 96% achieved the previous year. More analysis is required to understand the reasons, but a preliminary indication is that the high-use urban roads are not achieving the required standard.
The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in relevant documents (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	New measure	90% or greater at Category 3 or better	99.7%		All the district footpaths were surveyed in January/February 2016 and graded from 1 (excellent) to 5 (very poor). 99.7% of the total length of footpath was rated as 3 (fair or better). This is reflective of the proactive approach taken by the Alliance and responsiveness to customer requests.
Percentage of development areas that have co-ordination plans for forward works programming and development requirements complete.	New measure	30%	33%		The development programme for Pokeno is completed. Coordination plans still need to be developed for Te Kauwhata and Tuakau.
The percentage of the sealed local road network that is resurfaced.	11.4%	8% (minimum)	8.7%		142km, or 7.8% of the sealed road network, was resealed during 2015/16, and a further 16km, or 0.9% of sealed roading, was rehabilitated and resurfaced. This gives a total of 8.7% of the network that received a new surface. An average resealing rate of 8% is recommended in the Asset Management Plan as optimal.
The percentage of customer service requests relating to roads to which we respond within the timeframes specified.	New measure	80%	94%		In 2015/16 1,950 of 2,068 requests received were responded to on time under a new service request system. This excellent performance is the result of the Alliance contractor's focus. Of 118 'fails' 86 occurred in the first 5 months' 'set-up' period of the contract. In the following seven months only 32 requests did not meet the target times.
The percentage of customer service requests relating to footpaths responded to within the timeframes specified.	New measure	80%	94%		In 2015/16 only nine requests out of a total of 152 were not responded to within the target times under a new service request system.



## What this tells us

The results of these measures demonstrate that the Council's decision to enter into a different contract model with a new provider has resulted in major improvements in the way we deliver our roading and footpath maintenance services.

Despite a focus on road safety we were unable to reduce the local road toll, but we surpassed a series of new targets for the quality of the roading and footpath network, and for our responsiveness to customers' maintenance requests.

We met strict timeframes for responding to customer enquiries about footpaths and road maintenance for 94 per cent of all enquiries, well in excess of our targets.

To ascertain our customers' smooth travelling experience we surveyed the quality of our roading network. By comparing this with traffic counts we calculated what percentage of travel throughout the district was on smooth roads. We exceeded our target on this new reporting measure.

All the district footpaths were surveyed in January-February 2016 and 99.7 per cent of the total length of all footpaths was rated as 3 (fair) or better on a scale of 1 – 5. This exceeds our target and is reflective of the proactive approach taken by the Alliance and their responsiveness to customer requests.

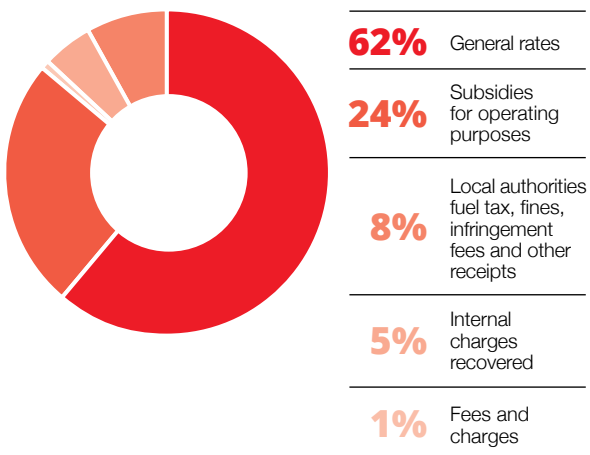
## Potential significant negative effects

Potential negative effect	How we are addressing this
Road and environmental factors can contribute to crashes, particularly those that involve loss of control.	NZTA monitors and records through the Crash Analysis System (CAS) the percentage of accidents cause by loss of control. Undertake crash reduction studies (CRS). Maximise funding for minor safety works.
Increased traffic congestion on existing transport network.	Roading contributions imposed under consent conditions contribute to road upgrading.
The particular needs of cyclists and pedestrians and their conflicts with other forms of traffic.	Implement the recommendations of the Walking and Cycling Strategy.
Speed restrictions imposed on inappropriate locations causing speed limits to be ignored.	Speed limit surveys carried out and resulting recommendation in accordance with Speed Limit New Zealand and Transport Agency rules.
If effect is not given to the Livestock Movement Bylaw 2011 then existing crossings will remain with resulting traffic hazards and public nuisance.	Monitor to ensure the appropriate and safe crossing of cattle as per bylaw.
Economically, the cost of desired infrastructure improvements may exceed the community's ability to pay.	Consult with the community on all costs and options for levels of service through the Long Term Plan process.
The quality of surface runoff from roads that discharges into adjacent coastal or other waters.	Compliance with resource consents and the Council's engineering standards and guidelines. Environmental controls.
Dust nuisance.	Track and record complaints and comply with resource consent conditions during construction activities.
Danger to people and property and high social cost from crashes.	Continuing the programme of road safety improvements.
Main roads can divide communities.	Continuing to advocate for by-passes around urban centres.
Potential for negative impacts from traffic noise and vibration to properties adjoining roads.	High use roads are usually surfaced with asphalt to improve useful life and level of service. Traffic calming will avoid use of speed humps. Specific issues will be investigated and mitigation measures undertaken as appropriate.

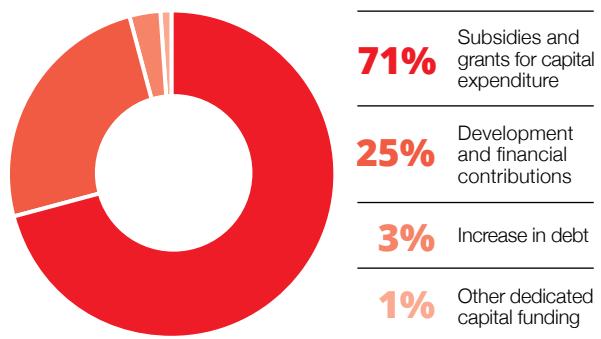
Potential negative effect	How we are addressing this
Potential for air pollution from traffic fumes to affect health.	Continuing to advocate for bypasses around urban centres.
Heavy traffic volumes can lead to loss of amenity in urban areas.	Continuing to advocate for bypasses around urban centres.
Provides easier access to sites that are culturally sensitive.	Continuing to better identify sites of cultural significance.
Potential for road construction to disturb sites of cultural significance, including waahi tapu.	Continuing to invest in good relationships with tangata whenua.

## How we paid for it

### Operational funding



### Capital funding



# STORMWATER

## What we did

We undertook a schedule of minor upgrades across the district, installing new pipes to increase stormwater capacity where required.

### Pokeno

In Pokeno we oversaw development-led extensions of the stormwater network and riparian planting beside streams to ensure that infrastructure and stormwater management keeps up with growth in the area.






### Raglan

We also began designing the works required for a 10-year project to extend and upgrade the Raglan stormwater network, based on the stormwater catchment management plan for the area.

### Tuakau

We undertook scoping and design for proposed stormwater network extensions in Tuakau.

## How we did

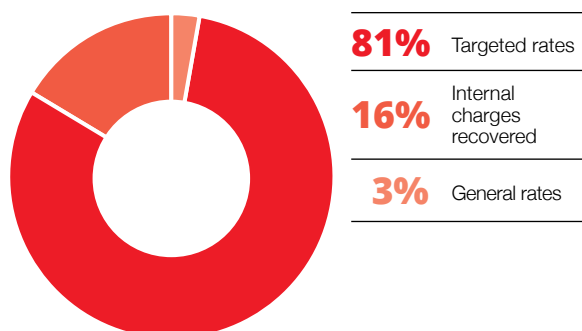
Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The number of flooding events that occur in the district.	New Measure	<5 events per annum	0		No flooding events. (This is a measure of events that affect habitable floors.)
For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the stormwater system.)	New Measure	0.3 affected per thousand properties per event	0		No flooding events affecting habitable floors this year.
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	New Measure	< 8 hours	137 minutes		We had only one complaint; it affected a habitable room. It was a private drainage problem and did not arise from the Council's stormwater system.
The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system.	New Measure	<1 per 1000 properties per quarter	5.28 per 1000 properties for the year		Of 71 stormwater complaints, 32 were in relation to roading (catch pits & flow off the road) and most complaints came from the Raglan and Huntly areas. 2.9 complaints per 1000 connections were received in relation to the 'waters' part of the stormwater network (open drains and stormwater pipes).
Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>- Abatement notices</li> <li>- Infringement notices</li> <li>- Enforcement orders</li> <li>- Convictions</li> </ul>	New Measure	0	0		Council has received no abatement notices, infringement notices, enforcement orders or conviction notices resulting from stormwater discharge consents.

## Potential significant negative effects

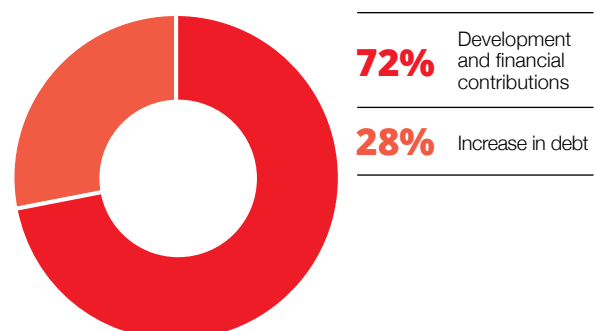
Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents.	Improve processes (may be capital related) and continue to monitor discharges.
Discharge of contaminants to waterways and streams impacting upon public health and the environment (includes but not limited to wastewater overflows and stormwater runoff containing sediments, oils, greases and heavy metals).	Implement improvements (capital related and ensure compliance with the council's Development Manual Guidelines for new developments.
Erosion of streams and river beds.	Implement Development Manual Guidelines.
Chemical spills affecting waterways.	Establish procedures and emergency response plans with Waikato Regional Council.
Health and safety risks associated with the operation, maintenance, or construction of stormwater infrastructure.	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Potential impacts on customer satisfaction due to service failure/delays/responsiveness.	Monitor customer requests for service and report on Levels of Service. Ensure customer complaints are resolved.
Disruption during the implementation of works.	Works will be implemented under resource consent or contract conditions dictating how the service will be maintained (case by case basis).
Individuals can affect the stormwater network and neighbouring properties by altering natural flow paths.	Monitor new developments to ensure natural flow paths are maintained.
Flooding can affect public health and safety.	Continue to advise land owners of potentially flood-prone areas.
Stormwater can cause public health issues through bacterial contamination of beaches.	Establish procedures and emergency response plans with Waikato Regional Council.
Contamination of the receiving environment is unacceptable to tangata whenua.	Continuing to better identify sites of cultural significance.

## How we paid for it

### Operational funding



### Capital funding



# WASTEWATER

## What we did

We have undertaken a number of key projects to develop and maintain our wastewater infrastructure across the district.

### Huntly

We progressed the design for an upgrade of the Huntly wastewater treatment plant to meet levels of service and comply with resource consent conditions.

### Tuakau, Te Kauwhata and Pokeno

In our high-growth northern areas we oversaw development-led extensions of the wastewater networks in Tuakau and Te Kauwhata. We consulted with residential property owners in Pokeno over phase two of the proposed new Pokeno wastewater system to service the existing Pokeno village and future development, and offered a 50 per cent subsidy and a 10-year repayment scheme to help residents to make the decision to connect to the new system. Construction of phase two is expected to begin in the new financial year.

### Ngaruawahia and Raglan

Contracts were let to upgrade wastewater pump stations in Ngaruawahia and Raglan and new storage tanks were installed in both systems to hold six hours of average flow in dry weather.







Works at the wastewater treatment plants included:

- Sludge removal and pond outlet pipework repairs at the Huntly plant
- Automation and instrument improvements at all plants
- Equipment renewals, and health and safety initiatives such as installation of new hand rails
- Capacity and treatment improvements at the Te Kauwhata and Raglan plants.

## Issues

In March 2016, while construction of the new Raglan storage tanks was underway, a major sewage pipe broke spilling about 10 cubic metres of raw wastewater into the harbour. In May about two cubic metres overflowed from a manhole next to the Whitley Ave pump station during a period of high rainfall. The Council has approved funding for some short term actions to improve the situation whilst we develop a longer term plan to minimise future incidences.

## How we did

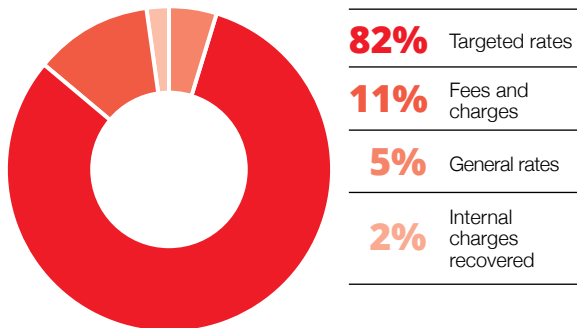
Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system.	New Measure	Equal or less than 5	2.9 per 1000 connections		Target met.
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured:					
- Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	New Measure	Less than or equal to 1 hour (60 minutes)	26 minutes		Target met for the year with a median of 26 minutes.
- Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	New Measure	Less than or equal to 4 hours (240 minutes)	110 minutes		Met the target for the year with a median of 110 minutes.
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the sewage system):					
- Sewage odour	New Measure	Less than or equal to 25 per 1000 connections	7.8 per 1000 connections		Met the target for the year.
- Sewage system faults	New Measure				
- Sewage system blockages	New Measure				
- Council's response to issues with its sewage system	New Measure				
Council's level of compliance with resource consents for discharge from its stormwater system, measured by the number of:					
- Abatement notices	New Measure	Equal or less than 2	0		The Council has received no abatement notices, infringement notices or enforcement orders resulting from wastewater discharges consents
- Infringement notices	New Measure				
- Enforcement orders	New Measure				
- Convictions	New Measure	0	0		The Council has received no convictions.

## Potential significant negative effects

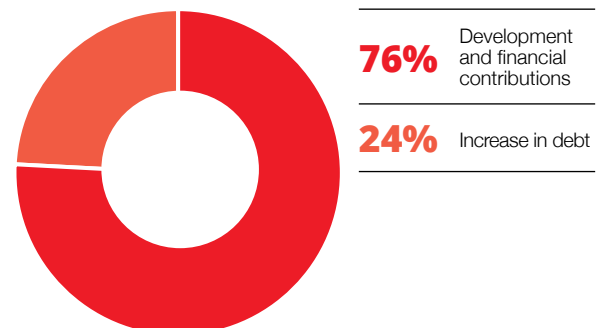
Potential negative effect	How we are addressing this
Discharges to land and waterways not complying with resource consents.	Improve processes (may be capital related) and continue to monitor discharge.
Odour from manholes, pump stations and at treatment plants.	Improve process and implement improvements (capital related).
Discharges from manholes.	Investigate and take remedial measures.
Health and safety risks associated with the operation, maintenance, or construction of wastewater infrastructure.	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Pump station overflows.	Investigate causes and provide additional storage if required.
Chemical spills at treatment plants.	Ensure procedures are in place for correct identification, storage and handling of chemicals. Ensure appropriate funded areas and storage facilities are in place.
The cost of providing, operating and maintaining the schemes is high due to energy requirements.	When looking for solutions for small communities, consider alternatives to traditional public wastewater systems.
Unless properly maintained there can be problems with foul odour.	We will continue to investigate alternatives for the sustainable disposal of sewage sludge.
Creates an ongoing need for the disposal of sewage sludge.	We will continue to encourage households to reduce the amount of wastewater they produce, for example through reuse of grey water for garden irrigation.

## How we paid for it

### Operational funding



### Capital funding



# WATER SUPPLY

## What we did

We have a growing district and have addressed the need for an adequate water supply in the central and northern areas of our district this year.

### Hopuhopu/Taupiri

We have connected the Hopuhopu/Taupiri water system to the Ngaruawahia water supply network, allowing us to decommission the existing water treatment plant for Hopuhopu/Taupiri. We will complete this project by adding extra security with a connection to the Huntly water supply network next year.

### Tuakau

Until this year, an ongoing issue in Tuakau has been the capacity of the existing Tuakau water treatment plant to supply the growing population. We've fixed this by completing a significant project to establish connections with water supplied from Watercare. This allows us to cater for rapid growth in the area as more people move into the northern Waikato region.

### Central districts and Pokeno

We have identified land on which to develop new reservoirs in Pokeno and in central districts (in Ngaruawahia, Huntly and Hopuhopu), and have issued a tender for the construction of these four projects in the next year.

Extensions to the water supply network in Pokeno were constructed as required to meet the needs of new subdivisions in the area.

Works at the treatment plants included:







- Filter renovations at Huntly, Ngaruawahia and Port Waikato.
- Additional chemical storage at Huntly and Port Waikato.
- Automation and instrument improvements at all plants.
- Equipment renewals of items including pumps.
- Health and safety initiatives such as hand rail renewals, and survey work for Emergency Response Plans.







### Water metering and management







To complete the district's water metering programme, meters were fitted to existing water manifolds and meter boxes previously installed in Raglan, Huntly and Ngaruawahia. This will allow residents to monitor their household water usage for at least a year prior to a switch to charging by meter from July 2017. Draft invoices will be sent out in late 2016 and mid-2017 to provide residents with water usage information.

We began working with other Councils to investigate joint options for future water management.



Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
<p>The extent to which Council's drinking water supply complies with:</p> <ul style="list-style-type: none"> <li>- Part 4 of the drinking water standards (bacteria compliance criteria).</li> <li>- Part 5 of the drinking water standards (protozoal compliance criteria).</li> </ul>	<p>New Measure</p> <p>New Measure</p>	<p>18 (no. of zones that comply out of 18)</p> <p>13 (no. of zones that comply out of 18)</p>	<p>16</p> <p>4</p>	<p></p> <p></p>	<p>All zones were compliant with Drinking Water Standards (DWS) Part 4 except for the Pokeno and Tuakau North zones in which one sample measurement each was not taken as scheduled in the year, causing a technical non-compliance. Water was treated to a safe standard.</p> <p>All zones supplied throughout the year by Hamilton City Council and Watercare were compliant with DWS Part 5. These were North Western Districts, Western Districts and Pokeno. Zones supplied by Waikato District Council could not meet the minute-by-minute reporting requirements for compliance. We've installed a new supervisory control and data acquisition (SCADA) system to meet compliance for 2016/17. Water was treated to a safe standard.</p>
<p>Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <ul style="list-style-type: none"> <li>- Attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.</li> <li>- Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</li> </ul>	<p>New Measure</p> <p>New Measure</p>	<p>Equal or less than 1hr (60 minutes)</p> <p>Equal or less than 4hrs (240 minutes)</p>	<p>26 minutes</p> <p>76 minutes</p>	<p></p> <p></p>	<p>Met the target for the year with a median of 26 minutes.</p> <p>Met the target for the year with a median of 76 minutes. We attended 185 callouts and handled these efficiently.</p>
<p>Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p> <ul style="list-style-type: none"> <li>- Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.</li> <li>- Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption</li> </ul>	<p>New Measure</p> <p>New Measure</p>	<p>Equal or less than five days</p> <p>Equal or less than five days</p>	<p>1 day</p> <p>1 day</p>	<p></p> <p></p>	<p>Met the target for the year with a median of one day.</p> <p>Met the target for the year with a median of one day.</p>

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
<p>The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system):</p> <ul style="list-style-type: none"> <li>- Drinking water clarity</li> <li>- Drinking water taste</li> <li>- Drinking water odour</li> <li>- Drinking water pressure or flow</li> <li>- Continuity of supply</li> <li>- The local authority's response to any of these issues</li> </ul>	<p>New Measure</p> <p>New Measure</p> <p>New Measure</p> <p>New Measure</p> <p>New Measure</p> <p>New Measure</p>	<p>Maximum 17 per 1000 connections</p>	<p>16.6 per 1000 connections</p>		<p>Target was met for this measure.</p>
<p>The average consumption of drinking water per day per resident within the Waikato District.</p>	<p>New Measure</p>	<p>280L per annum</p>	<p>240L per annum</p>		<p>Not all residences are metered. Industry standards for calculating water use indicate that unmetered residences in our networks used 600L/property/day for 2015/16. An occupancy rate of 2.5 people per property was used to calculate the result.</p>
<p>The percentage of real water loss from Council's networked reticulation system.</p> <ul style="list-style-type: none"> <li>- Tuakau</li> <li>- Pokeno</li> <li>- Mid Waikato</li> <li>- Central District</li> </ul>	<p>New Measure</p> <p>New Measure</p> <p>New Measure</p> <p>New Measure</p>	<p>&lt;20%</p> <p>&lt;20%</p> <p>&lt;35%</p> <p>&lt;25%</p>	<p>15.3%</p> <p>18.3%</p> <p>22.7%</p> <p>32.5%</p>	   	<p>Industry standards for calculating water consumption were used to establish benchmarks for real water losses from our systems. The % measurement can provide a misleading result in water supply schemes with very low demand, as a small leak can be a significant % of the water used.</p> <p>New benchmark target met.</p> <p>New benchmark target met.</p> <p>Benchmark target for water loss was set using industry standards for calculating water consumption that may not reflect actual consumption. Information from new metering will help refine future targets.</p>

Performance measures	2014/15 result	2015/16 target	2015/16 result	Rating	Explanation
- Raglan	New Measure	<35%	25.4%		New benchmark target met.
- Huntly	New Measure	<20%	23.6%		Benchmark target for water loss was set using industry standards for calculating water consumption that may not reflect actual consumption. Information from new metering will help refine future targets.
- Southern & Western Districts	New Measure	<20%	26.6%		Benchmark target for water loss was set using industry standards for calculating water consumption that may not reflect actual consumption.
- Onewhero	New Measure	<25%	6.5%		New benchmark target met.
- Port Waikato	New Measure	<25%	71.2%		The % measurement can provide a misleading result in water supply schemes with very low demand, as a small leak can be a significant % of the water used. The leak that has caused this significant loss in Port Waikato has now been repaired.
- Te Akau	New Measure	<25%	56%		The % measurement can provide a misleading result in water supply schemes with very low demand, as a small leak can be a significant % of the water used.
- Taupiri / Hopuhopu	New Measure	<10%	Not measured		Please note: in early 2016 this scheme was amalgamated with the mid Waikato scheme which has a target of <35%.

## What this tells us

The results of these measures demonstrate how we're providing and delivering water services.

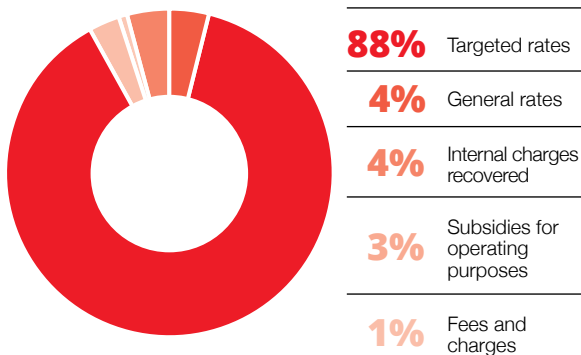
Of 10 reticulation systems, five met the water loss performance measurement and five didn't. The percentage measurement can provide a misleading result in water supply schemes with very low demand, as a small leak can be a significant percentage of the water used.

## Potential significant negative effects

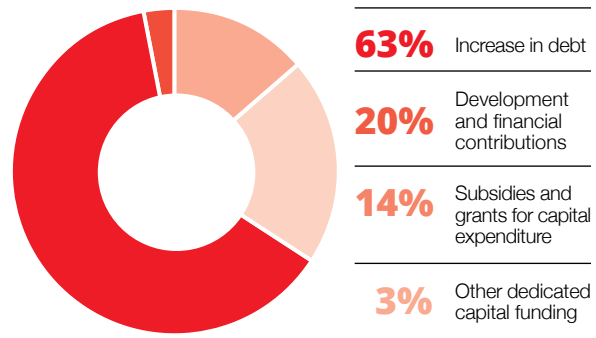
Potential Negative Effect	How We Are Addressing This
Potential contamination of the raw water supply.	Emergency response plans, operational procedures and monitoring of the raw water supply as per the Water Safety Plan (WSP) are all in place.
Discharges of backwash water from treatment plants and chlorinated water from maintenance activities or pipe failures.	Compliance with resource consents, the Council's engineering standards and guidelines and maintenance programme.
Effects on river ecology caused by river water extraction during low flows.	Compliance with resource consents.
Depletion of aquifer resources.	Compliance with resource consents.
Health and safety risks associated with the operation, maintenance, or construction of water supply infrastructure.	Ensure compliance with legislation and health and safety management plans. Maintain an incidents register.
Insufficient water supplies during times of drought or emergency.	Ensure water sources security and identify potential new sources and back up supplies as per the WSP.
Drinking water not meeting DWS2005.	Continue to monitor water quality and improve process if necessary as per the WSP. (May be capital related).
Inadequate pressure and flow to fight fires.	Carry out modelling/pressure testing and implement remedial works.
Water abstraction from streams and rivers can have an adverse effect on the mauri of the water body.	Continuing to better identify the cultural significance of water catchments through resource consent conditions.
Insufficient water available during times of drought and emergencies.	Implement conservation measures and prioritise use for public health requirements.

## How we paid for it

### Operational funding



### Capital funding



# ORGANISATIONAL SUPPORT

## What we did

### Business process improvements

We introduced a wide-ranging programme to review and upgrade Council's business processes and our use of technology with a focus on improving community engagement and customer service efficiencies.

We upgraded the Council's website and started expanding our online services for ratepayers, prospective property owners and online researchers. Ratepayers can now apply online to pay property and water rates by direct debit and prospective property owners can apply online for Land Information Memoranda (LIMs).

Our District Plan, our rating information database and our cemetery database are now all searchable online, allowing Council customers to browse for planning and basic property information, and to support heritage research.

We continue to seek efficiencies through shared services with other councils. The Waikato Building Consents Group now includes eight councils. It has developed a shared quality assurance system to cover building consent functions for IANZ accreditation purposes, and to cover territorial authority building control functions, in order to provide consistent, excellent customer service across the Waikato region. We are also investigating the potential for developing more shared services in areas such as procurement, GIS and HR systems.

Among a range of other business process efficiencies we introduced iPads to reduce on-the-job paperwork for our building inspection services, a new telephone system to help our customer delivery team keep better track of incoming calls, and an electronic purchase order system to reduce procurement paperwork.

### Health and safety programme

To maintain our leadership as a good employer we adopted a zero harm approach to health and safety in a programme that includes the Waikato District Alliance, the roading group we operate in partnership with Downer NZ and which was established in July 2015. As part of our journey to zero harm, we have gained tertiary accreditation in the ACC Workplace Safety Management Practices programme.

### Procurement and contract management

We saved \$524,000 as a result of introducing a systematic cost-saving approach to our procurement of products and services, ranging from electricity and telecommunications to banking and office supplies. Internal training on our new policy and procedures is developing our ability to continue to find cost efficiencies.

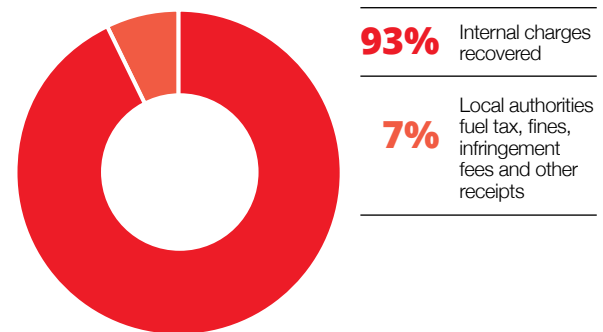
### Internal audits

We engaged Deloitte to audit the Council's project management methodology and identify ways we can improve the value of the work we do on behalf of our communities.

We also commissioned an IT security audit which included a risk assessment and a gap analysis measured against NZ Information Security Manual standards. Several opportunities for improvement were identified to reduce the Council's risk and have been included into work programmes for implementation.

## How we paid for it

### Operational funding



# PROGRESS TOWARDS COMMUNITY OUTCOMES

The following tables outline the progress we've made towards the community outcomes we seek as a result of the Council's work programmes.

## Governance

Community Outcomes		Progress
People	To ensure that our diverse community is represented in a democratically accountable and respectful manner.	There was no election process in 2015/16 however the contact details of our elected members are available on our website and via the call centre.
Economy	To ensure that decisions are underpinned by sound financial governance.	All minutes of open meetings were made available to the public via our website.
Energy	To ensure that decisions and processes take into account both short and long term impacts on our customers and partners.	Where a decision significantly impacts our customers, we have sought the opinions of our communities. We have engaged with our communities on over 30 plans, bylaws, projects and initiatives.

## Sustainable Communities

Community Outcomes		Progress
People	To provide our customers and partners with opportunities for engagement thereby providing input to the decision making process.	We have engaged with our communities on over 30 plans, bylaws, projects and initiatives in a range of ways from formal submission procedures to open days, public meetings, and market days, and through social media.
People	To ensure Council and our communities are resilient and have the capability to respond, manage and recover from emergencies.	We have 103 staff trained in civil defence emergency management. Twelve community response plans have either been finalised or are in the development stage.
People	To build community capacity by encouraging voluntary and community-based organisations to provide activities and services.	We have committed \$1.2 million worth of funding to organisations that provide services to our communities relating to emergency response, education and community projects.
People	To ensure that our open spaces are safe and well maintained and offer opportunities for a wide range of recreational, cultural and community activities.	Results from our annual customer survey showed that our customers are happy with the parks and reserves that we provide. Earthworks have begun on the development of sportsfields on the Tamahere Recreation Reserve.
People	To ensure the Council provides safe, accessible and well-maintained community and leisure facilities and general properties which contribute to the community's recreational, economic and cultural needs.	By way of example, of those surveyed through our customer satisfaction survey, 86% of respondents are satisfied with their local pool facility, and 75% of customers in Council housing for the elderly are satisfied with their housing service. All our buildings have a current building warrant of fitness.
Economy	To ensure that a seamless consistent quality service is provided to our customers via a range of channels.	Our customer satisfaction survey shows we met targets for making it easier for customers to deal with us and for responding to CRM calls within agreed timeframes. Our library services also received high satisfaction scores. While we didn't meet all our customer satisfaction targets in areas relating to community engagement, a high level of neutral responses on some survey questions meant that some 'low satisfaction' results may be misleading.

Community Outcomes		Progress
Economy	Tourism in the district is enhanced and Council's processes and infrastructure support and facilitate new and existing business.	Tourism expenditure in our district during 2015/16 was estimated at \$85m compared with \$77.8m in 2014/15. We support Hamilton & Waikato Tourism, an organisation that supports tourism growth throughout the region. A number of new business developments have taken place in 2015/16 including the opening of Yashilli New Zealand's \$220m plant at Pokeno and the purchase of 33ha of land by Ports of Auckland for a freight hub at Horotiu.
Energy	To ensure that we are accountable to our customers for our outcomes.	All minutes from open meetings were made publicly available via our website. We also made publicly available the quarterly reports outlining progress against our organisational goals.
Energy	Restoration, protection and enhancement of natural areas in the district to increase natural habitat and biodiversity.	We secured funding for planting and restoration programmes for Lakes Rotokauri and Puketirini.

## Sustainable Environment

Community Outcomes		Progress
People	To ensure that animals are kept in a way that protects their well-being and minimises danger and public nuisance, and provide animal owners with education regarding their responsibilities.	We achieved all our performance measures relating to animal control showing our dedication to ensuring the danger and nuisance caused by animals is kept to a minimum.
People	To ensure that building regulations and standards are met so that people living and working in buildings are safe.	We met all of our performance measures relating to safe buildings in our district.
People	To ensure that development enhances the wellbeing and safety of the community, and that people have the opportunity to participate in the strategic and district planning process.	As a part of the District Plan review, we held 18 open days to provide an opportunity for the public to be involved in the review process. We also engaged with 4,500 property owners to identify Significant Natural Areas that need to be protected. 67% of respondents in our customer satisfaction survey felt they had the opportunity to be involved in publicly notified Council projects. This was 1% below our target of 68%.
People	To ensure communities are well informed about the effects of waste and opportunities they have to reduce waste.	We undertook a large campaign to highlight the amount of waste that goes to landfill and to encourage our residents to recycle more, including visits to 42 schools to deliver our waste education programme. As a part of this we planned for the introduction of new refuse and recycling services throughout the district, starting in the new financial year.
People	To ensure that activities are managed so that our communities are healthy and safe, legislative requirements are met and nuisance is managed.	We registered and inspected or audited 260 food premises, handled 341 alcohol licensing applications, 291 contaminated land property information requests, and investigated 1,246 noise complaints.
Economy	To ensure that timely and accurate information and efficient processes and provides to people planning to build on or purchase a property.	We processed 96% of the 2,004 building consents received within 20 working days. A review of this process was undertaken towards the end of 2015/16 to better streamline the way we process consents.
Economy	To ensure sustainable growth is encouraged in appropriate locations supported by well-planned essential services.	Areas of growth include Tamahere, Te Kauwhata, Horotiu, Tuakau and Pokeno. We've identified 66 projects that are planned or underway in our growth areas.
Energy	To ensure that planning controls assist in protecting cultural heritage and the natural and physical environment.	During 2015/16 79% of our 1,232 land use consents that are current were checked for compliance.
Energy	To ensure that our waste and recycling services are efficient and effective and protect our natural environment.	A total of 141 bags or bins were missed during the year from approximately 1.3 million pickups. We resolved 97% of the 386 complaints within agreed timeframes relating to refuse.



## Roading

Community Outcomes		Progress
People	To ensure that the district is easy and safe to get around and alternative transport options are available.	We installed \$200,000 worth of guard rails, signs and lane marking to help make our high-risk rural roads safer. We spent another \$200,000 on footpath upgrades and provided support to the construction of the Ngaruawahia section of the Te Awa cycleway.
Economy	To ensure that transport infrastructure is planned at a rate to consider growth and demand in a cost effective manner.	A development programme has been completed for Pokeno. Plans for Te Kauwhata and Tuakau are yet to be developed.
Energy	To ensure that the network is well maintained and negative environmental effects are mitigated.	During 2015/16 we re-surfaced 142km of sealed roads and completed 16km of road strengthening work.

## Stormwater

Community Outcomes		Progress
People	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	Our stormwater infrastructure has been maintained and as a result we have not experienced any flooding events.
Economy	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	We oversaw developer-led extensions to our stormwater network in Pokeno. Riparian planting was also a part of this project. Design and scoping works to extend our stormwater networks in Tuakau and Raglan has also taken place.
Energy	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	All stormwater was disposed of in a way to protect the environment. As a result we did not receive any abatement, infringement or enforcement notices or convictions.

## Wastewater

Community Outcomes		Progress
People	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	During 2015/16 there were 0.54 overflows per 1000 connections from our wastewater system during dry weather.
Economy	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	We progressed the design for an upgrade to the Huntly wastewater treatment plant. We also oversaw developer-led extensions of the wastewater networks in Tuakau and Te Kauwhata, and consulted Pokeno residents over the proposed new Pokeno wastewater system phase two.
Energy	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	During 2015/16 we did not receive any abatement, infringement or enforcement notices or convictions. We did however have two sewage spills in Raglan. Short term actions have been undertaken to improve the situation whilst we develop a longer term plan to minimise future incidences.



## Water supply

Community Outcomes		Progress
People	To ensure that the Council's water infrastructure supports safe and healthy conditions and conforms to established public health standards.	Water was treated to a safe standard, but we were unable to meet technical reporting requirements in some zones. We've installed a new monitoring and reporting system which means we should be compliant in 2016/17.
Economy	To ensure that the waters infrastructure networks are managed and maintained to ensure it is both cost effective and reliable, and meets water industry best practice.	A project has been undertaken to supply Tuakau with water from Watercare. This has resolved capacity issues. We have also identified land where we will develop new reservoirs in Pokeno, Ngaruawahia, Huntly and Hopuhopu.
Energy	To ensure that the water infrastructure network is managed effectively to minimise wastage and ensures that water is sustainably and appropriately collected, treated and disposed of to protect the environment.	Water meters were installed in Raglan, Huntly and Ngaruawahia to allow residents to monitor their household water usage.

# FINANCIAL PATHWAY

## *TE ARA PUUTEA*

- XX** From the Chairman strategy and finance and GM Strategy and support
- XX** Waikato Regional Airport Limited
- XX** Council controlled organisations
- XX** Local Authority Shared Services Limited
- XX** Strada Corporation Limited
- XX** Waikato District Community Wellbeing Trust

## From the Strategy & Finance Committee Chairman and General Manager Strategy & Support

Council has had another excellent year of financial performance. The Council's budgeted income for this financial year was \$111.8 million, against which actual income earned was \$141 million, a positive variance of \$29.2 million. Vested assets, which are not a budgeted item, account for the majority of the variance, along with higher development and financial contribution income and additional subsidies and grants which were carried over from prior years.

The Council's operational expenditure budget was \$96.2 million of which actual operational expenditure was \$112.2 million. This includes asset write-offs of \$7.5 million which are not a budgeted item. Taking this into account the Council incurred \$8.5 million more than what was budgeted for 2015/2016. This variance against budget relates mainly to interest costs relating to development timing in Pokeno, additional roading maintenance works and provision for weather tight building claims.

Capital programmes were budgeted at \$48.5 million for 2015/2016. In addition to this, budget for projects that had not been fully completed during 2014/15 totalled \$22.8 million (including \$5.7 million of developer led projects). Therefore, although when compared to the Annual Plan budget the completed works sits at 103 per cent of budget (spend of \$49.9 million) the budget usage including progression of prior years'

work was approximately 70 per cent. Variance in capital work programmes can arise for various reasons; savings in construction prices, progression and related timing of subdivision activity within the district, adverse weather resulting in delays, public consultation timeframes and negotiations over land purchase. This year \$26.2 million of capital works budget will be carried forward to the 2016/17 financial year. While this is higher than the carry forward amount in the prior year, the majority of these projects are in progress but were not completed before the end of the financial year.

Debt at the end of June 2016 was \$60 million, lower than the forecast of \$68.6 million, mainly due to better than budgeted cash flow from operations.

In addition to specifying debt limits, the Council's financial strategy stipulated benchmarks for rates increases going forward. These measures are in place to ensure accountability to the public with respect to rates increases and management of debt. The Council was successful in achieving both the rates affordability and debt affordability measures set for 2015/16.

**Cr Clint Baddeley**  
Chairman Strategy & Finance

**Tony Whittaker**  
GM Strategy & Support

## Council-controlled organisations

The Council operates four Council-controlled organisations (CCOs). These organisations independently manage facilities and deliver services. The following information explains what the organisations do and how their performance is measured.

## Strada Corporation Limited

Strada Corporation Limited (Tanlaw Corporation prior to 1 July 2009) was established in 1992 as a wholly owned Council-controlled organisation (CCO). The Council wished to separate the planning and development of its work programme from the physical works. Strada was established to achieve this and to operate as a profitable business for the Council's benefit, and ultimately Waikato District ratepayers.

At the company's formation, Strada generally traded profitably and provided significant dividends that supplemented the Council's income. The road contracting market became more competitive over time and the Council was able to obtain fair prices from the market. The reasons for ownership of the company were reviewed during the 2012-2022 Long Term Plan and it was determined that the Council should own Strada for the purpose of a financial return. During 2015/16 an opportunity arose to sell the Joint Venture, retaining only the contracting side of the business. Strada's difficulty in securing maintenance contract work

during 2014/15 continued into the 2015/16 year and as a result the decision was made to wind up operations. The board has resolved to sell the remainder of the company's operational assets and extinguish all liabilities during the 2016/17 financial year.

During 2015/16 Strada provided services to Waikato District council and a number of other clients. The relationship between the Council and Strada Corporation is at arm's length and the work was fully contestable through the tender process.

Strada's operations during the year included:

- Civil engineering
- Road construction
- Maintenance
- Quarry operations
- Drainage
- Subdivision work

It should be noted that the Statement of Intent measures that follow are for the parent company only.

Agreed measures	Statement of Intent	Actual 2015/16
Proprietorship ratio.	80%	104%
Net profit after tax as a percentage of average shareholders' funds.	6%	-24.5%
Debt/equity ratio.	20:80	0:100
Interest coverage.	5:1	-9.9:1
Loss time injury rate.	0%	1.5%
Maintain the company's tertiary accreditation with the Accident Compensation Corporation.	By 30 June 2016	Achieved
Maintain optimum ISO9001/2008 objectives outlined in the company's Telarc registration.	By 30 June 2016	Achieved July 2015
Maintain an average staff satisfaction rating of 3 (1 = least satisfied, 5= most).	Staff satisfaction rating of 3	No staff survey was conducted due to board managed closure

## Waikato Regional Airport Limited

In December 1995, the Council along with four other local authorities purchased the Crown's 50 per cent shareholding in Waikato Regional Airport Limited. The purchase increased the Council's shareholding to 15.625 per cent. At the time the Council considered the airport to be a significant infrastructural asset for the region and important to economic growth and development. The Council's shareholding is considered a strategic asset. The airport also operates a tourism subsidiary which aims to promote the region to tourists. The Council contributes separately to this entity.

The core purpose and key objectives for the 2015/2016 year have been to operate the airport in an efficient and compliant way whilst maintaining a viable aeronautical business. Revenue was up on prior year by \$0.2 million as a result of increased car park revenue and commercial landing charges whereas operating expenditure increased by \$0.1million mainly due to staff restructuring costs. All Statement of Intent financial measures were met during the year.

Agreed measures	Statement of Intent	Actual 2015/16
Earnings before interest, taxation and depreciation (EBITDA)	\$2,061,000	\$2,585,000
Net surplus/(deficit) after tax	(\$421,000)	(\$282,000)
Net profit after tax to shareholder's funds	-1.0%	0.54%
Net cash flow (operating and investing)	(\$632,000)	\$2,789,000
Net profit after tax to total assets	-1.0%	0.41%
Percentage of non-landing charges revenue to total revenue	64%	81%
Total liabilities/shareholder's funds: (debt/equity/ratio).	25:75	21:79
<b>Applicable to parent company (airport) operations only</b>		
Interest rate cover.	2.86	5.81
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Achieved. Health and Safety meetings are undertaken on monthly basis.	
Zero Work Safe notifiable accidents/injuries.	Not achieved. There was one notifiable incident.	
Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance.	Achieved. An independent review was undertaken and recommendations implemented.	
To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	Achieved. The airport continues to meet the Airport Certification Standards.	
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieved. There were no incidences of scheduled flights being impacted by controllable events.	
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan.	Achieved.	
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Achieved. 19 customer feedback cards were collected, documented and considered or responded to.	

## Local Authority Shared Services Limited

Local Authorities of the Waikato region established the Local Authority Shared Services (LASS) Limited during 2005/2006. The following 12 local authorities of the region jointly own the company:

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

These local authorities have worked closely together over the years on mutually beneficial joint projects. The councils believe the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs. Local Authority Shared Services Limited provides information collection and management at a lower aggregate cost, these include: Shared valuation data services (SVDS), Waikato regional transport model (WRTM) and Waikato regional aerial photography.

The Waikato Mayoral Forum has established five working parties to investigate collaborative opportunities

in the areas of governance structures, planning, three waters, roading and economic development. Each working party is led by a Council Chief Executive in conjunction with a group of Mayors/Chairs from the Mayoral Forum. LASS is available as a support entity to assist these working parties.

Procurement opportunities are identified and progressed hence the Statement of Intent also contains performance targets for joint procurement and insurance brokerage.

A summary of the LASS performance for the 2015/16 year is provided in the table on the next page:

Target	Agreed measures	Results
<b>Procurement</b> Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts according to the LASS Financial Delegations Policy.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts according to the LASS Financial Delegations Policy.</p>
<b>Collaborative Projects</b> Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>
<b>Existing LASS Contracts</b> Existing contracts are managed and re-negotiated as required.	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either re-negotiated or tendered through a competitive process.</p>	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>
<b>Cashflow</b> The company shall maintain a positive cashflow position.	<p>Monthly financial statements show a positive cashflow position.</p>	<p>Monthly financial statements show a positive cashflow position.</p>
<b>Cost Control</b> Administration expenditure shall be managed and monitored.	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>
<b>Reporting</b> Six monthly reports provided to shareholders.	<p>The Board shall provide a written report on the business operations and financial position of the LASS to the shareholders every six months.</p> <p>Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.</p>	<p>The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months.</p> <p>Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.</p>
<b>Waikato Mayoral Forum</b> The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.	<p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>
<b>Shared Valuation Data Services (SVDS)</b> The SVDS is reliable, well-maintained and available to all users.	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>
<b>Waikato Regional Transport Model (WRTM)</b> The WRTM is reliable, well-maintained and available to all users.	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>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>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>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>
<b>Shareholder Survey</b> Shareholders are satisfied with the performance of LASS.	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>
<b>Review of Benefits</b> Shareholders are informed of the benefits being provided to shareholding councils by LASS.	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>

## Waikato District Community Wellbeing Trust

In 2010, the Waikato Foundation Trust proposed to distribute its capital fund to projects or trusts to fund projects of a community nature which will result in long term benefits to as many people as possible within the geographical area of the three constituent territorial authorities namely Hamilton City Council, Waikato District Council and Waipa District Council. The Waikato District Community Wellbeing Trust was established to receive funds from the Waikato Foundation Trust which wound up in 2010. \$2.56 million was transferred to the Waikato District Community Wellbeing Trust in 2011/12.

The Trust distributes funds that:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities; and
- Deliver on the aspirations and community outcomes of the Waikato district identified and promoted by the community and endorsed by Waikato District Council.

The Trust approved the following grants during 2015/16:

- Bush Tramway Club \$31,096
- Ngaruawahia United Football Club Inc. \$30,500
- Te Kauwhata Committee Events Inc. \$40,000
- Onewhero Old School Building Group \$35,000

A summary of the trust performance for the 2015/16 year is provided in the table below:

Agreed Measures	2015/16 Result
<b>Governance:</b> Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.	Achieved.
<b>Investment:</b> A quarterly Trustee meeting be held to review compliance with the Trusts Management of Investment Portfolio and Distribution Policy for that quarter.	Achieved.
<b>Grant disbursement:</b> The distribution process is undertaken that distributes the annual fund to eligible recipients who meet the fund criteria in accordance with funding targets set by trustees in accordance with the Management of Investment Portfolio and Distribution Policy for the 2015/2016 year.	Achieved. Grants approved during the year represent 28% of the available fund. Actual grants paid were all approved in the previous year.
Six-monthly reports are received from all successful applicants within the required timeframe.	Achieved. All required reports were received.

Returns on investment	Planned 2015/16	Actual 2015/16
Financial	4%	4%
Property	10%	9%
<b>Equity</b>		
Strada Corporation Limited	14%	0%
Waikato Regional Airport Limited	0%	0%
NZ Government Insurance Corporation Limited	0%	0%
Local Authority Shared Services Limited	0%	0%
Waikato District Community Wellbeing Trust	0%	0%

# FINANCIAL STATEMENTS

## *NGA RAARANGI PUUTEA*

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Statement of  
comprehensive  
revenue and expense

XX

Statement of  
financial position

XX

Statement of changes  
in net assets/equity

XX

Statement of cash flows

XX

Statement of  
reserve funds

XX

Notes to the  
financial statements

XX

Other legislative  
disclosures



# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2016

		Council			Group	
	Note	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Revenue						
Rates	2	68,749	70,989	67,106	68,749	67,106
Development and financial contributions		9,454	8,015	14,403	9,454	14,403
Subsidies and grants		19,881	17,989	18,996		18,956
Finance revenue	3	604	100	198		297
Other revenue	4	42,669	14,742	42,178		48,044
Total revenue		141,357	111,835	142,881		148,806
Expenses						
Employee costs	6	26,010	26,834	24,430		27,494
Depreciation and amortisation expense	7	22,683	22,304	20,870		21,499
Finance costs	3	4,259	3,008	2,705		2,915
Other expenses and losses	8	59,209	44,088	52,429		54,620
Total operating expenses		112,161	96,234	100,434		106,528
Operating surplus(deficit) before tax and share of equity accounted investments		29,196	15,601	42,447		42,278
Share of joint venture's surplus(deficit)	19	-	-	-		228
Surplus(deficit) before tax		29,196	15,601	42,447		42,506
Income tax expense	9	-	-	-		168
Surplus(deficit) after tax wholly attributable to Waikato District Council		29,196	15,601	42,447		42,674
Other comprehensive revenue and expense						
Gain(loss) on property revaluations	16	12,072	25,391	16,280		16,691
Revaluation reserve – landfill	23	(104)	-	(592)		(592)
Financial assets at fair value through other comprehensive income		9		-		-
Other comprehensive revenue and expense (net of tax)		11,977	25,391	15,688		16,099
Total comprehensive revenue and expense for the year		41,173	40,992	58,135		58,773

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		Council			Group	
	Note	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Assets						
Current assets						
Cash and cash equivalents	10	4,010	495	10,339		11,286
Receivables from exchange transactions	11	6,854	15,234	13,779		14,409
Recoverables from non-exchange transactions	11	6,465	1,752	7,692		7,692
Prepayments		598	459	455		462
Other financial assets	14	78	71	89		3,567
Inventory	12	-	-	-		19
Cattle	13	102	83	90		90
Non-current assets held for sale	15	386	400	-		-
Total current assets		18,493	18,494	32,444		37,525
Non-current assets						
Investment in CCO's and other similar entities	14	7,359	7,359	7,359		5,129
Investments in other entities	14	1,253	1,260	1,108		1,108
Property, plant and equipment	16	1,626,407	1,622,212	1,570,582		1,576,905
Intangible assets	17	5,399	5,780	5,424		5,526
Investment property	18	475	450	445		845
Investment in joint venture	19	-	-	-		2,672
Total non-current assets		1,640,893	1,637,061	1,584,918		1,592,185
Total assets		1,659,386	1,655,555	1,617,362		1,629,710
Liabilities						
Current liabilities						
Payables under exchange transactions	20	24,258	23,931	34,122		34,164
Taxes and transfers payable	20	1,090	1,305	1,063		1,138
Derivative financial instruments	24	105	-	16		16
Borrowing	22	-	-	2,950		6,671
Employee entitlements	21	2,528	3,256	2,762		2,994
Provisions	9	669	311	157		173
Current tax liabilities		-	4,502	-		-
Total current liabilities		28,650	33,305	41,070		45,156
Non-current liabilities						
Derivative financial instruments	24	5,456	(234)	2,036		2,036
Borrowing	22	60,000	64,124	50,000		50,000
Employee entitlements	21	169	219	195		207
Provisions	23	1,772	1,655	1,895		1,895
Deferred tax liabilities	9	-	-	-		54
Total non-current liabilities		67,397	65,764	54,126		54,192
Total liabilities		96,047	99,069	95,196		99,348
Net assets		1,563,339	1,556,486	1,522,166		1,530,362
Net assets/equity						
Accumulated comprehensive revenue and expense		1,004,834	998,502	964,246		968,085
Other reserves		558,505	557,984	557,920		562,277
Total net assets/equity		1,563,339	1,556,486	1,522,166		1,530,362

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY

For the year ended 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Balance at the beginning of the year</b>					
<b>Accumulated comprehensive revenue and expense</b>	<b>964,246</b>	<b>976,906</b>	909,588		912,864
Share of joint venture's earnings	-	-	-		444
<b>Other reserves</b>					
Revaluation	554,745	562,440	542,109		543,281
Restricted	30	29	29		2,695
Council-created	19,919	11,215	19,324		19,324
Special rates and user pays	(1,305)	(2,908)	(104)		(104)
Capital replacement fund	14,897	5,510	16,112		16,112
Development contributions	(30,400)	(37,732)	(23,061)		(23,061)
Fair value through other comprehensive revenue and expense	34	34	34		34
<b>Balance at 1 July as previously reported</b>	<b>1,522,166</b>	<b>1,515,494</b>	1,464,031		1,471,589
<b>Comprehensive revenue and expense for the year</b>					
<b>Accumulated comprehensive revenue and expense</b>					
Surplus(deficit) after tax	29,196	15,601	42,447		42,446
Share of joint venture's retained earnings	-	-	-		228
<b>Other reserves</b>					
Revaluation	12,072	25,391	16,280		16,691
Revaluation – landfill	(104)	-	(592)		(592)
Fair value through other comprehensive revenue and expense	9	-	-		-
<b>Total comprehensive income for the year wholly attributable to Waikato District Council</b>	<b>41,173</b>	<b>40,992</b>	58,135		58,773
<b>Transfers to (from) accumulated comprehensive revenue and expense</b>					
Accumulated comprehensive revenue and expense	11,392	5,995	12,211		12,103
<b>Other reserves</b>					
Revaluation	(4,584)	-	(3,052)		(3,052)
Restricted	144	1	1		109
Council-created	2,863	(1,287)	595		595
Special rates and user pays	(2,026)	(640)	(1,201)		(1,201)
Capital replacement fund	(1,566)	(98)	(1,215)		(1,215)
Development contributions	(6,223)	(3,971)	(7,339)		(7,339)
<b>Total transfers to(from) accumulated comprehensive revenue and expense</b>	<b>-</b>	<b>-</b>	-		-
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>1,563,339</b>	<b>1,556,486</b>	1,522,166		1,530,362

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF CHANGES IN NET ASSETS / EQUITY

For the year ended 30 June 2016 – *Continued*

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Represented by net assets/equity at the end of the year</b>					
Accumulated comprehensive revenue and expense	1,004,834	998,502	964,246		967,413
Share of joint venture's earnings	-	-	-		672
<b>Other reserves</b>					
Revaluation	562,129	587,831	554,745		556,328
Restricted	174	30	30		2,804
Council-created	22,782	9,928	19,919		19,919
Special rates and user pays	(3,331)	(3,548)	(1,305)		(1,305)
Capital replacement fund	13,331	5,412	14,897		14,897
Development contributions	(36,623)	(41,703)	(30,400)		(30,400)
<b>Fair value through other comprehensive revenue and expense</b>	<b>43</b>	<b>34</b>	34		34
<b>Balance at 30 June wholly attributable to Waikato District Council</b>	<b>1,563,339</b>	<b>1,556,486</b>	1,522,166		1,530,362

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Receipts from rates revenue	69,848	65,418	67,213		67,198
Subsidies received	20,628	18,658	17,471		17,471
Contributions received	18,023	8,356	9,167		9,167
Receipts from other revenue	16,485	19,345	13,103		17,828
Interest received	556	100	160		254
Dividends received	-	200	-		31
Goods and service tax (net)	-	-	1,039		937
<b>Payments</b>					
Payments to employees	(26,270)	(26,655)	(24,551)		(27,759)
Payments to suppliers	(49,237)	(44,686)	(42,111)		(43,767)
Interest paid	(4,087)	(3,008)	(2,433)		(2,643)
Income tax paid	-	-	-		(180)
Goods and service tax (net)	(895)	-	1,039		937
<b>Net cash flows from (used in) operating activities</b>	<b>45,051</b>	<b>37,728</b>	<b>39,058</b>		<b>38,537</b>
<b>Cash flows from investing activities</b>					
Proceeds from the sale of property, plant and equipment	1,008	218	409		449
Proceeds from the sale of investments	-	-	-		4,289
Proceeds from the sale of non-current assets held for sale	-	-	16		16
Community loan repayments received	69	-	77		77
Receipts from repayment of advance	104	-	-		-
Purchase of intangible assets	(538)	(572)	(489)		(573)
Purchase of property, plant and equipment	(58,913)	(55,219)	(44,813)		(45,190)
Acquisition of investments	(160)	(229)	(387)		(4,693)
Purchase of investment property	-	-	-		-
<b>Net cash flow from (used in) investing activities</b>	<b>(58,430)</b>	<b>(55,802)</b>	<b>(45,187)</b>		<b>(45,625)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowing	7,050	18,129	15,750		15,750
Repayment of borrowing	-	-	(258)		(258)
<b>Net cash flow from financing activities</b>	<b>7,050</b>	<b>18,129</b>	<b>15,492</b>		<b>15,492</b>
Net increase(decrease) in cash, cash equivalents and bank overdrafts	(6,329)	55	9,363		8,404
Cash, cash equivalents and bank overdrafts at the beginning of the year	10,339	440	976		2,411
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>4,010</b>	<b>495</b>	<b>10,339</b>		<b>10,815</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF RESERVE FUNDS

For the year ended 30 June 2016

Reserves showing as negative have a debit balance and are mainly for development contributions and structure plan reserves. These reserves are in place to monitor the income and costs associated with development and growth. Often Council must incur the cost of works for base infrastructure before development contributions are received. Essentially the negative balance for a reserve is the amount borrowed internally to fund the work ahead of income being received. A negative reserve is used instead of an external loan because the amount is repaid by income received rather than a loan repayment regime. Like a loan, interest is charged and is added to the reserve balance for repayment from contributions received over time.

Reserve	Purpose	Related activities	Opening balance 1 July 2015 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2016 \$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	590	54	(19)	625
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any income or expenditure on these properties is kept separate from general funds.	Sustainable communities	213	381	(459)	135
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(4)	187	(151)	32
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	224	1,360	(1,343)	241
Lake Hakanoa Caravan Park reserve	Income and expenditure for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self-funding.	Sustainable communities	59	166	(139)	86
Raglan Kopua Holiday Park reserve	Income and expenditure for Kopua Camp at Raglan is kept separate. The camp operation is self-funding.	Sustainable communities	565	1,471	(1,297)	739
Wainui Reserve farm	Income and expenditure for Wainui Reserve farm operations is kept separate. The farm operation is self-funding and surpluses are used towards projects at Wainui Reserve.	Sustainable communities	206	178	(153)	231
Hillary Commission grants	These funds are committed to a club development programme for the future.	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re distributed as grants to suitable candidates.	Sustainable communities	26	11	-	37
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	1,320	47	(60)	1,307
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid.	Sustainable communities	51	2	-	53

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

Reserve	Purpose	Related activities	Opening balance 1 July 2015 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2016 \$'000
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community.	Sustainable communities	307	15	-	322
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	14	1	-	15
Development fund (from shares sold)	Reserve representing the share of the Auckland Airport Shares received by the former Franklin District Council and transferred to Waikato District Council on part amalgamated in 2010.	Organisational support	1,609	-	(26)	1,538
LTCCP contribution reserve	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with operational funding.	Organisational support	4,135	-	(1,356)	2,779
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	367	17	(52)	332
Structure plan non growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	511	116	-	627
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	362	17	(48)	331
Huntly College jubilee award	A restricted reserve for the interest income to be used as educational sponsorship.	Sustainable communities	13	1	(1)	13
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest income to be used as sponsorship for educational purposes.	Sustainable communities	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Huntly social services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating Committee Inc when it was wound up in 2015.	Sustainable communities	-	144	-	144
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	6,317	1,950	(1,065)	7,202

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.

# STATEMENT OF RESERVE FUNDS

For the year ended 30 June 2016 – *Continued*

Reserve	Purpose	Related activities	Opening balance 1 July 2015 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Closing Balance 30 June 2016 \$'000
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(1,305)	3,595	(5,621)	(3,331)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	14,897	18,274	(19,840)	13,331
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	554,745	19,259	(11,875)	562,129
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(29,634)	11,719	(14,875)	(32,790)
<b>Total reserves</b>			<b>557,920</b>	<b>58,965</b>	<b>(58,380)</b>	<b>558,505</b>

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 36.



# NOTES TO THE FINANCIAL STATEMENTS

## Note 1 – STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

Waikato District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent Waikato District Council; its 100 per cent owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. Strada is a 50 per cent party to a Joint Venture Agreement, Waikato Quarries Limited. All the entities in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

These financial statements of Council and the Group are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on **13 October 2016**.

### Basis of preparation

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of Council and the Group have been prepared in accordance with the requirements of the LGA which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

### Standards issued and not yet effective and not early adopted

In October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. Council has applied these updated standards in preparing its 30 June 2016 financial statements; there are no changes as a result of applying these updated accounting standards.

### Significant accounting policies

#### Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

#### Subsidiaries

Council consolidates in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by Council. If the consideration transferred is lower than the net fair value of Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in Council's parent entity financial statements.

### **Joint venture**

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

## **Revenue**

### **Non-exchange revenue**

Non-exchange revenue is measured at the amount of the increase in net assets recognised by the Group.

The following policies have been applied to non-exchange revenue:

General rates, targeted rates (excluding those for water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment by instalment is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when the rates become overdue.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Council receives government grants from New Zealand Transport Agency (NZTA) which subsidise part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the provision of goods is recognised when a product is sold to the customer.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Where a physical asset is acquired for no or nominal consideration, the asset is recognised at its fair value at the time Council obtains control of the asset. The fair value of the asset is recognised as revenue unless there is a use or return condition attached to the asset.

### **Exchange revenue**

Exchange revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised when a product is sold to the customer.

Development and financial contributions are recognised as revenue when Council is capable of providing the service for which the contribution is charged.

Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rental income from investment properties is recognised as revenue on a straight line basis over the term of the lease.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

### **Construction contracts**

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract. An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as a liability.

### **Borrowing costs**

All borrowing costs are recognised as an expense in the period in which they are incurred.

## Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's approval.

## Foreign currency transactions

Foreign currency transactions are translated into NZ dollars using the exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## Income tax

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

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

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available against the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in

a transaction that is not a business combination, and which at the time of the transaction affects neither accounting nor taxable profit.

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

## Leases

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Cash and cash equivalents

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

## Receivables

Receivables are recorded at their face value, less any provision for impairment.

## Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, using the first-in-first-out (FIFO) basis, adjusted when applicable, for any loss of service potential. Inventory acquired through a non-exchange transaction is measured at fair value at the date of acquisition.

Inventory held for use in the provision of goods and services on a commercial basis is valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

## Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council and the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council and the Group have

transferred substantially all the risks and rewards of ownership.

Council and the Group classify their financial assets into the following categories for the purposes of measurement:

- Loans and receivables
- Held to maturity investments
- Fair value through surplus or deficit
- Fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investment was acquired.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

#### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, with fixed maturities and with a positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after balance date which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in surplus or deficit.

#### **Fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term and such

an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy below. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

#### **Fair value through other comprehensive revenue and expense**

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of or realise the investment within 12 months of the balance date. They comprise of the following:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

#### **Impairment of financial assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### **Loans and other receivables**

Impairment is established when there is objective evidence that Council and the Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollected, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (ie not past due).

For community loans, impairment losses are recognised directly against the instruments' carrying amount.

#### **Financial assets at fair value through other comprehensive revenue and expense**

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit. The cumulative loss of a financial asset is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the surplus or deficit.

Impairment losses recognised in the surplus or deficit on equity investments are not reversed through the surplus or deficit.

#### **Derivative financial instruments and hedge accounting**

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in the surplus or deficit. The portion of the fair value of non-hedge accounted interest rate derivatives that is expected to be realised within 12 months of the balance date is classified as current, with the remaining portion of the derivative classified as non-current.

#### **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value, less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

### **Property, plant and equipment**

Property, plant, and equipment consists of:

- Operational assets: These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers and motor vehicles.
- Restricted assets: These are parks and reserves owned by Council which provide a benefit or service to the community and which can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructural assets: These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted), library books and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

#### **Disposals**

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

#### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land; except that some of Strada's operational assets are depreciated on the diminishing value basis. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.



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

Description	Useful life (years)	Depreciation rate
Audio visual materials and electronic games – Libraries	5	20%
Buildings	20 – 100	1 – 5%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	4 – 7	14 – 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	2 – 100	1 – 50%
Wastewater	4 – 100	1 – 25%
Urban stormwater	3 – 100	1 – 33.3%
Roading pavement – sealed	2 – 100	1 – 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95 – 1.5%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25 – 5%
Culverts	50 – 80	1.25 – 2%
Guardrails / barriers	40 – 80	1.25 – 2.5%
Drainage	50 – 80	1.25 – 2%
Retained walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%
Bridges	20 – 100	1 – 5%
Parks & reserves	1.5 – 125	0.8 – 66.7%
Solid waste	5 – 90	1.11 – 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset is reviewed and adjusted if applicable, at each balance sheet date.

### Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amount does not differ materially from fair value.

The carrying values of the revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair value. If there is a material difference, the off cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve, in equity, for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and recognised in other comprehensive income.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for

internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred. This asset class, which is amortised on a straight-line basis, has a finite useful life of 3 to 7 years and the amortisation rates are between 14 per cent and 33 per cent. Strada's software assets are amortised on a straight-line or diminishing-value basis over their finite useful lives. The useful lives are between one and four years and the amortisation rates are between 25 per cent and 100 per cent.

### **Consents**

Consent costs for capital works are recognised at cost, and amortised on a straight-line basis over the finite life of the consents (between 10-35 years). The amortisation charge for each period is recognised in the surplus or deficit.

### **Impairment of property, plant and equipment and intangible assets**

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in surplus or deficit.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### **Value in use for non-cash-generating assets**

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a series of service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### **Value in use for cash-generating assets**

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

### **Biological Assets**

Cattle on Council's reserves are revalued annually at fair value less estimated costs to sell. Fair value is determined based on market price at balance date.

Gains and losses from a change in fair value less estimated costs to sell are recognised in the surplus or deficit. The costs incurred in relation to the cattle are included in the surplus or deficit.

### **Investment property**

Properties leased to third parties under non-cancellable operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. After initial recognition, all investment properties are measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### **Payables**

Short term payables are recorded at their face value.

### **Employee entitlements**

#### **Short-term employee entitlements**

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where Strada has a contractual obligation

or where there is a past practice that has created a constructive obligation.

### **Long-term employee entitlements**

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information;
- The present value of the estimated future cash flows; and
- An inflation factor based on the expected long term increase in remuneration for employees.

### **Superannuation schemes**

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver are recognised as an expense in the surplus or deficit when incurred.

### **Presentation of employee entitlements**

Employee entitlements expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as non-current liabilities.

### **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

### **Borrowing**

Borrowing is initially recognised at fair value net of transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council or the Group has an unconditional right to

defer settlement of the liability at least 12 months after the balance date.

### **Equity**

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Other reserves
  - revaluation
  - restricted
  - council-created
  - special rates and user pays
  - capital replacement fund
  - development contributions
  - fair value through other comprehensive income.

### **Revaluation reserves**

These reserves relate to the revaluation of property, plant and equipment to fair value.

### **Restricted reserves**

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

### **Council-created reserves**

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Council and the Group's objectives, policies, and processes for managing capital are explained in note 35.

### **Fair value through other comprehensive income**

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive income.



### Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### Budget figures

The budget figures are those approved by Council in its 2015/25 Long-Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### Cost allocation policy

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified, in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

### Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### **Infrastructural assets**

Note 16 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

#### **Landfill aftercare provision**

Note 23 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

## Note 2 – RATES

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
General rates	38,698	37,175
Uniform annual general charge	10,159	9,740
<b>Total general rates revenue</b>	<b>48,857</b>	46,915
<b>Targeted rates</b>		
Community boards	185	186
Community centres and facilities	603	583
Refuse & waste management	3,526	3,143
Stormwater	1,455	1,470
Wastewater	6,264	6,285
Metered water supply	2,706	3,894
Other water rates	4,150	3,629
<b>Total targeted rates</b>	<b>18,889</b>	19,190
plus: Penalties revenue	1,443	1,398
<b>Total rates revenue</b>	<b>69,189</b>	67,503
less: Rate remissions	(440)	(397)
<b>Total net rates</b>	<b>68,749</b>	67,106

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by Council from other local authorities for services provided by Council for which those other local authorities rate.

The total net rates shown in this table is equal to annual rates income as defined in the Trust deed.

### Rates remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy allows Council to remit rates on condition of a ratepayer's extreme hardship, land used for community and sporting purposes, land protected for historic or cultural purposes and rating units with a capital valuation (CV) of \$1,000 or less and Maaori freehold land.

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Land used for community and sporting purposes	180	149
Land protected for historical or cultural purposes	48	46
CV's under \$1,000	73	63
Rating exclusions	85	94
Maaori freehold land	54	45
<b>Total rates remissions</b>	<b>440</b>	397

**Non-rateable land**

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. Non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's remission policy.

**Rating base information**

Council's rating base is as follows:

	Council and Group	
	2015/16 Actual	2014/15 Actual
Total number of rating units	29,820	29,766
Total land value	\$11,854m	\$10,821m
Total capital value	\$19,620m	\$18,068m

**Note 3 – FINANCE REVENUE AND COSTS**

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Finance revenue</b>				
Interest – bank deposits	532	135		234
Interest – financial assets	5	11		11
Interest – community loans	20	22		22
Interest – other	20	3		3
Interest – LGFA borrower notes	27	27		27
<b>Total finance revenue</b>	<b>604</b>	<b>198</b>		<b>297</b>
<b>less: Finance costs</b>				
Interest – bank borrowing	167	432		641
Interest – LGFA borrowing	1,908	1,859		1,859
Interest – swaps differences	903	301		301
Provision: discount unwinding	110	112		112
Other finance costs	1,171	1		2
<b>Total finance costs</b>	<b>4,259</b>	<b>2,705</b>		<b>2,915</b>
<b>Net finance costs</b>	<b>(3,655)</b>	<b>(2,507)</b>		<b>(2,618)</b>

## Note 4 – OTHER REVENUE

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Found assets	5,488	288		288
Vested assets	19,804	28,233		28,233
Dividends	300	–		31
Other revenue	8,058	5,459		10,698
Regulatory revenue	6,953	6,340		6,340
Fees and charges – Council	1,996	1,858		1,858
Fair value through surplus (deficit) – realised gain	–	–		235
Interest rate swaps revaluation gain	–	–		–
Property, plant and equipment gains on disposal	40	–		26
Investment property revaluation gain	30	–		87
Fair value through surplus (deficit) – unrealised gains	–	–		248
<b>Total other revenue</b>	<b>42,669</b>	<b>42,178</b>		<b>48,044</b>

## Note 5 – EXCHANGE AND NON-EXCHANGE REVENUE

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Revenue from exchange transactions</b>				
Revenue from metered water supply	2,706	3,894		3,894
Development and financial contributions	9,454	14,403		14,403
Other fees and charges – Council	9,126	8,033		8,033
Finance revenue	604	198		297
Dividends received	300	–		31
Subvention payment received	–	–		–
Other exchange revenue	3,768	1,972		7,807
<b>Total revenue from exchange transactions</b>	<b>25,958</b>	<b>28,500</b>		<b>34,465</b>
<b>Revenue from non-exchange transactions</b>				
Revenue from rates	66,043	63,212		63,212
Vested and found assets	25,292	28,521		28,521
Regulatory revenue	1,730	1,593		1,593
Infringements and fines	214	204		204
NZTA government subsidies	18,375	17,996		17,996
Petrol tax	459	442		442
Other subsidies and grants	1,506	1,000		960
Other fees and charges – Council	593	653		653
Other non-exchange revenue	1,187	760		760
<b>Total revenue from non-exchange transactions</b>	<b>115,399</b>	<b>114,381</b>		<b>114,341</b>
Revenue from exchange transactions	25,958	28,500		34,465
Revenue from non-exchange transactions	115,399	114,381		114,341
<b>Total revenue per statement of comprehensive revenue and expense</b>	<b>141,357</b>	<b>142,881</b>		<b>148,806</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised. (2015: \$nil)

## Note 6 – EMPLOYEE COSTS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Salaries and wages	25,712	24,012		27,149
Defined contribution plan employer contributions	578	539		610
Increase (decrease) in employee liabilities	(280)	(121)		(265)
<b>Total employee costs</b>	<b>26,010</b>	<b>24,430</b>		<b>27,494</b>

Employer contributions to defined contribution plans is made up of contributions to KiwiSaver.

## Note 7 – DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Water supply	1,662	1,662
Wastewater	2,473	2,437
Stormwater	452	386
Roading	12,724	12,032
Sustainable environment	56	49
Sustainable communities	3,663	2,667
Governance	-	-
Organisational support	1,653	1,637
<b>Total directly attributable depreciation and amortisation</b>	<b>22,683</b>	<b>20,870</b>

## Note 8 – OTHER EXPENSES AND LOSSES

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Audit fees – Annual report	116	148		202
Audit fees – Long term plan	34	114		114
Other payments to Audit New Zealand	35	26		26
	<b>185</b>	<b>288</b>		<b>342</b>
Asset write-off not included in other expenditure	7,469	6,201		6,201
Bad debt written off	166	199		199
Rates penalty write-offs	578	431		431
Other expenditure	39,904	34,021		35,047
Other personnel expenses	799	855		1,077
Inventories consumed	-	-		865
Minimum lease payments under operating leases	153	154		156
Legal expenses	854	886		886
Other professional fees	1,150	891		913
Consultant expenses	3,222	4,297		4,297
Litigation settlement	-	-		-
Insurance proceeds	-	-		-
Grants and sponsorship	1,214	1,634		1,634
Fair value loss on cattle	6	6		6
Fair value through surplus (deficit) – unrealised loss	-	-		-
Investment property revaluation loss	-	5		5
Property, plant and equipment – losses on disposal	-	274		274
Interest rate swaps revaluation loss	3,509	2,287		2,287
<b>Total other expenses and losses</b>	<b>59,209</b>	<b>52,429</b>		<b>54,620</b>

During the current year other payments were made to Audit New Zealand for assurance services relating to the selection of a contractor for the maintenance of open spaces. In 2015 other payments were made for assurance services relating to the selection of a partner for the Waikato Roads Alliance Agreement.

## Note 9 – INCOME TAX

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Operating surplus before tax expense	29,196	42,446		42,506
Prima facie tax at 28%	8,175	11,885		11,901
Non-assessable income (net)	(8,175)	(11,885)		(11,732)
Non-deductible expenditure	-	-		(1)
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>		<b>168</b>
<b>Made up of</b>				
Current year tax	-	-		-
Deferred tax	-	-		(185)
Prior period adjustment	-	-		17
Deferred tax reclassification	-	-		-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>		<b>(168)</b>

### Deferred tax (assets) liabilities

	Plant and Equipment \$'000	Employee entitlements \$'000	Other provisions \$'000	Total tax loss \$'000	Total \$'000
Balance at 1 July 2014	(265)	65	(17)	-	(217)
Charged to surplus (deficit)	(8)	(32)	9	194	163
Charged to other comprehensive income	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>(273)</b>	<b>33</b>	<b>(8)</b>	<b>194</b>	<b>(54)</b>
Balance at 1 July 2015	(273)	33	(8)	194	(54)
Charged to surplus (deficit)					
Charged to other comprehensive income					
<b>Balance at 30 June 2016</b>					

### Imputation credit account

	Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at 1 July		2,055
Imputation credits available for use in subsequent years		-
<b>Balance 30 June</b>		<b>2,055</b>

## Note 10 – CASH AND CASH EQUIVALENTS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Cash at bank and on hand	1,810	1,419		2,366
Short term deposits maturing within three months or less from date of acquisition	2,200	8,920		8,920
<b>Total cash and cash equivalents per statement of financial position</b>	<b>4,010</b>	10,339		11,286
Bank overdrafts	-	-		(471)
<b>Cash and cash equivalents per statement of cash flows</b>	<b>4,010</b>	10,339		10,815

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

The total value of cash equivalents that can only be used for a specific purpose is \$173,536 (2015: \$29,072).

An additional restricted reserve was established during the current year. It arose from the winding up of Huntly Social Services Coordinating Committee Incorporated and the transfer of its funds (\$137,088) to Council.

## Note 11 – RECOVERABLES AND RECEIVABLES

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Receivables from exchange transactions</b>				
Receivables from related parties	358	164		27
Water rates receivable	548	778	548	778
Other receivables from exchange transactions	6,098	13,244		14,011
<b>Gross receivables</b>	7,004	14,186		14,816
Provision for impairment	(150)	(407)		(407)
<b>Net receivables from exchange transactions</b>	<b>6,854</b>	<b>13,779</b>		<b>14,409</b>
<b>Recoverables from non-exchange transactions</b>				
Rates receivable	4,010	4,942	4,010	4,942
Recoverables from user charges, taxes and other non-exchange revenue	2,579	3,477		3,377
GST refund	986	91		91
Income tax refund	-	-		100
<b>Gross recoverables</b>	7,575	8,510		8,510
Provision for impairment	(1,110)	(818)		(818)
<b>Net recoverables from non-exchange transactions</b>	<b>6,465</b>	<b>7,692</b>		<b>7,692</b>
Total gross receivables and recoverables	14,579	22,696		23,326
Total provision for impairment	(1,260)	(1,225)		(1,225)
<b>Total net recoverables and receivables</b>	<b>13,319</b>	<b>21,471</b>		<b>22,101</b>



### Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value.

### Impairment

Council provides for impairment of rates receivable in certain circumstances; when the property is multiple-owned Maaori land or when there is no guarantor available. In all other circumstances, Council does not provide for any impairment because it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months

after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council is able to apply to the Registrar of the High Court to have the judgement enforced by the sale or lease of the rating unit.

Ratepayers can apply for payment options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value if the effect of discounting is material.

Strada does not provide for any impairment of receivables as it has various powers under the Construction Contracts Act 2002 to recover any outstanding debts and no debtors exhibit a financial status that would lead Strada to believe a debt is impaired.

### The ageing profile of recoverables and receivables is:

	Gross \$'000	Impairment \$'000	Total \$'000
<b>Council 2016</b>			
Not past due	11,464	-	11,464
Past due 1 – 60 days	96	-	96
Past due 61 – 120 days	-	-	-
Past due > 120 days	3,019	(1,260)	1,759
<b>Total gross recoverables and receivables</b>	<b>14,579</b>	<b>(1,260)</b>	<b>13,319</b>
<b>Council 2015</b>			
Not past due	19,798	(23)	19,775
Past due 1 – 60 days	392	(9)	383
Past due 61 – 120 days	108	(3)	105
Past due > 120 days	2,398	(1,190)	1,208
<b>Total gross recoverables and receivables</b>	<b>22,696</b>	<b>(1,225)</b>	<b>21,471</b>
<b>Group 2016</b>			
Not past due			
Past due 1 – 60 days			
Past due 61 – 120 days			
Past due > 120 days			
<b>Total gross recoverables and receivables</b>			
<b>Group 2015</b>			
Not past due	20,348	(23)	20,325
Past due 1 – 60 days	470	(9)	461
Past due 61 – 120 days	110	(3)	107
Past due > 120 days	2,398	(1,190)	1,208
<b>Total gross recoverables and receivables</b>	<b>23,326</b>	<b>(1,225)</b>	<b>22,101</b>

All recoverables and receivables greater than 30 days in age are considered to be past due.

## Provision for impairment

The impairment provision has been calculated based on a review of specific overdue receivables together with a collective assessment. The collective impairment provision is based on an analysis of past collection and debt write-off history.

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Individual impairment	143	219
Collective impairment	1,117	1,006
<b>Total provision for impairment</b>	<b>1,260</b>	<b>1,225</b>

Individually impaired receivables have been determined to be impaired because of the improbability of collection. An analysis of the individually impaired debtors is shown below:

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Past due 1 – 60 days	-	10
Past due 61 – 120 days	8	3
Past due > 120 days	135	206
<b>Total individual impairment</b>	<b>143</b>	<b>219</b>

Movements in the provision for impairment of recoverables and receivables are as follows:

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at 1 July		1,065
Additional provision made during the year		200
Provisions reversed during the year		(26)
Debts written off during the period		(14)
<b>Balance at 30 June</b>		<b>1,225</b>

## Note 12 – INVENTORY

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Fuel	-	-		12
Bitumen	-	-		3
Cement	-	-		4
<b>Total inventory (at cost)</b>	-	-		19

No inventory items are pledged as security for liabilities. (2015: \$nil)

## Note 13 – CATTLE

	Council and Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at 1 July	90	83
Increase through purchases	108	96
Gains (losses) from fair value adjustments	(6)	(6)
Decrease through sales	(90)	(83)
<b>Balance at 30 June</b>	<b>102</b>	90

Council keeps cattle to graze on one of its reserves as part of reserve maintenance. Although a financial gain was achieved it was not Council's primary purpose. The cattle are normally sold within the next twelve months after balance date. The number of cattle at balance date was 100 (2015: 100).

Council has cattle with restricted title.

## Note 14 – OTHER FINANCIAL ASSETS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Current portion</b>				
Equity instruments	-	-		1,822
Fixed interest instruments	-	-		1,656
Community loans	78	89		89
<b>Total current portion</b>	<b>78</b>	<b>89</b>		<b>3,567</b>
<b>Non-current portion</b>				
<i>Investments in CCO's and other similar entities</i>				
Local Authority Shared Services Limited (a)	220	220		220
Waikato Regional Airport Limited	2,639	2,639		2,639
Advance to Waikato Quarries Limited	-	-		2,270
Strada – shares	4,500	4,500		-
<b>Total investment in CCOs and similar entities</b>	<b>7,359</b>	<b>7,359</b>		<b>5,129</b>
<i>Investment in other entities</i>				
Community loans	235	259		259
LGFA borrower notes	960	800		800
NZ Local Government Insurance Corp Limited	58	49		49
<b>Total investment in other entities</b>	<b>1,253</b>	<b>1,108</b>		<b>1,108</b>
<b>Total non-current portion</b>	<b>8,612</b>	<b>8,467</b>		<b>6,237</b>
<b>Total other financial assets</b>	<b>8,690</b>	<b>8,556</b>		<b>9,804</b>

- (a) Council's investment in Local Authority Shared Services Limited comprises four distinct classes of share. The numbers held and values of each share class are as follows:

	No. of shares	Value per Share \$	Total Capital \$	Uncalled Capital \$	Paid up Capital \$
Ordinary shares	1	1,000.00	1,000	-	1,000
Shared Valuation Database Service	106,674	1.00	106,674	-	106,674
Waikato Regional Photography Service	9,376	1.00	9,376	9,376	-
Waikato Regional Transport Model	11,250	10.00	112,500	-	112,500
			<b>229,550</b>	<b>9,376</b>	<b>220,174</b>

## Fair value

### Community loans

Community loans are measured at amortised cost using the effective interest method.

Their fair value is \$282,753 (2015: \$349,033). Fair value has been determined using cash flows discounted at the interest rate (current at 1 July 2016) charged by Council on community loans. The rate used is 6.34 per cent (2015: 6.25 per cent).

The face value of total community loans is \$319,997 (2015 \$359,070).

### Unlisted investments and advances

The fair values of Council's equity instruments in Waikato Regional Airport Limited and Local Authority Shared Services Limited have not been disclosed because their fair values cannot be reliably measured as there is no active market for these instruments. Therefore these investments are held at cost.

The fair value of Council's investment in NZ Local Government Insurance Corporation Limited (trading as Civic Assurance) is \$58,532 (2015: \$49,339). This is based on Council's share, currently 0.37 per cent (2015: 0.37 per cent), of the assets less liabilities of the company. The change in value has been taken to fair value through other comprehensive income.

## Note 15 – NON-CURRENT ASSETS HELD FOR SALE

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Land	210	-		-
Buildings	176	-		-
<b>Total non-current assets held for sale</b>	<b>386</b>	<b>-</b>		<b>-</b>

At balance date, two properties were held for sale: land at Holmes Road Horotiu and land and buildings at Harlock Place Huntly.

Following the completion of the Ngaruawahia bypass section of the Waikato Expressway the land at Holmes Road became surplus to requirements. The sale was completed on 22 July 2016.

The property at Harlock Place was declared surplus to Council requirements in September 2015. The sale is expected to be completed during the 2017 financial year.

## Note 16 – PROPERTY, PLANT AND EQUIPMENT

Council 2016	Cost / revaluation 1 Jul 2015 \$'000	Accumulated depreciation and impairment charges 1 Jul 2015 \$'000	Carrying amount 1 Jul 2015 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
<b>Operational assets</b>					
Land	17,576	-	17,576	2,715	(330)
Buildings	26,461	-	26,461	1,415	(204)
Library books	4,801	(3,394)	1,407	324	-
Vehicles / moveable plant	5,883	(3,064)	2,819	665	(641)
Office equipment	1,273	(1,003)	270	21	-
Computer equipment	4,772	(4,091)	681	230	-
Furniture	1,247	(668)	579	86	(1)
<b>Total operational assets</b>	<b>62,013</b>	<b>(12,220)</b>	<b>49,793</b>	<b>5,456</b>	<b>(1,176)</b>
<b>Infrastructural assets</b>					
Wastewater	78,535	-	78,535	20,128	(900)
Stormwater	37,060	-	37,060	5,882	(113)
Water	77,349	-	77,349	16,378	(646)
Drainage	2,044	-	2,044	813	(118)
Solid waste	1,750	-	1,750	79	(48)
Roading	911,037	-	911,037	38,061	(201)
Bridges / culverts / pipes	127,818	-	127,818	556	(2,684)
Land under roads	106,753	-	106,753	514	(58)
Work in progress	56,404	-	56,404	(25,767)	-
<b>Total infrastructural assets</b>	<b>1,398,750</b>	<b>-</b>	<b>1,398,750</b>	<b>56,644</b>	<b>(4,768)</b>
<b>Restricted assets</b>					
Land	67,944	-	67,944	2,327	(466)
Buildings	27,120	-	27,120	1,568	(1,444)
Parks and reserves	26,975	-	26,975	8,701	(1,274)
<b>Total restricted assets</b>	<b>122,039</b>	<b>-</b>	<b>122,039</b>	<b>12,596</b>	<b>(3,184)</b>
<b>Total Council</b>	<b>1,582,802</b>	<b>(12,220)</b>	<b>1,570,582</b>	<b>74,696</b>	<b>(9,128)</b>

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit)	Cost / revaluation 30 Jun 2016 \$'000	Accumulated depreciation and impairment charges 30 Jun 2016 \$'000	Carrying amount 30 Jun 2016 \$'000
<b>Operational assets</b>						
(165)	-	-	-	19,796	-	19,796
(176)	(988)	10	-	27,484	(966)	26,518
-	(296)	-	-	5,125	(3,690)	1,435
-	(700)	473	-	5,907	(3,291)	2,616
-	(34)	-	-	1,294	(1,037)	257
-	(266)	-	-	5,002	(4,357)	645
-	(82)	1	-	1,332	(749)	583
<b>(341)</b>	<b>(2,366)</b>	<b>484</b>	<b>-</b>	<b>65,940</b>	<b>(14,090)</b>	<b>51,850</b>
<b>Infrastructural assets</b>						
-	(2,284)	29	4,987	100,495	-	100,495
-	(449)	1	4,530	46,911	-	46,911
-	(1,647)	42	4,555	96,031	-	96,031
-	-	-	4	2,743	-	2,743
-	(56)	-	(137)	1,588	-	1,588
-	(10,379)	20	(7,050)	931,488	-	931,488
-	(2,347)	48	3,146	126,537	-	126,537
-	-	-	-	107,209	-	107,209
-	-	-	-	30,637	-	30,637
<b>-</b>	<b>(17,162)</b>	<b>140</b>	<b>10,035</b>	<b>1,443,639</b>	<b>-</b>	<b>1,443,639</b>
<b>Restricted assets</b>						
(45)	-	-	-	69,760	-	69,760
-	(989)	-	-	27,244	(989)	26,255
-	(1,603)	67	2,037	34,903	-	34,903
<b>(45)</b>	<b>(2,592)</b>	<b>67</b>	<b>2,037</b>	<b>131,907</b>	<b>(989)</b>	<b>130,918</b>
<b>(386)</b>	<b>(22,120)</b>	<b>691</b>	<b>12,072</b>	<b>1,641,486</b>	<b>(15,079)</b>	<b>1,626,407</b>

## Council 2015

	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation and impairment charges 1 Jul 2014 \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
<b>Operational assets</b>					
Land	15,190	-	15,190	736	(35)
Buildings	25,076	(1,444)	23,632	710	(345)
Library books	4,495	(3,105)	1,390	306	-
Vehicles / moveable plant	5,527	(2,678)	2,849	766	(410)
Office equipment	1,262	(968)	294	11	-
Computer equipment	4,544	(3,815)	729	228	-
Furniture	1,229	(606)	623	40	(22)
<b>Total operational assets</b>	<b>57,323</b>	<b>(12,616)</b>	<b>44,707</b>	<b>2,797</b>	<b>(812)</b>
<b>Infrastructural assets</b>					
Wastewater	75,446	-	75,446	5,035	(627)
Stormwater	30,031	-	30,031	2,775	(85)
Water	75,061	-	75,061	2,336	(290)
Drainage	1,926	-	1,926	-	-
Solid waste	1,321	-	1,321	-	-
Roading	885,310	-	885,310	45,392	(4,597)
Bridges / culverts / pipes	129,073	-	129,073	1,965	(217)
Land under roads	104,871	-	104,871	1,096	-
Work in progress	39,949	-	39,949	16,455	-
<b>Total infrastructural assets</b>	<b>1,342,988</b>	<b>-</b>	<b>1,342,988</b>	<b>75,054</b>	<b>(5,816)</b>
<b>Restricted assets</b>					
Land	65,437	-	65,437	1,345	(9)
Buildings	23,365	(1,007)	22,358	548	(16)
Parks and reserves	22,371	-	22,371	3,537	(274)
<b>Total restricted assets</b>	<b>111,173</b>	<b>-</b>	<b>110,166</b>	<b>5,430</b>	<b>(299)</b>
<b>Total Council</b>	<b>1,511,484</b>	<b>(13,623)</b>	<b>1,497,861</b>	<b>83,281</b>	<b>(6,927)</b>



Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit)	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation and impairment charges 30 Jun 2015 \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operational assets</b>						
(43)	-	-	1,728	17,576	-	17,576
-	(755)	9	3,210	26,461	-	26,461
-	(289)	-	-	4,801	(3,394)	1,407
-	(690)	304	-	5,883	(3,064)	2,819
-	(35)	-	-	1,273	(1,003)	270
-	(276)	-	-	4,772	(4,091)	681
-	(83)	21	-	1,247	(668)	579
<b>(43)</b>	<b>(2,128)</b>	<b>334</b>	<b>4,938</b>	<b>62,013</b>	<b>(12,220)</b>	<b>49,793</b>
<b>Infrastructural assets</b>						
-	(2,248)	21	908	78,535	-	78,535
-	(384)	1	4,722	37,060	-	37,060
-	(1,641)	10	1,873	77,349	-	77,349
-	-	-	118	2,044	-	2,044
-	(48)	-	477	1,750	-	1,750
-	(9,615)	42	(5,495)	911,037	-	911,037
-	(2,416)	3	(590)	127,818	-	127,818
786	-	-	-	106,753	-	106,753
-	-	-	-	56,404	-	56,404
<b>786</b>	<b>(16,352)</b>	<b>77</b>	<b>2,013</b>	<b>1,398,750</b>	<b>-</b>	<b>1,398,750</b>
<b>Restricted assets</b>						
(743)	-	-	1,914	67,944	-	67,944
-	(515)	2	4,743	27,120	-	27,120
-	(1,344)	13	2,672	26,975	-	26,975
<b>(743)</b>	<b>(1,859)</b>	<b>15</b>	<b>9,329</b>	<b>122,039</b>	<b>-</b>	<b>122,039</b>
<b>-</b>	<b>(20,339)</b>	<b>426</b>	<b>16,280</b>	<b>1,582,802</b>	<b>(12,220)</b>	<b>1,570,582</b>

## Group 2016

	Cost / revaluation 1 Jul 2015 \$'000	Accumulated depreciation and impairment charges 1 Jul 2015 \$'000	Carrying amount 1 Jul 2015 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
<b>Operational assets</b>					
Land	20,151	-	20,151		
Buildings	27,600	-	27,600		
Library books	4,801	(3,394)	1,407		
Vehicles / moveable plant	15,854	(10,508)	5,346		
Office equipment	1,432	(1,080)	352		
Computer equipment	4,772	(4,091)	681		
Furniture	1,247	(668)	579		
<b>Total operational assets</b>	<b>75,857</b>	<b>(19,741)</b>	<b>56,116</b>		
<b>Infrastructural assets</b>					
Wastewater	78,535	-	78,535		
Stormwater	37,060	-	37,060		
Water	77,349	-	77,349		
Drainage	2,044	-	2,044		
Solid waste	1,750	-	1,750		
Roading	911,037	-	911,037		
Bridges / culverts / pipes	127,818	-	127,818		
Land under roads	106,753	-	106,753		
Work in progress	56,404	-	56,404		
<b>Total infrastructural assets</b>	<b>1,398,750</b>	<b>-</b>	<b>1,398,750</b>		
<b>Restricted assets</b>					
Land	67,944	-	67,944		
Buildings	27,120	-	27,120		
Parks and reserves	26,975	-	26,975		
<b>Total restricted assets</b>	<b>122,039</b>	<b>-</b>	<b>122,039</b>		
<b>Total Group</b>	<b>1,596,646</b>	<b>(19,741)</b>	<b>1,576,905</b>		

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## Group 2015

	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation and impairment charges 1 Jul 2014 \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions and transfers from WIP \$'000	Current year disposals \$'000
<b>Operational assets</b>					
Land	17,298	-	17,298	736	(35)
Buildings	26,328	(1,537)	24,791	719	(345)
Library books	4,496	(3,105)	1,391	306	-
Vehicles / moveable plant	15,431	(9,880)	5,551	1,110	(688)
Office equipment	1,430	(1,043)	387	34	(32)
Computer equipment	4,544	(3,815)	729	228	-
Furniture	1,229	(606)	623	40	(22)
<b>Total operational assets</b>	<b>70,756</b>	<b>(19,986)</b>	<b>50,770</b>	<b>3,173</b>	<b>(1,122)</b>
<b>Infrastructural assets</b>					
Wastewater	75,446	-	75,446	5,035	(627)
Stormwater	30,031	-	30,031	2,775	(85)
Water	75,061	-	75,061	2,336	(290)
Drainage	1,926	-	1,926	-	-
Solid waste	1,321	-	1,321	-	-
Roading	885,312	-	885,312	45,392	(4,597)
Bridges / culverts / pipes	129,073	-	129,073	1,965	(217)
Land under roads	104,871	-	104,871	1,096	-
Work in progress	39,949	-	39,949	16,455	-
<b>Total infrastructural assets</b>	<b>1,342,990</b>	<b>-</b>	<b>1,342,990</b>	<b>75,054</b>	<b>(5,816)</b>
<b>Restricted assets</b>					
Land	65,438	-	65,438	1,345	(9)
Buildings	23,364	(1,007)	22,357	548	(16)
Parks and reserves	22,369	-	22,369	3,537	(274)
<b>Total restricted assets</b>	<b>111,171</b>	<b>-</b>	<b>110,164</b>	<b>5,430</b>	<b>(299)</b>
<b>Total Group</b>	<b>1,524,917</b>	<b>(20,993)</b>	<b>1,503,924</b>	<b>83,657</b>	<b>(7,237)</b>

Current year reclassification \$'000	Current year depreciation \$'000	Accumulated depreciation disposed \$'000	Revaluation surplus (deficit)	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation and impairment charges 30 Jun 2015 \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operational assets</b>						
(43)	-	-	2,195	20,151	-	20,151
-	(795)	9	3,221	27,600	-	27,600
(1)	(289)	-	-	4,801	(3,394)	1,407
1	(1,196)	568	-	15,854	(10,508)	5,346
-	(68)	31	-	1,432	(1,080)	352
-	(276)	-	-	4,772	(4,091)	681
-	(83)	21	-	1,247	(668)	579
<b>(43)</b>	<b>(2,707)</b>	<b>629</b>	<b>5,416</b>	<b>75,857</b>	<b>(19,741)</b>	<b>56,116</b>
<b>Infrastructural assets</b>						
-	(2,248)	21	908	78,535	-	78,535
-	(384)	1	4,722	37,060	-	37,060
-	(1,641)	10	1,873	77,349	-	77,349
-	-	-	118	2,044	-	2,044
-	(48)	-	477	1,750	-	1,750
(2)	(9,615)	42	(5,495)	911,037	-	911,037
-	(2,416)	3	(590)	127,818	-	127,818
786	-	-	-	106,753	-	106,753
-	-	-	-	56,404	-	56,404
<b>784</b>	<b>(16,352)</b>	<b>77</b>	<b>2,013</b>	<b>1,398,750</b>	<b>-</b>	<b>1,398,750</b>
<b>Restricted assets</b>						
(744)	-	-	1,914	67,944	-	67,944
1	(515)	2	4,743	27,120	-	27,120
2	(1,344)	13	2,672	26,975	-	26,975
<b>(741)</b>	<b>(1,859)</b>	<b>15</b>	<b>9,329</b>	<b>122,039</b>	<b>-</b>	<b>122,039</b>
<b>-</b>	<b>(20,918)</b>	<b>721</b>	<b>16,758</b>	<b>1,596,646</b>	<b>(19,741)</b>	<b>1,576,905</b>

## Infrastructural assets – further disclosures

	Additions			
	Closing book value \$'000	Constructed by Council \$'000	Assets transferred to Council \$'000	Estimated replacement cost \$'000
<b>Council 2016</b>				
Water treatment plants and facilities	4,898	2,288	-	9,122
Other water assets	91,133	12,175	1,915	129,399
Wastewater treatment plants and facilities	12,219	4,450	-	17,715
Other wastewater assets	88,276	11,870	3,808	145,019
Stormwater and drainage	49,654	2,327	4,368	60,479
Roads and footpaths	1,058,025	28,281	10,336	1,300,935
<b>Total infrastructural assets</b>	<b>1,304,205</b>	<b>61,391</b>	<b>20,427</b>	<b>1,662,669</b>
<b>Council 2015</b>				
Water treatment plants and facilities	4,192	113	-	8,787
Other water assets	73,157	1,130	1,094	112,181
Wastewater treatment plants and facilities	8,303	239	-	13,534
Other wastewater assets	70,232	2,805	1,991	127,755
Stormwater and drainage	39,104	455	2,320	47,910
Roads and footpaths	1,038,855	25,653	21,706	1,259,936
<b>Total infrastructural assets</b>	<b>1,233,843</b>	<b>30,395</b>	<b>27,111</b>	<b>1,570,103</b>

## Valuation

### Operational and restricted land and buildings

Land, buildings and properties valued by their components have been valued at fair value as determined by an independent valuer using market based evidence. The most recent valuation was performed by Chris Coakley of QV Valuations, a division of Quotable Value Limited and dated 30 June 2015.

### Parks and reserves

Parks and reserves assets have been valued at fair value as determined on a depreciated cost basis by an independent valuer. The most recent valuation was performed by Robert Berghuis of Beca Limited and is dated 30 June 2016.

A number of estimates and assumptions must be made when valuing parks and reserves assets using the optimised depreciated replacement cost method. In this instance they include:

- All assets are valued and depreciated on a straight-line basis.
- Only existing utilities assets have been included.
- Assets are assumed to have zero residual value at the end of their effective useful lives.
- Minimum remaining useful life is assumed as 2.5 per cent of the base life years.

### Infrastructural asset classes: water, wastewater, stormwater and refuse transfer stations

Utilities and solid waste assets have been valued at fair value determined on an optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Colin Gerrard and Ian Martin of AECOM New Zealand Limited and is dated 30 June 2016.

The revaluation has been carried out in accordance with *PBE IPSAS 17 Property, Plant and Equipment and Infrastructure Valuation and Depreciation Guidelines* issued by New Zealand Asset Management Support Group.

Assets are assumed to have zero residual value at the end of their effective useful lives.

### Infrastructural asset classes: roading and bridges

Road and bridge assets have also been valued at fair value as determined using the optimised depreciated replacement cost basis by an independent valuer. The most recent valuation was performed by Gregg Morrow, John Vessey and Evan Ou Yung of Opus International Consultants Limited. The valuation is effective at 30 June 2016.

A number of estimates and assumptions must be made when valuing infrastructural assets using the optimised depreciated replacement cost method. In this instance they include:

- Information on the surface area, specific surface type and surfacing date was used as defined in the RAMM treatment length table at the time of valuation.
- The unit rate is per square metre of surface type and aggregate grading.
- Cost rates for urban and rural areas are identical.
- Surface material base lives are those used in the 2015 valuation.
- The surfacing layer was depreciated on straight-line basis over the useful life.

#### **Land under roads**

Land under roads was valued by both the former Franklin District Council (FDC) and Waikato District Council (WDC) before the transition by each to NZ Equivalent International Financial Reporting Standard (NZIFRS). On transition to NZIFRS both Councils elected to use the revaluation amounts for land under roads as the deemed cost. Following the merger of part of the former FDC and WDC, land under roads is stated at deemed cost and is not revalued.

#### **Strada Revaluation**

Strada's land and buildings were valued at 30 June 2015 by registered valuers Peter Smith of SGHU Valuations LP and Chris Coakley of Quotable Value Limited.

Where the fair value of land and buildings was able to be determined by reference to the price in an active market for the same or similar asset, that information was used to determine fair value. Where the fair value of an asset was not able to be determined in this manner, the fair value was determined using other market based evidence such as by a discounted cash flow calculation using market estimates of the cash flows able to be generated by the asset and a market based discount rate. Where the fair value of the asset was not able to be determined using market based evidence, depreciated replacement cost would be considered the most appropriate basis for determination of fair value. Significant assumptions utilised in defining fair value were: occupancy status and lease arrangements, replacement cost and remaining useful life.

#### **Other**

There are no items of property, plant and equipment that are not in current use. There have been no restrictions in titles relating to property, plant and equipment or items pledged as security for liabilities.

No impairment losses have been recognised for property, plant and equipment in the current period (2015: \$nil).

There are no items of property, plant and equipment held under finance leases in the current period (2015: nil).

The net gain on disposal of property, plant and equipment (\$40,443) has been recognised in the Statement of comprehensive revenue and expense in the line item Other revenue.

#### **Work in progress**

The total amount of Council property, plant and equipment in the course of construction by class of asset is detailed below:

	<b>Council and Group</b>	
	<b>2015/16 Actual \$'000</b>	<b>2014/15 Actual \$'000</b>
Buildings – operational	731	1,636
Buildings – restricted	270	99
Parks and reserves	7,165	4,724
Wastewater	4,927	18,407
Stormwater	1,628	4,736
Water	6,627	12,179
Solid waste	285	79
Roading	9,004	14,544
<b>Total work-in-progress</b>	<b>30,637</b>	<b>56,404</b>

## Note 17 – INTANGIBLE ASSETS

	Council			Group		
	Computer software \$'000	Consents \$'000	Total \$'000	Computer software \$'000	Consents \$'000	Total \$'000
<b>Balance at 1 July 2015</b>						
Cost	4,359	5,060	9,419	4,553	5,060	9,613
Accumulated amortisation and impairment	(3,352)	(643)	(3,995)	(3,444)	(643)	(4,087)
<b>Opening carrying amount</b>	<b>1,007</b>	<b>4,417</b>	<b>5,424</b>	<b>1,109</b>	<b>4,417</b>	<b>5,526</b>
<b>Year ended 30 June 2016</b>						
Additions	538	-	538			
Disposal – cost	-	-	-			
Disposal – accumulated amortisation	-	-	-			
Amortisation charge	(357)	(206)	(563)			
<b>Closing carrying amount</b>	<b>1,188</b>	<b>4,211</b>	<b>5,399</b>			
<b>Balance at 30 June 2016</b>						
Cost	4,897	5,060	9,957			
Accumulated amortisation and impairment	(3,709)	(849)	(4,558)			
<b>Closing carrying amount</b>	<b>1,188</b>	<b>4,211</b>	<b>5,399</b>			
<b>Balance at 1 July 2014</b>						
Cost	3,989	4,940	8,929	4,100	4,940	9,040
Accumulated amortisation and impairment	(3,034)	(430)	(3,464)	(3,076)	(430)	(3,506)
<b>Opening carrying amount</b>	<b>955</b>	<b>4,510</b>	<b>5,465</b>	<b>1,024</b>	<b>4,510</b>	<b>4,534</b>
<b>Year ended 30 June 2015</b>						
Additions	370	120	490	453	120	573
Disposal – cost	-	-	-	-	-	-
Disposal – accumulated amortisation	-	-	-		-	-
Amortisation charge	(318)	(213)	(531)	(368)	(213)	(581)
<b>Closing carrying amount</b>	<b>1,007</b>	<b>4,417</b>	<b>5,424</b>	<b>1,109</b>	<b>4,417</b>	<b>5,526</b>
<b>Balance at 30 June 2015</b>						
Cost	4,359	5,060	9,419	4,553	5,060	9,613
Accumulated amortisation and impairment	(3,352)	(643)	(3,995)	(3,444)	(643)	(4,087)
<b>Closing carrying amount</b>	<b>1,007</b>	<b>4,417</b>	<b>5,424</b>	<b>1,109</b>	<b>4,417</b>	<b>5,526</b>

The carrying amount of the assets has been assessed as less than their replacement cost.

There are no restrictions over the title of the Council's intangible assets, nor are any intangible assets pledged as security for liabilities.

There are no intangible assets which have been internally generated.

At balance date Strada has no (2015: \$nil) of intangible assets in the course of construction.



## Note 18 – INVESTMENT PROPERTY

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at 1 July	445	450		830
Fair value gains (losses) on valuation	30	(5)		15
Reclassification	-	-		-
Additions	-	-		-
Disposals	-	-		-
<b>Balance at 30 June (at valuation)</b>	<b>475</b>	<b>445</b>		<b>845</b>

Council's investment properties are valued at fair value effective at 30 June each year. The valuation was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types and locations of investment properties owned by Council.

The fair value of Council's investment properties has been determined based on the highest and best use in accordance with PBE IPSAS 16 Investment Property.

A number of estimates and assumptions must be made when valuing investment property. In this instance they include:

- All land is valued on a fair market basis determined from market based evidence and conditions that prevailed at 30 June 2016.
- Land has been valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.

- All buildings have been valued on either a fair market or depreciated replacement cost basis. Where the fair value of an asset can be determined by reference to the price in an active market for the same or similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of fair value.

Strada's investment property was valued at 30 June 2015 by Peter Smith of SGHU Valuations LP (Registered Valuers). The valuers were contracted as independent parties who are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties in the relevant location.

The valuation, which conforms to New Zealand Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

There are no capital or operating expenditure obligations at balance date.

Strada's bank loan is secured over the Company's assets including investment property.

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Rental income	43	43		68
Expenses from investment property generating income	-	-		-

## Note 19 – INVESTMENT IN JOINT VENTURE

Council's interest, through Strada, in Waikato Quarries Limited joint venture is accounted for as a jointly controlled entity using the equity method.

The joint venture has no commitments or contingencies (2015: nil).

There are no capital commitments in relation to Strada's interest in Waikato Quarries Limited.

	Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Original investment	2,672	2,000
Balance at 1 July		2,444
Share of total comprehensive income		228
<b>Balance at 30 June</b>		<b>2,672</b>
<b>Strada's interest is as follows:</b>		
Current assets		1,309
Non-current assets		5,588
Current liabilities		3,938
Non-current liabilities		287
Income		4,522
Expenses		4,294

## Note 20 – PAYABLES, TAXES AND TRANSFERS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Payable under exchange transactions</b>				
Trade payables	5,365	3,710		4,252
Water rates in advance	209	171	209	171
Accrued expenses	17,724	29,185		29,300
Amounts due to related parties	17	694		63
Income in advance	943	362		378
<b>Total payables under exchange transactions</b>	<b>24,258</b>	<b>34,122</b>		<b>34,164</b>
<b>Taxes and transfers payable under non-exchange transactions</b>				
Rates in advance	734	702	734	702
Deposits and bonds	234	246		246
GST and FBT payable	23	25		100
Taxation payable	-	-		-
Other non-exchange payables	99	90		90
<b>Total taxes and transfers payable</b>	<b>1,090</b>	<b>1,063</b>		<b>1,138</b>
<b>Total payables, taxes and transfers</b>	<b>25,348</b>	<b>35,185</b>		<b>35,302</b>

Payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of payables approximates their fair value.

## Note 21 – EMPLOYEE ENTITLEMENTS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Current portion</b>				
Annual leave	1,925	1,702		1,824
Long service leave	14	49		49
Sick leave provision	115	98		98
Accrued payroll	22	13		97
Other employee liabilities	452	900		926
<b>Total current portion</b>	<b>2,528</b>	<b>2,762</b>		<b>2,994</b>
<b>Non-current portion</b>				
Long service leave	54	21		26
Retirement gratuities	115	174	174	174
Sick leave	-	-		7
<b>Total non-current portion</b>	<b>169</b>	<b>195</b>		<b>207</b>
<b>Total employee entitlements</b>	<b>2,697</b>	<b>2,957</b>		<b>3,201</b>

The present values of Council's non-current retirement gratuities and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using forward rates derived from ten year New Zealand government bonds. The salary inflation factor has been determined in accordance with the inflation factors used in the Long Term Plan. A discount rate of 2.66 per cent (2015: 3.86 per cent) and an inflation factor of 1.81 per cent (2015: 2.19 per cent) have been used.

## Note 22 – BORROWING

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Current portion</b>				
Bank overdrafts	-	-		471
Bank loans	-	2,950		6,200
<b>Total current portion</b>	<b>-</b>	<b>2,950</b>		<b>6,671</b>
<b>Non-current portion</b>				
Bank loans	-	-		-
LGFA borrowing	60,000	50,000		50,000
<b>Total non-current portion</b>	<b>60,000</b>	<b>50,000</b>		<b>50,000</b>
<b>Total borrowing (all secured)</b>	<b>60,000</b>	<b>52,950</b>		<b>56,671</b>

## Loans and facilities

Council secured debt of \$60,000,000 (2015: \$52,950,000) is either issued at a fixed rate of interest or has been swapped for fixed interest instruments. 7 new swaps (2015: 16) have been undertaken during the current year. 5 of the new swaps have start dates after 30 June 2016.

Council's committed cash advance facility of \$15,000,000 (2015: \$15,000,000) expires on 31 July 2018.

The total of Strada's bank overdraft facility is \$50,000 (2015: \$50,000). The interest rate is reset quarterly based on the 90 day bill rate plus a margin for credit risk. The fair value of Strada's term loan is \$3,457,719

(2015: \$3,457,719). Fair value has been determined using cash flows discounted at a rate based on the 90 day bill rate which determines the applicable interest rate. The average interest rate on borrowings is 6.39 per cent (2015: 6.39 per cent), which is determined only on interest bearing borrowings.

At 30 June 2016 total borrowings from Local Government Funding Agency Limited (LGFA) were \$60,000,000 (2015: \$50,000,000). The average rate of interest was 3.16 per cent (2015: 4.28 per cent).

## Fair value of borrowing

The carrying amount of borrowings repayable within one year approximates its fair value as the effect of discounting is not significant.

The carrying amounts and the fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Council</b>				
Secured loans	60,000	52,950	49,067	48,894
<b>Total non-current borrowing</b>	<b>60,000</b>	52,950	<b>49,067</b>	48,894
<b>Group</b>				
Bank overdrafts		-		-
Secured loans		52,950		48,550
<b>Total non-current borrowing</b>		52,950		48,550

The fair values are based on cash flows discounted using a weighted average rate based on the borrowing rates which range:

	2015/16	2014/15	2015/16	2014/15
From	3.00%	4.08%	4.08%	4.28%
To	3.28%	5.26%	6.39%	5.84%

## Internal loans

Council has a policy to utilise investment funds for internal debt purposes so that external borrowing is minimised and Council keeps its borrowing costs to a minimum.

	Balance at 1 July \$'000	Borrowing \$'000	Repayments \$'000	Balance at 30 June \$'000	Interest paid \$'000
<b>2016</b>					
Water supply	5,893	4,755	(568)	10,080	297
Wastewater	10,017	569	(659)	9,927	512
Stormwater	2,491	413	(86)	2,818	129
Roading	26,184	359	(1,645)	24,898	1,341
Sustainable environment	481	-	(26)	455	25
Sustainable communities	12,938	2,470	(609)	14,799	667
Governance	2,171	-	(686)	1,485	98
Organisational support	311	74	(17)	368	16
<b>Total internal loans (gross)</b>	<b>60,486</b>	<b>8,640</b>	<b>(4,296)</b>	<b>64,830</b>	<b>3,085</b>

	Balance at 1 July \$'000	Borrowing \$'000	Repayments \$'000	Balance at 30 June \$'000	Interest paid \$'000
<b>2015</b>					
Water supply	4,971	1,433	(511)	5,893	251
Wastewater	9,205	1,410	(598)	10,017	473
Stormwater	2,457	113	(79)	2,491	128
Roading	25,543	2,158	(1,517)	26,184	1,315
Sustainable environment	506	-	(25)	481	26
Sustainable communities	11,783	1,700	(545)	12,938	610
Governance	2,822	-	(651)	2,171	134
Organisational support	327	-	(16)	311	17
<b>Total internal loans (gross)</b>	<b>57,614</b>	<b>6,814</b>	<b>(3,942)</b>	<b>60,486</b>	<b>2,954</b>

## Note 23 – PROVISIONS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Current portion</b>				
Weathertightness	444	51	444	51
Landfill aftercare	225	106	225	106
Contract completion	-	-	-	16
<b>Total current portion</b>	<b>669</b>	<b>157</b>		<b>173</b>
<b>Non-current portion</b>				
Weathertightness	-	-	-	-
Landfill aftercare	1,772	1,895	1,772	1,895
<b>Total non-current portion</b>	<b>1,772</b>	<b>1,895</b>	<b>1,772</b>	<b>1,895</b>
<b>Total provisions</b>	<b>2,441</b>	<b>2,052</b>		<b>2,068</b>

Movements for each class of provision are as follows:

Council	Landfill aftercare \$'000	Weather- tightness \$'000	Total \$'000
<b>2016</b>			
Balance at 1 July 2015	2,001	51	2,052
Change in provision made during the year	104	562	666
Amounts used	(218)	(169)	(387)
Unused amounts reversed	-	-	-
Discount unwind	110	-	110
<b>Balance at 30 June 2016</b>	<b>1,997</b>	<b>444</b>	<b>2,441</b>
<b>2015</b>			
Balance at 1 July 2014	1,531	435	1,966
Change in provision made during the year	592	(66)	526
Amounts used	(234)	(318)	(552)
Unused amounts reversed	-	-	-
Discount unwind	112	-	112
<b>Balance at 30 June 2015</b>	<b>2,001</b>	<b>51</b>	<b>2,052</b>

Group	Landfill aftercare \$'000	Weather- tightness \$'000	Contract Completion \$,000	Total \$'000
<b>2016</b>				
Balance at 1 July 2015	2,001	51	16	2,068
Change in provision made during the year		562		
Amounts used		(169)		
Unused amounts reversed			-	
Discount unwind		-		
<b>Balance at 30 June 2016</b>		<b>444</b>		
<b>2015</b>				
Balance at 1 July 2014	1,531	435	29	1,995
Change in provision made during the year	592	(66)	78	604
Amounts used	(234)	(318)	(91)	(643)
Unused amounts reversed	-	-	-	-
Discount unwind	112	-	-	112
<b>Balance at 30 June 2015</b>	<b>2,001</b>	<b>51</b>	<b>16</b>	<b>2,068</b>

### Weathertightness claims

Two claims remain with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2016 (2015: two). These claims relate to weathertightness issues of homes in Council's district. A provision for these claims has been established based on estimates of Council's share that are in excess of Council's insurance cover.

At 30 June 2016, one further claim had been received directly by Council.

### Landfill aftercare costs

Council has five landfill sites within the district. They are at Te Kauwhata, Ngaruawahia, Huntly, Raglan and Tuakau. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

The cash outflows for landfill post-closure are expected to occur over 30 years. The long term nature of the liability means that there are inherent uncertainties in estimating the costs which will be incurred. The provision has been made taking into account existing technology and known changes to legal requirements.

The gross provision before discounting is \$4,225,245 (2015: \$4,337,126). A discount rate of 5.50 per cent (2015: 5.49 per cent) and an inflation factor of 2.5 per cent (2015: 2.5 per cent) have been used.

### Contract completion costs

Provision for contract completion costs is estimated

based on the likelihood of further construction work being required to rectify construction deficiencies.

### Discount unwinding

Discount unwinding represents an increase in the provision due to the passage of time and the effect of any change in the discount rate.

## Note 24 – DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Non-current assets portion</b>				
Interest rate swaps – interest rate hedge	-	-	-	-
<b>Total derivative financial instruments assets</b>	-	-	-	-
<b>Current liability portion</b>				
Interest rate swaps – interest rate hedge	105	16	105	16
Non-current liability portion				
Interest rate swaps – interest rate hedge	5,456	2,036	5,456	2,036
<b>Total derivative financial instruments liabilities</b>	<b>5,651</b>	<b>2,052</b>	<b>5,651</b>	<b>2,052</b>

### Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting them to their present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from the instrument prices.

### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and the Group is \$61,500,000 (2015: \$47,000,000). At 30 June 2016 the fixed interest rates of the swaps range from 3.49 per cent to 6.45 per cent (2015: 3.08 per cent to 6.45 per cent).

## Note 25 – REVALUATION RESERVE – PROPERTY, PLANT AND EQUIPMENT

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Land	44,029	44,537		45,721
Buildings	29,624	31,080		31,479
Parks and reserves	14,225	12,668		12,668
Wastewater	35,567	30,913		30,913
Water	35,863	31,566		31,566
Bridges	73,792	72,162		72,162
Roading	315,990	323,107		323,107
Urban stormwater	11,481	6,970		6,970
Rural drainage	629	663		663
Solid waste	929	1,079		1,079
<b>Balance at 30 June</b>	<b>562,129</b>	<b>554,745</b>		<b>556,328</b>

## Note 26 – RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Net surplus (deficit) after tax</b>	29,196	42,447		42,674
<b>Plus (minus) non-cash items</b>				
Depreciation, amortisation and asset write-off	30,152	27,071		27,700
Decrease (increase) in future tax benefits	-	-		(163)
Vested and found assets	(25,292)	(28,521)		(28,521)
(Gains) losses on fair value of investment property	(30)	5		(15)
(Gains) losses on derivative financial instruments	3,509	2,287		2,287
(Gains) losses on cattle	6	6		6
Interest income on financial assets not at fair value through surplus (deficit)	(5)	(11)		(11)
Capitalised internal charges	(712)	(2,551)		(2,551)
Gains on revaluation of land	-	-		(64)
Share of joint venture's operating profit (loss) after tax	-	-		(228)
Gains on fair value through surplus (deficit)	-	-		(485)
<b>Plus (minus) items classified as investing or financing activities</b>				
(Gains) losses on disposal of property, plant and equipment	(40)	274		249
Decrease (increase) in creditors for capital expenditure	10,222	(7,397)		(7,397)
<b>Plus (minus) movements in working capital items</b>				
Receivables and recoverables	8,050	(6,018)		(6,450)
Prepayments	(145)	(31)		(37)
Inventories	-	-		4
Cattle	(19)	(13)		(13)
Payables, taxes and transfers	(9,473)	12,136		12,418
Changes in provision	(108)	(505)		(519)
Income tax payable	-	-		(82)
Employee benefits	(260)	(121)		(265)
<b>Net cash inflow (outflow) from operating activities</b>	<b>45,051</b>	<b>39,058</b>		<b>38,537</b>



## Note 27 – RECONCILIATION OF TOTAL COMPREHENSIVE INCOME WITH NET OPERATING FUNDING (PER FUNDING IMPACT STATEMENT)

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Total comprehensive income wholly attributable to Waikato District Council	41,173	58,135
Surplus (deficit) of operating funding per Whole of Council funding impact statement	15,970	16,014
	<b>25,203</b>	<b>42,121</b>
<b>The difference comprises:</b>		
Capital income	21,811	27,037
Revaluation of assets	12,072	16,280
Revaluation reserve – landfill	(104)	(592)
Financial assets at fair value	(3,500)	(2,287)
Depreciation and amortisation	(22,683)	(20,870)
Profit (loss) on sale	40	(274)
Write off of assets	(7,469)	(6,201)
Vested and found assets	25,292	28,522
Change in provisions	(285)	506
Interest income from financial assets	5	11
Unrealised gains	30	-
Unrealised losses	(6)	(11)
<b>Total difference</b>	<b>25,203</b>	<b>42,121</b>

## Note 28 – CAPITAL COMMITMENTS AND OPERATING LEASES

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Strada Corporation Limited	-	41	-	-
Other commitments	79,734	86,435		86,435
<b>Total capital commitments</b>	<b>79,734</b>	<b>86,476</b>		<b>86,435</b>
<b>Capital commitments are for expenditure on:</b>				
Water	10,218	1,756		1,756
Wastewater	1,736	1,244		1,244
Stormwater	-	814		814
Parks and reserves	25	389		389
Buildings – operational	102	88		88
Roading	65,506	81,964		81,923
Bridges	2,110	27		27
Vehicles / moveable plant	-	-		-
Intangible assets	37	194		194
<b>Total capital commitments</b>	<b>79,734</b>	<b>86,476</b>		<b>86,435</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

## Operating leases as lessee

Council and the Group lease property, plant and equipment in the normal course of business. The leases have non-cancellable terms of between 12 months and three years three months (2015: 12 months and three years three months).

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Not later than one year	454	410		411
Later than one year and not later than five years	305	406		406
Later than five years	-	-		-
<b>Total minimum operating lease payments payable</b>	<b>759</b>	<b>816</b>		<b>817</b>

### Council

No contingent rent was recognised during the period relating to copiers.

Council had a contract with Canon NZ for the lease of photocopiers. There are no minimum amounts payable; charges are based on actual volumes of printing. The agreement has a term of four years from the date of signing (5 September 2012) with provision for a one year renewal.

Council's Tuakau office is leased from Young Investors Limited. The agreement has an original term of seven years commencing in 2010 with two right of renewal each for a three year term. The lease provisions require Council to make a lump sum payment if the first renewal is not uplifted; for the purposes of this note it is assumed that renewal will be effected.

Other leases may be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council and the Group do not have the option to purchase any assets at the end of the lease term.

### Strada

Strada leases a photocopier in the normal course of its business with a term of 4 months (2015: 4 months).

## Operating leases as lessor

Council leases community and investment properties and grazing rights under operating leases. The leases have non-cancellable terms ranging from less than one year up to 35 years.

Waikato Quarries Limited and Strada entered into an operating lease relating to the Tauhei Quarry land with a lease term of 30 years with two rights of renewal, each of five years. Because the lease income is dependent on the quarry's revenue, Strada is unable to reliably estimate the income and has therefore not disclosed it in the future aggregate minimum lease payments to be collected.

The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Not later than one year	477	463		488
Later than one year and not later than five years	1,079	1,168		1,245
Later than five years	735	710		710
<b>Total non – cancellable operating leases</b>	<b>2,293</b>	<b>2,341</b>		<b>2,443</b>

Council has recognised no contingent rents during the period (2015: \$nil).

Strada has recognised contingent rents of \$273,215 during the year (2015: \$273,215).

## Note 29 – CONTINGENCIES

### Contingent liabilities

Quantifiable contingent liabilities are as follows:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Guarantee		-		579
Uncalled share capital (WRAL)		1,500		1,500

#### Guarantees

Strada has \$578,807 (2015: \$578,807) bonds guaranteed by the ANZ National Bank Limited. The bonds will be payable if Strada is unable to fulfil its contractual obligations.

#### Capital contributions

During May 2004, the shareholders of Waikato Regional Airport (WRAL) of which Waikato District Council has a 15.63 per cent shareholding, authorised the company issuing further shares totalling \$21.6m to shareholders. The capital restructure is part of the WRAL airport development and allows WRAL to borrow commercially at more favourable interest rates. After the payment of \$1,875,000 in the 2004/15 financial year Council's contingent liability is \$1,500,000 (2015: \$1,500,000).

Subsequent to balance date Council has entered into a sale and purchase agreement with WRAL for the Airport to buy back Council's portion of the uncalled capital.

#### Outstanding insurance claims

There are seven outstanding claims (2015: eight) in varying stages of progress. Council is unable to quantify its contingent liability for all (2015: all) of these claims. The maximum Council liability for six of the claims is \$10,000 including GST (2015: \$1,000 – \$10,000) for each claim which is the excess on the insurance policies. The liability for the remaining claim cannot be reliably quantified.

#### Unquantified claims

As disclosed in Note 23, a provision of \$2,001,000 (2015: \$51,000) has been recognised for weathertightness claims where Council has received notice of the claim. Council is exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims is not able to be reliably

measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services (WHRS) Act 2006, but other statutory limitation periods could also affect claims.

#### Other claims

At balance date no (2015: nil) other claims expose Council to contingent liabilities. Council's maximum financial exposure is \$nil (2015: \$nil).

Strada had two unsettled personal grievance claims at balance date. The maximum exposure from the claims is estimated at \$40,000 with the likely cost (including legal fees) estimated at \$10,000.

Strada are currently in dispute with a creditor over placement fees, the outcome of the dispute is unknown. A judicial settlement conference has been set for November 2015. If settlement is not reached at the conference, a trial will be required in 2016.

#### NZ Local Government Funding Agency Limited (LGFA)

Waikato District Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 41 local authority guarantors and 31 local authority shareholders of LGFA. The aggregate amount of uncalled shareholder capital (\$20m) is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, Council is guarantor of all LGFA's borrowings. At 30 June 2016 LGFA had borrowings totalling \$4.955billion (2015: \$4.955billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However,

Council is unable to determine a sufficiently reliable fair value of the guarantee and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on payments of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Contingent assets

Council is a 35 per cent capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish an appropriate value for the 35 per cent share.

## Note 30 – RELATED PARTY TRANSACTIONS

Waikato District Council has a 100 per cent shareholding in Strada Corporation Limited. Strada has a 50 per cent interest in a joint venture with Perry Aggregates Limited. The joint venture is called Waikato Quarries Limited.

All related party transactions and related payments are on normal commercial terms. There was no impairment of any of these transactions (2015: nil).

The following transactions were carried out between related parties:

	Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Between Council and Strada</b>		
Road construction and urban services provided by Strada		6,572
Rates paid to and refuse disposal by Council		15
Council's accounts payable to Strada		694
Council's accounts receivable from Strada		2
Subvention payment receivable		-
<b>Between Council and Waikato District Community Wellbeing Trust (WBT)</b>		
WBT grant to Council (Allan Turner Walkway))		40
Council's accounts receivable from WBT		162
<b>Between Council and Local Authority Shared Services (LASS)</b>		
Services provided to LASS		4
Charges from LASS		279
Council's accounts payable to LASS		99
Council's accounts receivable from LASS		1
<b>Between Council and Waikato Regional Airport Limited (WRAL)</b>		
Regional Tourism funding payment to WRAL		100
<b>Between Strada and Waikato Quarries Limited (WQL)</b>		
Lease revenue		273
Strada's trade and other receivables from WQL		27
Loan receivable from WQL		2,270
<b>Between Strada and Perry Aggregates Limited</b>		
Metal purchases by Strada		369
Accounts payable by Strada		-

## Key management personnel compensation

Council's key management personnel include the Mayor, Councillors, the Chief Executive and General Managers. The Group enters into various transactions such as rates, water charges and the sale of goods or services with key management personnel in the ordinary course of business and on an arm's length basis. No disclosure has been made for these transactions.

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Remuneration</b>		
Councillors	710	684
Senior management team (including CE)	1,014	1,005
<b>Total key management personnel remuneration</b>	<b>1,724</b>	<b>1,689</b>
	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Full-time equivalent members</b>		
Councillors	14	14
Senior management team (including CE)	4	4
<b>Total full-time equivalent personnel</b>	<b>18</b>	<b>18</b>

Because of the difficulties inherent in estimating the number for full-time equivalent Councillors, the figure used is the number of Councillors.

There are close family members of key management personnel employed by Council and the Group. The terms and conditions of these arrangements are no more favourable than they would have been if there were no relationships to key management personnel.

### Related party transactions requiring disclosure

During the year Strada Corporation Limited purchased \$25,620 (2015: \$25,620) of legal and employment advice from Tompkins Wake in which a Strada director is a partner. There was \$4,501 payable at 30 June 2016 (2015: \$4,501).

Strada Corporation Limited has a director who is also a director of Admark Visual Imaging Limited. \$547 (2015: \$547) expenses in relation to marketing costs included in surplus or deficit relate to transactions with Admark Visual Imaging Limited. There were no amounts payable at 30 June 2016 (2015: \$nil).

A director of Strada is also a partner in Chiefs Limited. No entertainment expenses were paid by Strada to Chiefs Limited (2015: \$nil).

No provision has been required, nor any expense recognised for impairment of receivables or any loans or other receivables to related parties. (2015: \$nil).

## Note 31 – REMUNERATION

### Remuneration of elected members

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Councillors</b>		
<i>Cash benefits</i>		
A Sanson, Mayor	125	121
C Baddeley	48	45
J Church	39	36
R Costar	39	36
D Fulton	57	60
J Gibb	40	39
W Hayes	48	45
S Lynch	47	43
R McGuire	39	36
L Petersen	39	36
J Sedgwick	39	38
N Smith	54	58
M Solomon	39	36
G Tait	40	38
<i>Total cash benefits paid to Councillors</i>	<b>693</b>	667
<i>Non-cash benefits</i>		
A Sanson, Mayoral car	17	17
<i>Total non-cash benefits paid to Councillors</i>	<b>17</b>	17
<b>Total remuneration of Councillors</b>	<b>710</b>	684
<b>Community board and committee members</b>		
<i>Cash benefits</i>		
A Anderson	5	4
J Ayers	5	4
S Boyde	5	4
K Bredenbeck	5	4
B Cameron	5	1
K Clarkson	5	-
K Clelow	3	2
W Diamond	5	4
B Dixon	4	4
R Farrar	5	4
P Forsyth	10	8
R Gee	5	4
D Gilmour	-	2
E Gouk	1	1
F Gower	5	4
W Hansen	1	1

P Hawaorth	1	-
M Holl	2	4
K Kohu	1	1
D Lamb	5	4
H Lovell	1	1
R MacLeod	4	4
N Miller	10	7
B Mounsey	5	4
J Ross	1	1
B Sherson	5	4
S Stewart	10	8
E Thomson	4	1
T Tukere	4	4
A Vink	8	5
B Watson	5	4
J Whetu	5	4
<i>Total cash benefits paid to community board and committee members</i>	<b>140</b>	107
<b>Total remuneration of Councillors and other elected representatives</b>	<b>850</b>	791

### Remuneration of Chief Executive

The Chief Executive of Waikato District Council is appointed under section 42 of the Local Government Act 2002. He received a salary of \$291,298 (2015: \$279,315) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Salary and other short-term employee benefits	291	280
Vehicle	17	17
Defined contribution plan employer contributions (KiwiSaver)	9	8
Expenses allowance	3	2
Other fringe benefits (value of benefit plus FBT)	12	12
<b>Total Chief Executive's remuneration</b>	<b>332</b>	319

## Employee numbers

Number of employees (at 30 June)	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Full-time employees	296	278
Part-time employees (including casual employees)	61	76
<b>Total employees</b> <i>A full-time employee works 40 hours per week</i>	<b>357</b>	<b>354</b>

### Full-time equivalent employees

Full-time employees	296.10	278.05
Part-time employees (in full-time equivalents)	26.52	30.75
<b>Total full-time equivalent employees</b>	<b>322.62</b>	<b>308.8</b>

## Total annual employee remuneration by band

	Council	
	2015/16 Actual \$'000	2014/15 Actual \$'000
\$0 – \$60,000	164	168
\$60,001 – \$80,000	77	90
\$80,001 – \$100,000	59	57
\$100,001 – \$120,000	35	25
\$120,001 – \$140,000	15	7
\$140,001 – \$340,000	7	7
<b>Total employees</b>	<b>357</b>	<b>354</b>

Total remuneration includes non financial benefits provided to employees.

There are fewer than five employees on each of the bands above \$140,001 therefore the numbers for those bands have been combined in a single band of \$140,001 – \$340,000.

## Note 32 – SEVERANCE PAYMENTS

For the year ended 30 June 2016, Council made one (2015: one) severance payment to employees amounting to \$25,080 (2015: \$6,238).

Strada made one (2015: one) severance payment to employees during the year. The payment totalled \$2,000 (2015: \$2,000).

## Note 33 – EVENTS AFTER BALANCE DATE

No events which provide evidence of conditions existing at balance date have occurred between then and the date these financial statements were authorised for issue.

In 2015 Council disclosed the following post balance date event:

On 13 August 2015 Council was served with a leaky home claim and proceedings have been filed in the High Court where Council is one of five defendants. The amount of the claim against Council has not yet been quantified.



## Note 34 – FINANCIAL INSTRUMENTS

### A: Financial instruments categories

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Financial assets</b>				
<i>Loans and receivables</i>				
Cash and cash equivalents	4,010	10,339		11,286
Recoverables and receivables	13,319	21,471		22,101
Community loans	313	348		348
Loans to related parties	-	-		2,270
LGFA borrower notes	960	800		800
<b>Total loans and receivables</b>	<b>18,602</b>	<b>32,958</b>		<b>36,805</b>
<i>Fair value through surplus (deficit)</i>				
Fixed interest investments	-	-		1,656
Equity investments	-	-		1,822
<b>Total fair value through surplus (deficit)</b>	<b>-</b>	<b>-</b>		<b>3,478</b>
<i>Fair value through other comprehensive income</i>				
Unlisted shares in NZ Government Insurance Corporation Limited	58	49		49
<i>Financial assets at cost</i>				
Local Authority Shared Services Limited	220	220		220
Shares in Strada Corporation Limited (subsidiary)	4,500	4,500		-
Waikato Regional Airport Limited	2,639	2,639		2,639
<b>Total financial assets at cost</b>	<b>7,359</b>	<b>7,359</b>		<b>2,859</b>
<b>Financial liabilities</b>				
<i>Fair value through surplus (deficit)</i>				
<b>Derivative financial instruments liabilities</b>	<b>5,561</b>	<b>2,052</b>		<b>2,052</b>
<b>Financial liabilities at amortised cost</b>				
Payables, taxes and transfers	25,348	35,185		35,302
Borrowing - secured loans	60,000	52,950		56,671
<b>Total financial liabilities at amortised cost</b>	<b>85,348</b>	<b>88,135</b>		<b>91,973</b>

### B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1): financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2): financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation technique with significant non observable inputs (level 3): financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Valued at quoted market price (level 1)</b>				
Fixed interest investments	-	-		1,656
Equity investments	-	-		1,822
<b>Total financial instruments valued at quoted market price</b>	-	-		3,478
<b>Valued using observable inputs (level 2)</b>				
Financial liabilities – derivatives	5,561	2,052		2,052
<b>Valued using significant non-observable inputs (level 3)</b>				
Unlisted shares	58	49		49

### Instruments valued using significant non-observable inputs (level 3)

The table below provides a reconciliation between the opening and closing balances for level 3 financial instruments:

	Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at 1 July	49	49
Gains and losses recognised in other comprehensive income	9	-
Other movements	-	-
<b>Balance at 30 June</b>	<b>58</b>	<b>49</b>

There were no transfers between the different levels of the fair value hierarchy.

## C: FINANCIAL INSTRUMENTS RISKS

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established and approved a Treasury Risk Management Policy which includes a Liability Management Policy and an Investment Policy. These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk

#### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices. Council has no exposure to price risk because it does not hold any listed securities. Equity securities price risk arises on listed equity investments which are held by the Waikato District Community Wellbeing Trust (WBT)

and are classified as financial assets held at fair value through surplus or deficit. The price risk arises due to market movements in listed share prices. Gareth Morgan Investments Limited (GMI) which manages the investment portfolio on behalf of the trustees, manages price risk via diversification and liquidity of investments.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it has minimum foreign currency transactions. WBT holds investments in foreign currencies and is exposed to currency risk. GMI, on behalf of the trustees, enters into forward currency contracts on all fixed interest investments. The default currency exposure for equity investments is 50 per cent.

### **Fair value interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market in interest rates.

Borrowings and investments issued at fixed rates of interest expose Council to interest rate risk. Council's Treasury Risk Management Policy sets a range of control limits for the fixed rate proportion of borrowings with different maturities. The range is from a maximum of 100 per cent for debt maturing in the current period through to 55 per cent for debt maturing in ten years.

GMI actively manages the average maturity date of WBT's fixed interest investments in response to changes in GMI's interest rate view.

### **Cash flow interest rate risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. GMI actively manages the average maturity date of WBT's fixed interest investments in response to changes in GMI's interest rate view.

Generally, Council raises long term borrowing at floating rates and swaps them into fixed rates using interest rate swaps to manage the cash flow interest rate risk. Council enters into interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the

interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

A high proportion of Strada's debt is variable debt, which exposes Strada to potential interest rate fluctuation risks. Strada's directors regularly monitor interest rate trends and will fix debt interest rates when appropriate in order to minimise risks.

### **Credit risk**

Credit risk is the risk that a third party will default on its obligation to Council and the Group, causing it to incur a loss.

Council's Treasury Risk Management Policy clearly specifies approved institutions, minimum credit ratings and investment limits. WBT is consolidated into Council's group financial statements and also includes cash and fixed interest securities that are a credit risk. GMI, on behalf of the trustees of WBT invests only in fixed interest investments in liquid securities, which means there is a secondary market available where these assets are readily traded. In addition, GMI invest primarily in investment-grade instruments and has established counterparty limits for fixed interest investments depending on their credit rating.

Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in Note 29.

Council and the Group have no other collateral or credit enhancements for financial instruments that give rise to credit risk.

### **Maximum exposure to credit risk**

Council's maximum credit risk exposure for each class of financial instrument is as follows:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Cash and cash equivalents	4,010	10,339		11,286
Recoverables and receivables	13,319	21,471		22,101
Community loans	313	348		348
Loans to related parties	-	-		2,270
Fixed interest investments	-	-		1,656
Equity investments	-	-		1,822
LGFA borrower notes	960	800		800
Derivative financial instruments assets	-	-		-
<b>Total credit risk</b>	<b>18,602</b>	<b>32,958</b>		<b>40,283</b>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Counterparties with credit ratings</b>				
<i>Cash and cash equivalents</i>				
AA-	4,010	10,339		11,286
<i>Fixed interest investments</i>				
AAA	-	-		380
AA+	-	-		42
AA	-	-		54
AA-	-	-		419
A+	-	-		168
A	-	-		120
A-	-	-		111
BBB+	-	-		136
BBB	-	-		44
BBB-	-	-		49
<i>Borrower notes</i>				
AA+	960	800		800
<b>Counterparties without credit ratings</b>				
<i>Community and related party loans</i>				
Community loans with no defaults in the past	313	348		348
Loans to related parties with no default in the past	-	-		2,270
Unrated equity investments	7,359	7,359		4,681
Fixed interest investments with no default in the past	-	-		133
<b>Total credit risk</b>	<b>12,642</b>	<b>18,846</b>		<b>21,041</b>

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of

committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity risks including borrowings in accordance with its Treasury Risk Management Policy, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a \$500,000 overdraft facility (2015: \$500,000) and a committed cash advance facility of \$15,000,000 (2015: \$15,000,000), of which \$15,000,000 (2015 \$12,050,000) is available to be drawn. Council's committed cash advance facility expires July 2018.

Council utilises funding through the Local Government Funding Agency Limited (LGFA). As at 30 June 2016 Council had borrowed \$60,000,000 (2015:

\$50,000,000) and held borrower notes with a face value of \$960,000 (2015: \$800,000).

Council is also exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is contained in Note 29.

### Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council and the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Carrying amount</b>				
Payables, taxes and transfers	25,348	35,185		35,302
Secured loans	60,000	52,950		56,671
<b>Total carrying amount</b>	<b>85,348</b>	<b>88,135</b>		<b>91,973</b>
<b>Contractual cash flows</b>				
Payables, taxes and transfers	25,348	35,185		35,302
Secured loans	69,589	64,818		68,648
<b>Total contractual cash flows</b>	<b>94,937</b>	<b>100,003</b>		<b>103,950</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2016</b>				
Payables, taxes and transfers	25,348	-	-	-
Secured loans	1,897	1,897	38,392	27,403
<b>Total</b>	<b>27,245</b>	<b>1,897</b>	<b>38,392</b>	<b>27,403</b>
<b>Council 2015</b>				
Payables, taxes and transfers	35,185	-	-	-
Secured loans	5,083	2,124	33,721	23,890
<b>Total</b>	<b>40,268</b>	<b>2,124</b>	<b>33,721</b>	<b>23,890</b>
<b>Group 2016</b>				
Payables, taxes and transfers				
Secured loans				
<b>Total</b>				
<b>Group 2015</b>				
Payables, taxes and transfers	35,302	-	-	-
Secured loans	8,913	2,124	33,721	23,890
<b>Total</b>	<b>44,215</b>	<b>2,124</b>	<b>33,721</b>	<b>23,890</b>

### Contractual maturity analysis of derivative financial instruments

The table below analyses Council and the Group's derivative financial instruments into those that will be settled on a net basis and those that will be settled on a gross basis in relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Net settled derivative liabilities</b>				
Carrying amount	5,561	2,052		2,052
Contractual cash flows	10,624	8,354		8,354
	<b>Less than 1 yr \$'000</b>	<b>1-2 yrs \$'000</b>	<b>2-5 yrs \$'000</b>	<b>More than 5 yrs \$'000</b>
<b>Net settled derivative liabilities</b>				
2015/16	1,365	1,446	4,038	3,775
2014/15	774	1,233	2,977	3,370

### Contractual maturity analysis of financial assets

The table below analyses Council and the Group's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Council		Group	
	2015/16 Actual \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
<b>Carrying amount</b>				
Cash and cash equivalents	4,010	10,339		11,286
Recoverables and receivables	13,319	21,471		22,101
<i>Other financial assets</i>				
- community loans	313	348		348
- loans to related parties	-	-		2,270
- LGFA borrower notes	960	800		800
<b>Total carrying amount</b>	<b>18,602</b>	<b>32,958</b>		<b>36,805</b>
<b>Contractual cash flows</b>				
Cash and cash equivalents	4,010	10,339		11,286
Recoverables and receivables	13,319	21,471		22,101
<i>Other financial assets</i>				
- community loans	377	429		429
- loans to related parties	-	-		2,270
- LGFA borrower notes	1,067	970		970
<b>Total contractual cash flows</b>	<b>18,773</b>	<b>33,209</b>		<b>37,056</b>

The following table summarises the pattern of contractual cash flows:

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Council 2016</b>				
Cash and cash equivalents	4,010	-	-	-
Recoverables and receivables	13,319	-	-	-
<i>Other financial assets</i>				
- community loans	78	146	153	-
- loans to related parties	-	-	-	-
- LGFA borrower notes	27	342	433	265
<b>Total</b>	<b>17,434</b>	<b>488</b>	<b>586</b>	<b>265</b>
<b>Council 2015</b>				
Cash and cash equivalents	10,339	-	-	-
Recoverables and receivables	21,471	-	-	-
<i>Other financial assets</i>				
- community loans	89	71	183	86
- loans to related parties	-	-	-	-
- LGFA borrower notes	-	-	532	438
<b>Total</b>	<b>31,899</b>	<b>71</b>	<b>715</b>	<b>524</b>

	Less than 1 yr \$'000	1-2 yrs \$'000	2-5 yrs \$'000	More than 5 yrs \$'000
<b>Group 2016</b>				
Cash and cash equivalents				
Recoverables and receivables				
<i>Other financial assets</i>				
- community loans	78	146	153	-
- loans to related parties				
- LGFA borrower notes	27	342	433	265
<b>Total</b>				
<b>Group 2015</b>				
Cash and cash equivalents	11,286	-	-	-
Recoverables and receivables	22,101	-	-	-
<i>Other financial assets</i>				
- community loans	89	71	183	86
- loans to related parties	-	-	-	2,270
- LGFA borrower notes	-	-	532	438
<b>Total</b>	<b>33,476</b>	<b>71</b>	<b>715</b>	<b>2,794</b>

## Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council and the Group's financial instrument exposures at the balance date.

### Interest rate risk

	2015/16		2014/15	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Council</b>				
<i>Financial assets</i>				
Cash and cash equivalents	(40)	40	(103)	103
<i>Financial liabilities</i>				
Derivatives	(2,628)	2,456	(1,923)	1,798
Borrowing – term loans	-	-	-	-
<b>Group</b>				
<i>Financial assets</i>				
Cash and cash equivalents			(113)	113
<i>Financial liabilities</i>				
Derivatives	(2,628)	2,456	(6,029)	1,798
Borrowing – term loans			-	-

### Foreign exchange risk

	2015/16		2014/15	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Group</b>				
<i>Financial assets</i>				
Cash and cash equivalents	16	(16)	27	(27)
<i>Equity price risk</i>				

### Equity price risk

	2015/16		2014/15	
	Actual -100bps \$'000	Actual +100pbs \$'000	Actual -100bps \$'000	Actual +100bps \$'000
<b>Group</b>				
<i>Financial assets</i>				
Cash and cash equivalents	12	(12)	18	(18)

### Explanations of sensitivity analysis

The interest rate, foreign exchange and equity price sensitivities are based on reasonably possible movements in interest rates, exchange rates and equity market valuations; with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100bps is equivalent to a decrease in interest rates of 1 per cent.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates of 100bps/+100bps (2015 100bps/+100bps).



## Note 35 – CAPITAL MANAGEMENT

Council's capital is its equity (or ratepayers' funds) which include accumulated funds and other reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner which promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of asset detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act

also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financing policies in Council's LTP.

Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserve.

Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can be approved only by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## Note 36 – EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

The major variance explanations are set out below and explain the significant differences between actual results for 2015/16 compared to the budget for 2015/16.

Rates revenue was lower than budgeted, specifically in relation to water-by-meter charging. This variance relates to a difference in the level of assumed water-by-meter consumption and actual consumption. Total actual revenue exceeded budgeted revenue mainly due to the vestment of assets, contributions and subsidy revenue.

Other revenue encompasses Council's fees and charges including infringements, consent applications, dog registrations, service connections and other regulatory function revenue. This category also covers cost sharing arrangements for capital work programmes and vested assets. Vested asset revenue relates to infrastructure that is transferred to council to maintain upon completion of development works.

Vested asset revenue is not budgeted and accounts for the majority of this variance (\$19.8 million). The other major variance relates to the work that has been ongoing in terms of condition assessment of our assets under the ground. This process has enabled council to capture assets that had not previously been identified, and are known as found assets. These are also unbudgeted and explain another \$5.4 million of the variance.

Contribution revenue was significantly higher than budgeted due to staging of development and related timing of uplift of consents. During the 2015/16 year residential and industrial development in the district contributed \$1.4 million more in contribution income than budgeted levels. A large proportion of this income relates to consent applications lodged prior to July 2015 (approximately 92 per cent of consents uplifted).

Subsidies and grant income is sourced mainly from the New Zealand Transport Agency in relation to the

roading work programmes. Subsidy is approved on a three yearly programme basis where timing variances between years are redistributed or adjusted by the agency for subsequent years. This year's subsidy was \$389,000 above budget. During 2015/16 council received Ministry of Health subsidy that had been budgeted for in 2014/15, this transaction alone provided additional revenue of \$1.3 million.

Asset write-offs were not budgeted for and arise as assets are disposed because they have reached the end of their useful lives, been replaced or transferred. Asset write-offs account for the majority of the variance against budget for operating expenses (\$7.5 million). Development timing in Pokeno also led to an increase in both interest income and interest cost during the year (\$4.8 million of additional cost). Roothing maintenance works exceeded expected spend by \$1.4 million and an unbudgeted provision

for weather tight building claims accounted for another \$562,000 of the overall variance.

The gain on property, plant and equipment revaluations was significantly lower than expected mainly due to differences in predictive cost indices compared to actual cost escalations. In the case of roading and bridges the index was negative reducing the asset value by 1 per cent compared to the previous year whereas it was budgeted to be an increase.

At balance date, cash and cash equivalents on hand were higher than budgeted due to the timing of the final rates and water-by-meter instalments and normal working capital fluctuations. Debtors (accounts receivable) balances were lower than expected reflected in the high cash on hand balances compared to budget. Borrowings saw actual loans \$4 million lower than anticipated because funds on hand from the prior year were used to reduce the amount borrowed.

## Note 37 – INSURANCE OF ASSETS

The total value of all assets of Council that are covered by insurance contracts as at 30 June 2016 is \$529,566,063 (2015: \$485,083,365)

and the maximum amount to which they are insured is \$189,263,759 (2015: \$190,405,792).

Insurance class	Total declared value	Policy limit
Infrastructure	\$312,606,887	\$6,000,000 per loss (primary layer contracts provide for recovery of 100% of the costs of loss or damage to declared assets)
		\$35,000,000 per loss (for anything that falls outside the primary layer cover, these insurance contracts provide for the recovery of 40% of the cost of loss or damage to declared assets)
Material Damage	\$212,695,417	\$150,000,000 (each and every loss and in the annual aggregate)
		\$125,000,000 (each and every loss and in the annual aggregate for Fire losses)
Motor Vehicle	\$3,848,829	\$3,848,829
Other	\$414,930	\$414,930
<b>Total</b>	<b>\$529,566,063</b>	<b>\$189,263,759</b>

In addition to the insurance contracts noted above, the council maintains a disaster recovery reserve to meet the costs of damage that may not be recoverable through insurance. At 30 June 2016 the balance of this reserve was \$1,306,928 (2015: \$1,391,548).

## Note 38 – ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

Council and the Group have adjusted their comparative year financial statements for the year ended 30 June 2015 due to reclassification adjustments and a change in reporting regulations. The adjustments are shown in the table opposite.

2014/15					
Council	Note	Before adjustments \$'000	Reclassification adjustments \$'000	LG Regulation adjustments \$'000	After adjustments \$'000
<b>Statement of comprehensive revenue and expense</b>					
<b>Revenue</b>					
Rates	a	63,212	3,894	-	67,106
Subsidies and grants	b	19,438	-	(442)	18,996
Other revenue	a,b	45,630	(3,894)	(41,736)	-
Other revenue and gains	c	-	-	42,178	42,178
<b>Total revenue</b>		<b>142,881</b>			<b>142,881</b>
<b>Expenses</b>					
Other expenses	c	49,857	-	(49,857)	-
Other expenses and losses		-	-	52,429	52,429
<b>Total operating expenses</b>		<b>97,862</b>			<b>100,434</b>
Operating surplus before tax and share of equity accounted investments		45,019			42,447
Net other gains and losses		2,572	-	(2,572)	-

2014/15					
Group	Note	Before adjustments \$'000	Reclassification adjustments \$'000	LG Regulation adjustments \$'000	After adjustments \$'000
<b>Statement of comprehensive revenue and expense</b>					
<b>Revenue</b>					
Rates	a	63,212	3,894	-	67,106
Subsidies and grants	b	19,398	-	(442)	18,956
Other revenue	a,b	50,900	(3,894)	(47,006)	-
Other revenue and gains	c	-	-	48,044	48,044
<b>Total revenue</b>		<b>148,210</b>			<b>148,806</b>
<b>Expenses</b>					
Other expenses	c	52,048	-	(52,048)	-
Other expenses and losses		-	-	54,260	54,260
<b>Total operating expenses</b>		<b>103,956</b>			<b>100,434</b>
Operating surplus before tax and share of equity accounted investments		44,254			42,278
Net other gains and losses		(1,976)	-	1,976	-

### Adjustments on change in Local Government (Financial Reporting and Prudence) Regulations 2014

- A. The regulations now require revenue from the provision of metered water supply to be classified as revenue from a targeted rate. This revenue was previously included in the Fees and charges – Council section of *Other revenue*.

### Reclassification adjustments

- B. Petrol tax income was incorrectly classified as a subsidy; it is now included in *Other revenue*.
- C. The categories of *Other gains* and *Other losses* have now been included in Revenue and Expense.

# OTHER LEGISLATIVE DISCLOSURES

## Funding impact statement

### Whole of Council

	2014/15 Annual plan \$'000	2014/15 Annual report \$'000	2015/16 Annual plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	48,031	48,312	49,798	50,300
Targeted rates	14,188	14,292	21,191	18,889
Subsidies and grants for operating purposes	6,971	7,543	8,412	7,886
Fees and charges	12,665	12,018	7,254	7,595
Interest and dividends from investments	356	187	400	899
Local authorities fuel taxes, infringement fees and other receipts	3,424	4,804	5,599	8,663
<b>Total operating funding</b>	<b>85,635</b>	<b>87,156</b>	<b>92,654</b>	<b>94,232</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	63,863	66,321	68,846	71,372
Finance costs	3,411	2,592	3,008	4,149
Other operating funding applications	2,211	2,229	2,162	2,741
<b>Total applications of operating funding</b>	<b>69,485</b>	<b>71,142</b>	<b>74,016</b>	<b>78,262</b>
<b>Surplus (deficit) of operating funding</b>	<b>16,150</b>	<b>16,014</b>	<b>18,638</b>	<b>15,970</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	10,595	11,454	9,577	11,995
Development and financial contributions	7,749	14,403	8,015	9,454
Increase (decrease) in debt	38,500	15,491	18,129	7,050
Gross proceeds from the sale of assets	107	425	218	1,008
Lump sum contributions	742	1,005	-	-
Other dedicated capital funding	147	176	1,588	362
<b>Total sources of capital funding</b>	<b>57,840</b>	<b>42,954</b>	<b>37,527</b>	<b>29,869</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	4,108	12,686	11,200	13,073
- to improve the level of service	5,846	13,631	11,649	11,230
- to replace existing assets	27,035	28,931	25,623	25,639
Increase (decrease) in reserves	37,001	(5,806)	7,464	2,105
Increase (decrease) in investments	-	9,526	229	(6,208)
<b>Total applications of capital funding</b>	<b>73,990</b>	<b>58,968</b>	<b>56,165</b>	<b>45,839</b>
<b>Surplus (deficit) of capital funding</b>	<b>(16,150)</b>	<b>(16,014)</b>	<b>(18,638)</b>	<b>(15,970)</b>
<b>Funding balance for Whole of Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Water supply

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	141	171	306
Targeted rates	3,084	9,450	6,856
Subsidies and grants for operating purposes	-	-	269
Fees and charges	5,298	39	66
Internal charges and overheads recovered	302	177	290
Local authorities fuel taxes, infringement fees and other receipts	48	-	34
<b>Total operating funding</b>	<b>8,873</b>	<b>9,837</b>	<b>7,821</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,492	3,502	3,435
Finance costs	-	-	-
Internal charges and overheads applied	3,387	3,057	559
Other operating funding applications	43	38	230
<b>Total applications of operating funding</b>	<b>6,922</b>	<b>6,597</b>	<b>4,224</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,951</b>	<b>3,240</b>	<b>3,597</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,007
Development and financial contributions	1,800	1,795	1,483
Increase (decrease) in debt	2,949	5,512	4,755
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	88	197
<b>Total sources of capital funding</b>	<b>4,749</b>	<b>7,395</b>	<b>7,442</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,183	4,053	3,189
- to improve the level of service	2,815	4,481	4,280
- to replace existing assets	4,192	1,814	1,749
Increase (decrease) in reserves	(3,490)	287	1,821
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>6,700</b>	<b>10,635</b>	<b>11,039</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,951)</b>	<b>(3,240)</b>	<b>(3,597)</b>
<b>Funding balance for Water supply</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Wastewater

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	131	200	375
Targeted rates	5,429	5,866	6,099
Subsidies and grants for operating purposes	-	-	-
Fees and charges	855	1,524	831
Internal charges and overheads recovered	115	520	169
Local authorities fuel taxes, infringement fees and other receipts	29	261	-
<b>Total operating funding</b>	<b>6,559</b>	<b>7,903</b>	<b>7,474</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,413	2,585	3,177
Finance costs	-	-	-
Internal charges and overheads applied	3,501	3,608	1,431
Other operating funding applications	58	102	300
<b>Total applications of operating funding</b>	<b>5,972</b>	<b>6,295</b>	<b>4,908</b>
<b>Surplus (deficit) of operating funding</b>	<b>587</b>	<b>1,608</b>	<b>2,566</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,699	1,796	1,778
Increase (decrease) in debt	205	184	569
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	693	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>2,597</b>	<b>1,980</b>	<b>2,347</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	870	196	383
- to improve the level of service	320	184	1,465
- to replace existing assets	1,353	2,415	1,051
Increase (decrease) in reserves	641	793	2,014
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>3,184</b>	<b>3,588</b>	<b>4,913</b>
<b>Surplus (deficit) of capital funding</b>	<b>( 587)</b>	<b>(1,608)</b>	<b>(2,566)</b>
<b>Funding balance for Wastewater</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Stormwater

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	70	61	61
Targeted rates	1,570	1,610	1,620
Subsidies and grants for operating purposes	-	-	-
Fees and charges	165	-	-
Internal charges and overheads recovered	-	223	311
Local authorities fuel taxes, infringement fees and other receipts	-	-	-
<b>Total operating funding</b>	<b>1,805</b>	<b>1,894</b>	<b>1,992</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	674	489	656
Finance costs	-	-	-
Internal charges and overheads applied	1,057	537	144
Other operating funding applications	-	4	15
<b>Total applications of operating funding</b>	<b>1,731</b>	<b>1,030</b>	<b>815</b>
<b>Surplus (deficit) of operating funding</b>	<b>74</b>	<b>864</b>	<b>1,177</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	902	-	-
Development and financial contributions	-	932	1,059
Increase (decrease) in debt	1,019	236	413
Gross proceeds from the sale of assets	159	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>2,080</b>	<b>1,168</b>	<b>1,472</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	512	768	719
- to improve the level of service	1,227	236	532
- to replace existing assets	157	70	251
Increase (decrease) in reserves	258	958	1,147
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>2,154</b>	<b>2,032</b>	<b>2,649</b>
<b>Surplus (deficit) of capital funding</b>	<b>(74)</b>	<b>(864)</b>	<b>(1,177)</b>
<b>Funding balance for Stormwater</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Roading

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	19,955	18,927	19,000
Targeted rates	-	-	-
Subsidies and grants for operating purposes	7,533	8,412	7,532
Fees and charges	-	145	175
Internal charges and overheads recovered	4,631	4,384	1,476
Local authorities fuel taxes, infringement fees and other receipts	-	425	2,336
<b>Total operating funding</b>	<b>32,119</b>	<b>32,293</b>	<b>30,519</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	10,244	17,945	17,437
Finance costs	-	-	-
Internal charges and overheads applied	5,460	5,939	4,189
Other operating funding applications	7,379	-	2
<b>Total applications of operating funding</b>	<b>23,083</b>	<b>23,884</b>	<b>21,628</b>
<b>Surplus (deficit) of operating funding</b>	<b>9,036</b>	<b>8,409</b>	<b>8,891</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	9,371	9,577	9,805
Development and financial contributions	1,560	1,673	3,438
Increase (decrease) in debt	482	2,270	359
Gross proceeds from the sale of assets	-	-	56
Lump sum contributions	-	-	-
Other dedicated capital funding	-	1,500	110
<b>Total sources of capital funding</b>	<b>11,413</b>	<b>15,020</b>	<b>13,768</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,360	4,290	4,578
- to improve the level of service	477	4,186	510
- to replace existing assets	18,065	17,070	17,559
Increase (decrease) in reserves	(1,453)	(2,117)	12
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>20,449</b>	<b>23,429</b>	<b>22,659</b>
<b>Surplus (deficit) of capital funding</b>	<b>(9,036)</b>	<b>(8,409)</b>	<b>(8,891)</b>
<b>Funding balance for Roothing</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Funding impact statement

### Sustainable environment

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	6,275	6,688	6,715
Targeted rates	3,072	3,482	3,526
Subsidies and grants for operating purposes	-	-	10
Fees and charges	5,551	3,989	5,143
Internal charges and overheads recovered	1,706	658	939
Local authorities fuel taxes, infringement fees and other receipts	648	2,857	3,457
<b>Total operating funding</b>	<b>17,252</b>	<b>17,674</b>	<b>19,790</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	13,333	12,443	13,910
Finance costs	-	-	-
Internal charges and overheads applied	4,844	5,316	4,740
Other operating funding applications	-	9	70
<b>Total applications of operating funding</b>	<b>18,177</b>	<b>17,768</b>	<b>18,720</b>
<b>Surplus (deficit) of operating funding</b>	<b>(925)</b>	<b>(94)</b>	<b>1,070</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	18	50	-
- to replace existing assets	18	20	134
Increase (decrease) in reserves	(961)	(164)	936
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>(925)</b>	<b>(94)</b>	<b>1,070</b>
<b>Surplus (deficit) of capital funding</b>	<b>925</b>	<b>94</b>	<b>(1,070)</b>
<b>Funding balance for Sustainable environment</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Sustainable communities

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	15,928	17,487	17,554
Targeted rates	536	595	603
Subsidies and grants for operating purposes	22	-	75
Fees and charges	1,502	1,546	1,379
Internal charges and overheads recovered	588	321	265
Local authorities fuel taxes, infringement fees and other receipts	1,340	1,396	1,803
<b>Total operating funding</b>	<b>19,916</b>	<b>21,345</b>	<b>21,679</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,764	13,231	12,913
Finance costs	-	-	-
Internal charges and overheads applied	4,693	5,301	5,279
Other operating funding applications	539	514	503
<b>Total applications of operating funding</b>	<b>16,996</b>	<b>19,046</b>	<b>18,695</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,920</b>	<b>2,299</b>	<b>2,984</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,183
Development and financial contributions	1,735	1,819	1,696
Increase (decrease) in debt	175	1,798	2,470
Gross proceeds from the sale of assets	-	-	738
Lump sum contributions	147	-	-
Other dedicated capital funding	-	-	55
<b>Total sources of capital funding</b>	<b>2,057</b>	<b>3,617</b>	<b>6,142</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	510	1,893	4,204
- to improve the level of service	684	1,480	3,991
- to replace existing assets	1,290	2,108	3,147
Increase (decrease) in reserves	2,493	435	(2,216)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>4,977</b>	<b>5,916</b>	<b>9,126</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,920)</b>	<b>(2,299)</b>	<b>(2,984)</b>
<b>Funding balance for Sustainable communities</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Governance

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	5,942	6,229	6,254
Targeted rates	193	188	185
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	1
Internal charges and overheads recovered	1,326	1,046	1,053
Local authorities fuel taxes, infringement fees and other receipts	42	15	47
<b>Total operating funding</b>	<b>7,503</b>	<b>7,478</b>	<b>7,540</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,161	2,427	2,422
Finance costs	-	-	-
Internal charges and overheads applied	4,799	4,375	4,356
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>6,960</b>	<b>6,802</b>	<b>6,778</b>
<b>Surplus (deficit) of operating funding</b>	<b>543</b>	<b>676</b>	<b>762</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	88
- to replace existing assets	-	-	-
Increase (decrease) in reserves	543	676	674
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>543</b>	<b>676</b>	<b>762</b>
<b>Surplus (deficit) of capital funding</b>	<b>(543)</b>	<b>(676)</b>	<b>(762)</b>
<b>Funding balance for Governance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Organisational support

	2014/15 Long term plan \$'000	2015/16 Long term plan \$'000	2015/16 Actual \$'000
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	(1,049)	35	35
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	10	11	-
Internal charges and overheads recovered	27,798	30,871	24,242
Local authorities fuel taxes, infringement fees and other receipts	1,409	1,045	1,885
<b>Total operating funding</b>	<b>28,168</b>	<b>31,962</b>	<b>26,162</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	14,094	18,767	18,135
Finance costs	5,234	3,008	4,149
Internal charges and overheads applied	5,726	7,056	7,334
Other operating funding applications	1,287	1,495	1,621
<b>Total applications of operating funding</b>	<b>26,341</b>	<b>30,326</b>	<b>31,239</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,827</b>	<b>1,636</b>	<b>(5,077)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	18,252	8,129	(1,516)
Gross proceeds from the sale of assets	77	218	214
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>18,329</b>	<b>8,347</b>	<b>(1,302)</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	513	1,032	364
- to replace existing assets	1,166	2,126	1,748
Increase (decrease) in reserves	18,477	6,596	(2,283)
Increase (decrease) in investments	-	229	(6,208)
<b>Total applications of capital funding</b>	<b>20,156</b>	<b>9,983</b>	<b>(6,379)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,827)</b>	<b>(1,636)</b>	<b>5,077</b>
<b>Funding balance for Organisational support</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Explanation of major variances against budget for funding impact statements

The whole of Council funding impact statement reports cash or soon to be cash items (such as income or expenses in receivables or payables) and does not consider non-cash funded items such as asset write-offs or assets vested in Council. The report analyses separately the surplus or deficit for operating funding and capital funding.

This year the overall operating funding surplus was \$15.9m. Operating sources of funding was above budget by \$1.5m but expenses increased by \$4.2m. The net result was below budget by \$2.7m and came about because water consumption was below budgeted estimates while a lesser portion of internal costs were capital project related compared to budget. There was also greater than budgeted finance costs due to timing differences with the Pokeno development plan.

Capital expenditure was above budget in the growth category for the sustainable communities activity. This was due to parks and reserves works at Pokeno. Projects for increased level of service were close to budget overall however the wastewater activity had extra works completed due to carry forward budgets used for pump station upgrades. Sustainable communities was also above budget due to the use of carry forward budgets from prior years. Roading was less than budget for this category mainly because of delay for the Mangawara Stream crossing at Taupiri. This work is still planned to happen and the budget has been carried forward.

Capital income saw additional unbudgeted subsidy received in relation to the Te Awa cycleway. There was also an unbudgeted Ministry of Health subsidy received towards the Te Ohaaki water supply project and an unbudgeted grant from the Waikato

River Authority towards works undertaken at Lake Rotokauri. Contribution income received was more than budget due to financial contribution income received (that was not budgeted) while development contribution income was above that budgeted. These increases reflect more general development activity within the district. However dedicated capital funding was less than budget due to the delay in the Mangawara stream crossing project at Taupiri.

Whilst external borrowings increased by \$7m during the year, this was \$11m less than budgeted and came about because funds invested at the start of the year were utilised instead of borrowing and less was added to reserves compared to budget.

In the organisational support activity, operating funding from overheads recovered was reduced by \$6.6m due to changes in process compared to budget. The water business unit was simplified by using funding rules direct to reserves rather than using a recharge process like was budgeted. There was also a difference from the road change using the alliance structure which meant some amounts were no longer recharged using internal recoveries. The impact on organisation support is reflected in the variance between actual and budget for water supply, wastewater and storm water in the internal charges and overheads applied.

The organisation support activity includes the treasury function for Council. Therefore this activity includes external finance costs for all of council together with a decrease in budgeted debt and decrease in investments. There are increases in debt from the other activities and together all activities reflect the whole of council movement for the year.

## Annual report disclosure statement

For the year ended 30 June 2016

### What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence)

Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

### Rates affordability benchmark

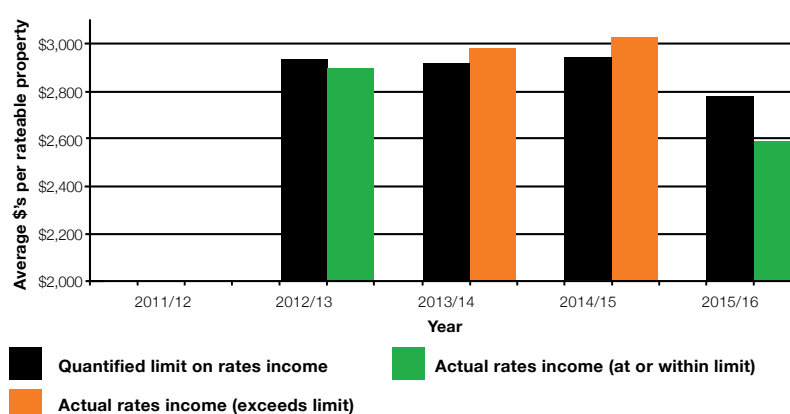
Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

This graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's long-term plan.

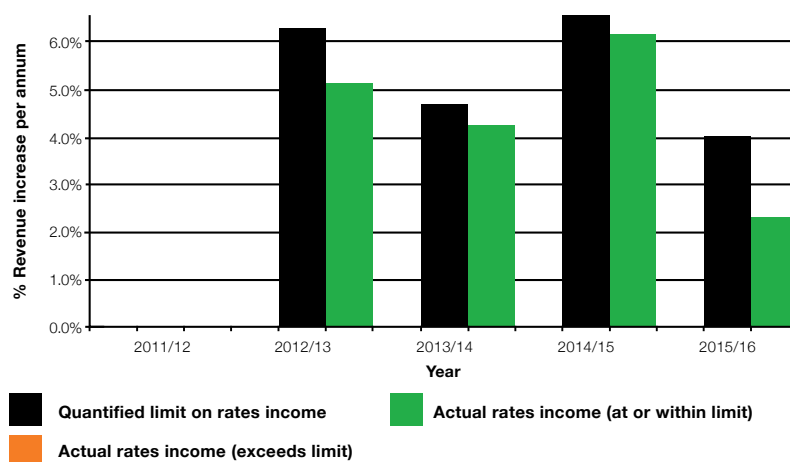
The quantified limit for the current year is an average total rate per rateable property of \$2,777.



### Rates (increases) affordability

This graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's long-term plan.

The quantified limit on increases is 4 per cent of the previous year's rates per rateable property.



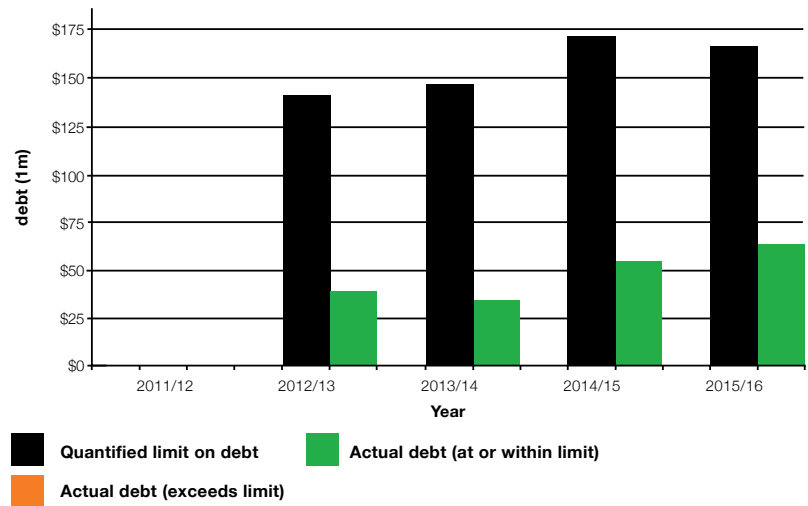
### Debt affordability benchmarks

Council meets the debt affordability benchmarks if its actual borrowing is within each quantified limit on borrowing.

#### Debt limit 1

This graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long-term plan.

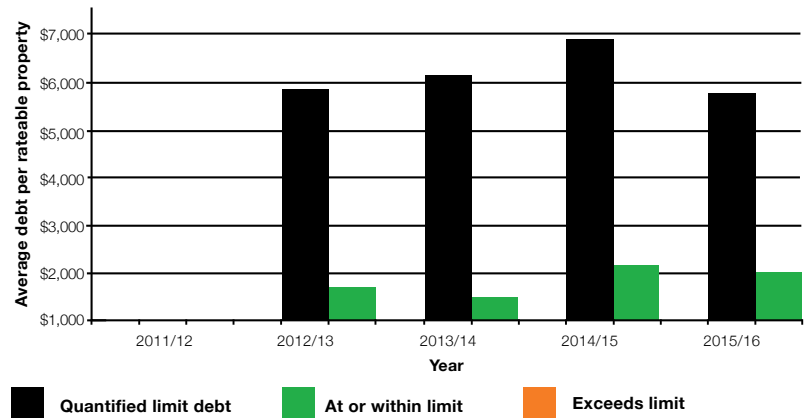
The quantified limit on net debt is \$168 million.



#### Debt limit 2

This graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long-term plan.

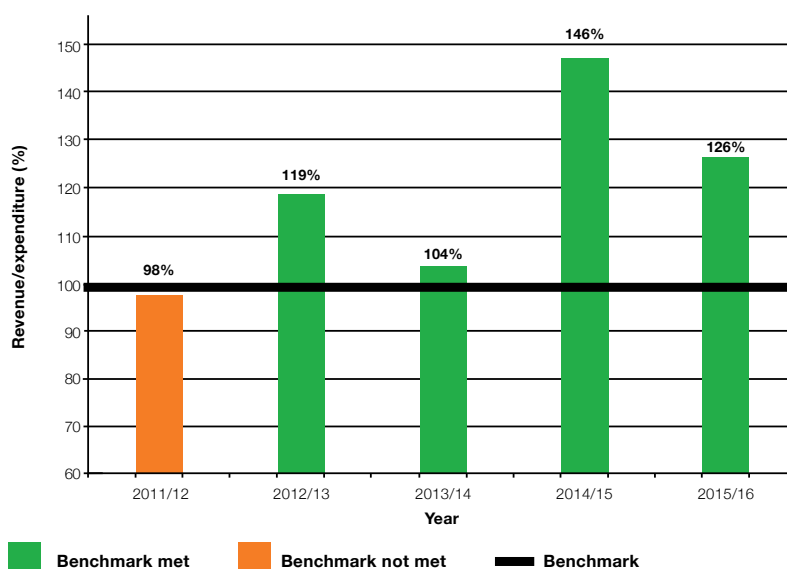
The quantified limit on net debt per rateable property is \$5,788.



### Balanced budget benchmark

This graph displays Council's revenue (excluding development contributions; financial contributions; vested assets; gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

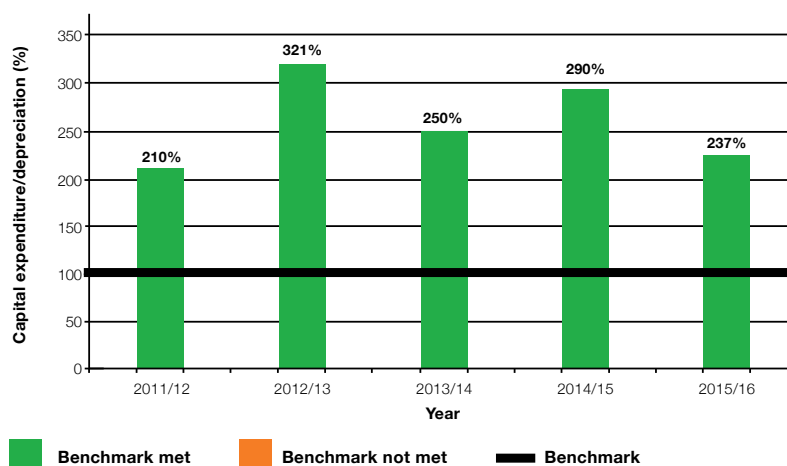
Council meets this benchmark if its revenue is equal to or greater than its operating expenses.



### Essential services benchmark

This graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

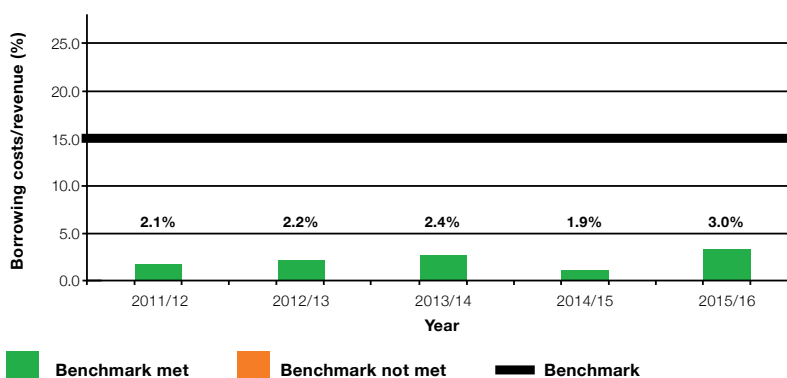
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15 per cent of its planned revenue.

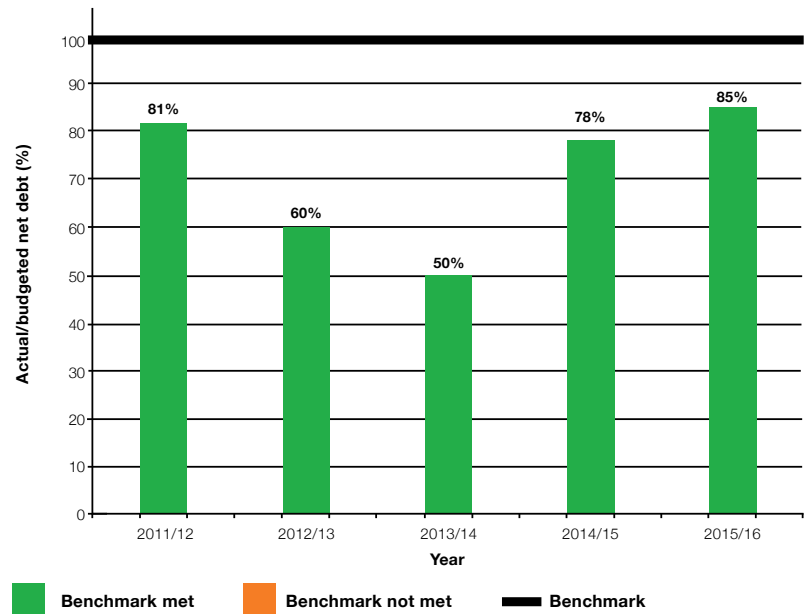




### Debt control benchmark

This graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

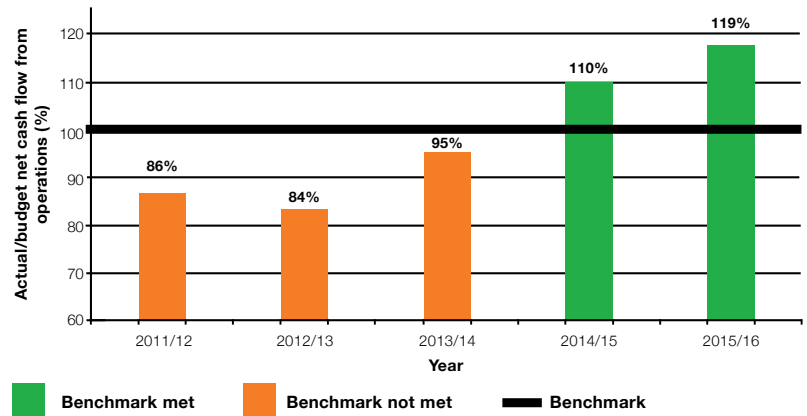
Council meets the debt control benchmark if its actual net debt equals or is less than planned net debt.



### Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.







**Ngaruawahia office (Head Office)**

15 Galileo Street, Ngaruawahia 3720  
Private Bag 544, Ngaruawahia

**Opening hours**

Monday to Thursday 8am – 5pm, Friday 9am – 5pm

**Email** [info@waidc.govt.nz](mailto:info@waidc.govt.nz) | **Free phone** 0800 492 452

# ANNUAL REPORT SUMMARY

Waikato District Council

October 2016



2 | Building communities



2 | Caring for our environment



3 | \$1.2m for local groups



4 | Learning to be 'dogsmart'

## ECONOMIC DEVELOPMENT BRINGS JOBS



Employment opportunities in the district are rising as we implement our district's Economic Development Plan to encourage business growth.

Latest figures (to March 2015) show an annual employment growth of 3.1 per cent (NZ 2.4 per cent) and a 2.2 per cent growth in the number of businesses in the district (NZ 1.8 per cent).

Major developments during 2015/16 included the opening of Yashili NZ's \$220m infant formula plant in November bringing 85 new jobs to Pokeno, and the Ports of Auckland decision in February to purchase 33 ha of land for an inland freight hub at Northgate Business Park in Horotiu.

Through our 'Open Waikato' initiatives we're supporting growth potential in the primary and food industries, as well as energy, freight and logistics. We also co-fund Hamilton & Waikato Tourism recognising that tourism is a regional growth industry.

We submitted a Registration of Interest for extended Government funding of broadband in our district, supported by a Digital Enablement Plan.

We also partnered with Waikato Innovation Park to offer a free advisory service for North Waikato firms needing help to establish and grow their businesses.

## WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2015/16

Welcome to our snapshot of what we've been doing in the community over the past 12 months.

Every year we produce an Annual Report of our activities and financial performance, and that compares what we did with what we planned to do when we developed our Long Term Plan.

This summary provides you with a 'scorecard' so that you can review the work we have been doing on your behalf.



## MANAGING OUR GROWTH SUSTAINABLY

Over the past year we've focused on planning for and managing rapid growth in our district.

As spill-over demand from Auckland's housing crisis spreads south, and as the Waikato develops as a nationally significant freight and transport hub for the upper North Island, we've worked to ensure we manage our growth in ways that are socially, environmentally and economically sustainable.

### Infrastructure management

We're looking for new ways to maintain and build the infrastructure we need to support an expected population growth of more than 26 per cent over the next 15 years (from about 69,900 this year to 88,200 in 2031.)

Our new roading 'Alliance' with Downer NZ is improving efficiencies and customer responsiveness to meet our roading and footpath maintenance needs.

We adopted a draft agreement to form a water and wastewater Council-controlled

organisation (CCO) with Hamilton City and Waipa District Councils to manage water supply and wastewater across the sub-region, and to provide financial savings and other benefits.

We're investigating the potential for more cost-effective shared services with other local councils in areas such as procurement, GIS and HR systems.

### Strong financial performance

We met our financial targets, and set rates and debt levels that balance affordability with the need to provide for our growing community.

Average rates per rateable property were \$2,596 for 2015/16 and average debt per rateable property is \$2,012. This leaves capacity for funding the services and facilities needed to meet future growth.

After selling its quarry interests, our CCO Strada Corporation Ltd reviewed its strategic direction in an increasingly

competitive road contracting industry and decided to close. It will be wound up once all its assets are sold. The Council will receive a dividend and return of capital through this process.

### Sustainable development

We've attracted new local businesses and employment to support economically sustainable growth.

We've introduced new refuse and recycling systems to minimise landfill waste, and we've identified significant natural areas and habitats to protect our environment.

We're working with you to build our communities through discretionary community grants, and a range of new initiatives from our new Youth Awards to 'placemaking' projects to revitalise our public spaces.

We're proud of what we've achieved together.



PARTNERING WITH YOU

We’ve worked hard to make it easier for you to do business with us by improving the ways we engage with you, by upgrading our systems and by extending our library hours.

We provided our customer delivery staff with more technical knowledge to help resolve customer queries at first point of contact, and we’ve consistently exceeded targets for our timeliness of response to customers’ service requests.

Positive comments from our annual customer satisfaction survey showed that customers found Council staff helpful and easy to deal with. Satisfaction with the resolution of requests was 59 per cent overall, but below our target of 70 per cent.

Other survey results varied from 41 per cent satisfaction that the Council engages with customers on the right issues through to 90 per cent satisfaction with the district’s parks and reserves, and 93 per cent satisfaction with the quality of our library services.

“We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws”

We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws during the year, from the Freedom Camping Bylaw to Plan Changes to our District Plan using a range of methods, such as market days and community events, to complement our formal consultation processes.

We upgraded our website and expanded our online services and searchable databases and, in the past year, we’ve enjoyed a 29 per cent rise in visits to the website, a 27 per cent rise in users (to nearly 150,000 unique visitors), and a 17 per cent increase in page views.

Based on your feedback we extended our library opening hours in Ngaruawahia, Raglan and Tuakau, and we’ll extend opening hours at Te Kauwhata and Huntly in the second half of 2016. This has made it easier for customers to use the facilities, and do some council business after hours at our integrated sites.



BUILDING COMMUNITIES

Growth inevitably brings change. We are working hard to ensure we build our communities as our townships grow.

We’re a diverse community. Twenty-four per cent of our 69,900 population identify as Maaori and we welcomed 162 new New Zealand citizens to our growing migrant community in the district in 2015/16.

Internal migration is expected to bolster our population by 26 per cent in the next 15 years. Building consents for new dwellings rose by 54 per cent to 791 across the district in 2015/16, more than twice the number being consented three years ago, and the third highest of any district council in the country after Selwyn (in Canterbury) and Queenstown.

As a Council we have set ourselves a challenge to have the most engaged community by 2020 and we have established annual performance indicators for our staff to meet this goal.

We established a new Pokeno Community Committee to provide a formal voice for that community and maintain strong links with one of our fastest growing towns.

We’ve undertaken initiatives to bring people together, from Youth Awards to ‘placemaking’ projects that will help revitalise the public spaces in our towns. We’ve also adopted new methods for engaging with our communities from the introduction of new online services and searchable databases on our website to meeting with you on local market days.

We consult regularly with local iwi on management of our two major rivers and on changes to our District Plan.

We also supported nearly 200 community groups throughout the district to enable our communities to come together to meet some of their own needs.



CARING FOR OUR ENVIRONMENT

In the past year we’ve engaged with 4,500 property owners to identify Significant Natural Areas (SNAs) in our district that need protecting, including wetlands and peat lakes, lowland forest and kahikatea stands, and coastal ecosystems.

About 1,000 SNAs have now been identified for inclusion in the District Plan – some on public land, but many on privately held blocks.

In May we approved the first Council grants from a conservation fund we’ve set aside to assist private landowners undertake work to protect ecologically significant sites.

Restoring biodiversity

In other initiatives we secured nearly \$400,000 from the Waikato River Authority to support a four-year planting and capital works restoration programme for Lake Rotokauri. Plans include constructing a pest fish barrier and creating a floating wetland to soak up nutrients.

We also secured \$14,000 from Waikato Regional Council for a planting and restoration programme at Lake Puketirini in Huntly.

Our coastline

We released a report on erosion at Port Waikato’s Sunset Beach and consulted with the community on options for dealing with the retreat of public assets if erosion continues to impact the car park and hall.

Other coastal work included the redesign and renewal of the Manu Bay seawall on the Raglan coast.

Minimising waste

Waikato communities send more than 35,000 tonnes of refuse to landfill, but 64 per cent of it (23,000 tonnes) could be recycled in some way. We embarked on a major waste minimisation campaign

and community consultation before introducing new refuse and recycling services throughout our district starting in the new financial year.

Water and wastewater

To help manage our water supplies we continued our water metering programme by installing meters in Raglan, Huntly and Ngaruawahia. This allows residents to monitor their water usage for at least a year prior to a switch to charging by meter from July 2017.

We’re disappointed that we suffered two wastewater spills into Raglan Harbour in 2015/16. The Council has approved funding for some short term actions to improve the situation whilst we develop a longer term plan to minimise future incidences.

# \$1.2M FOR LOCAL GROUPS

We committed more than \$1.2m of Council-owned funds for distribution to 167 organisations and charities throughout the district that otherwise might not have access to funding for their work, and nearly \$1m has been spent to good effect so far.

Another 21 local groups benefited from \$46,715 we distributed on behalf of the Creative Communities Scheme Fund, and four more groups benefited from \$51,048 we distributed on behalf of the Waikato District Community Wellbeing Trust, an independent trust we administer.

The largest single amount was \$600,000 set aside to help complete the Ngaruawahia and Horotiu sections of Te Awa – Great New Zealand River Ride, which will include a cycle bridge across the Waikato River.

Another group we supported is the Bush Tramway Club. This volunteer group was awarded \$6,000 from Council funds and \$31,096 from the Wellbeing Trust for an initiative that will benefit the whole district. Every first Sunday between April and December the club operates the Glen Afton Line Heritage Railway from Pukemiro Junction, about 20kms west of Huntly. With support from the Council, club volunteers are clearing and rebuilding the final 500 metres of track to complete the line to Glen Afton so that the railway has a real destination.



Committed more than \$1.2m in grants to 167 organisations and charities throughout the district

Engaged with more than 4,500 property owners to identify about 1,000 ‘Significant Natural Areas’ in our district that need protecting

Re-surfaced 142kms of sealed roads and strengthened another 16kms

Secured water supplies for our growing population

Launched our inaugural Waikato District Youth Awards

Expanded our online services and gained a 29% rise in online (website) visits and a 27% rise in users (to nearly 150,000 unique visitors)

Handled a 54% increase (to 791) in new dwellings consents

Registered and inspected/audited 260 food premises and handled 341 alcohol licensing applications

# WHAT YOU GOT FOR \$1

We deliver a broad range of services to our diverse district of residents, business owners and visitors. Here’s how we spent every \$1 we received from general rates.\*

 **Animal control**  
**2 CENTS**

**Area offices and other properties**  
 **10.1 CENTS**

**Community and safety**  
 **0.3 CENTS**

**Corporate and Council leadership**  
**11.1 CENTS**  


**Environmental health**  
**2 CENTS**  


 **Grants and donations**  
**2 CENTS**

**Libraries**  
**3.8 CENTS**  


**Parks and reserves**  
**19.1 CENTS**  


**Resource management**  
**9.3 CENTS**  


**Roading**  
 **38.7 CENTS**

**Solid waste** **0.8 CENTS**

**Storm water** **0.1 CENTS**  


 **Waste water** **0.4 CENTS**

**Water supply**  
**0.4 CENTS**  


*\*This does not include targeted rates. A targeted rate funds a specific council activity or group of activities rather than general council services. For example, those who receive a refuse collection pay for it through a targeted rate. Those who don't receive it don't pay for it.*





# LEARNING TO BE ‘DOGSMART’

Our focus on educating owners about responsible dog ownership and compliance with registration and fencing requirements is helping lead to fewer call-outs and higher dog registration numbers in the district.

As part of this effort we increased the number of school visits we made (to 36 schools) as part of our ‘Dogsmart Education Programme’ to introduce children to dogs, to teach them about responsible ownership and how to stay safe around them.

Complementing our education programme, we aim to increase numbers on our

‘selected dog owner’ list which grants reduced registration fees for responsible owners with properties that meet fencing requirements.

We promoted this option by offering free property inspections last summer and we now have nearly 3,000 owners on the list who meet the same stringent criteria as farm dog owners.

Dog registrations number 13,901(13,654 last year), representing about 98 per cent of all known dogs in the district.

Impounded dogs numbered 1,190 (1,241 last year) and more were returned home or re-homed so fewer had to be destroyed.

We re-homed 253 dogs, up from 175 the year previous.

# WATER FOR A GROWING POPULATION

We began working with other Councils to investigate joint options for future water management.

We adopted a draft Record of Agreement (RoA) to form a water and wastewater CCO (council controlled organisation) with Hamilton City and Waipa District Councils to manage water supply and waste water across the sub-region. Provided all three councils confirm their commitment to this initiative after the October local body elections, a formal proposal will be

subject to public consultation in 2017. Independent reports suggest a CCO would provide financial savings, as well as a number of other benefits.

Meanwhile we’ve addressed the need for an adequate water supply in the rapidly growing central and northern areas of our district.

We connected the Hopuhopu/Taupiri system to the Ngaruawahia water supply network, and we also completed a significant project to connect our Tuakau system with water supplied from Watercare. We’ve identified land on which to develop new reservoirs in Pokeno, Ngaruawahia, Huntly and Hopuhopu, and have issued a tender for their construction.

### Wastewater

We have undertaken a number of key projects to develop and maintain our wastewater infrastructure across the district.

We progressed designs for an upgrade of the Huntly wastewater treatment plant.



## ROADING IMPROVEMENTS



This past year heralded the start of a new five-year roading ‘Alliance’ contract signed with Downer, through which the Council and contractor work together to identify and deliver the work.

One year later and our performance measures show the new arrangement has resulted in major improvements in the way we deliver our roading and footpath maintenance services, achieving greater efficiencies and improved levels of service.

We surpassed a series of new targets for the quality of the roading and footpath network, and for our responsiveness to customers’ maintenance requests.

We met strict timeframes for responding to customer enquiries about footpaths and road maintenance for 94 per cent of all enquiries, well in excess of our targets.

During the past year, through the Waikato District Alliance, we’ve re-surfaced 142km of sealed roads, and completed 16km of road strengthening work. We’ve also undertaken work to improve road safety by increasing road widths and improving visibility, and by installing guard rails, new and upgraded signs and lane markings. Despite this work, the local road toll did not fall.

As a result of residents’ requests we completed a number of new footpaths district-wide at a cost of \$200,000. A district-wide survey showed 99.7 per cent of all footpaths rated three (fair) or better on a scale of one-five.

Major projects included completing the Ngaruawahia section of Te Awa cycleway, and replacing a badly corroded steel culvert under Rotowaro road for \$500,000 – a project named as joint winner of the small site award for erosion and sediment control by Waikato Regional Council.

# THIS IS WAIKATO DISTRICT

## WAIKATO IS HOME TO...

**69,900**  
PEOPLE

(24.3% IDENTIFY  
AS MAAORI)



**162** NEW  
NZ

CITIZENS IN 2015/16

**14,254** DOGS



## WAIKATO SPANS...

OVER

**452,000**

HECTARES  
OF LAND

## IN 2015/16 WE SUPPORTED...

**167**

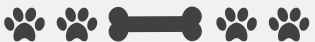
COMMUNITY  
GROUPS



AND

**253**

DOGS WERE  
RE-HOMED



## WE PROVIDE...

**12,568,040**

**LITRES OF**  
DRINKING WATER A DAY

**53** PUBLIC  
**TOILETS**  
USED BY 3,500  
PEOPLE EVERY DAY

**12**   
**SKATEPARKS**

**43**     
SPORTS PARKS

**REGULAR**  
COLLECTIONS  
**FOR 10,300**  
**TONNES OF**  
REFUSE EACH YEAR

**3** SWIMMING  
**POOLS**

## WE MAINTAIN...

**1,830KMS**

OF SEALED **ROADS**

**221KMS**  
OF FOOTPATHS

**604KMS**  
OF UNSEALED  
**ROADS**

**51** NEIGHBOURHOOD  
RESERVES  

**34**        
COMMUNITY HALLS

## WE OPERATE...

**6**

**LIBRARIES THAT SERVICE**  
**18,264 LIBRARY MEMBERS**



**31**

**WATER**  
RESERVOIRS  
WITH A TOTAL  
CAPACITY OF **18,690m³**



  **2** ANIMAL  
SHELTERS

**10** WATER TREATMENT  
PLANTS WITH A TOTAL CAPACITY  
OF **19,000m³**  
PER DAY



**22**  
CEMETERIES

**23** DOG  
EXERCISE AREAS

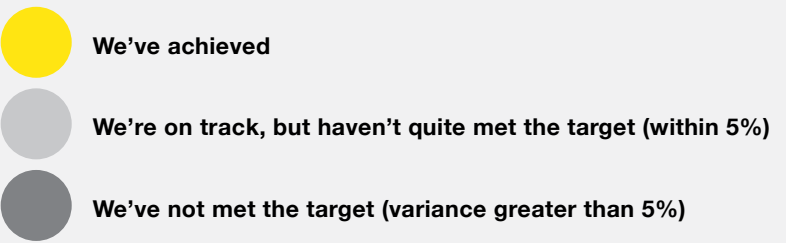




# HOW WE DID

Our projects and work programmes range across several groups of activities. For each group of activities we have performance measures that provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. This graph summarises how we did, where we met expectations and where we need to improve. Please see the full Annual Report on the Waikato District Council website to find out more about the targets and how we performed against them.

See the colour coding system below to indicate how well we've done.



## PERFORMANCE TARGET RESULTS

Governance	29%	71%		
Sustainable Communities				
	53%		7%	40%
	20%	80%		
	25%		75%	
	50%		50%	
	10%	10%	80%	
Sustainable Environment				
	100%			
	25%		75%	
	25%		75%	
	50%		50%	
	33.3%		66.6%	
Roading	14%	86%		
Stormwater	20%		80%	
Wastewater	100%			
Water Supply	39%		61%	



SUMMARY FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense For the year ended 30 June 2016	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Total revenue	141,357	111,835	142,881		148,210
Finance costs	(4,259)	(3,008)	(2,705)		(2,915)
Operating expenditure excluding finance costs	(107,902)	(93,226)	(97,729)		(103,017)
Share of joint venture's surplus (deficit)	-	-	-		288
Surplus (deficit) before tax	29,196	15,601	42,447		42,506
Income tax expense	-	-	-		168
Surplus (deficit) after tax wholly attributable to Waikato District Council	29,196	15,601	42,447		42,674
Other comprehensive income					
Gain (loss) on property revaluations	12,072	25,391	16,280		16,691
Revaluation reserve – landfill	(104)	-	(592)		(592)
Financial assets at fair value through other comprehensive income	9	-	-		-
Total other comprehensive income	11,977	25,391	15,688		16,099
Total comprehensive income wholly attributable to Waikato District Council	41,173	40,992	58,135		58,773

Statement of financial position As at 30 June 2016	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Current assets	18,493	18,494	32,444		37,525
Non-current assets	1,640,893	1,637,061	1,584,918		1,592,185
Total assets	1,659,386	1,655,555	1,617,362		1,629,710
Current liabilities	28,650	33,305	41,070		45,156
Non-current liabilities	67,397	65,764	54,126		54,192
Total liabilities	96,047	99,069	95,196		99,348
Net assets	1,563,339	1,556,486	1,522,166		1,530,362
Total equity	1,563,339	1,556,486	1,522,166		1,530,362

Statement of changes in net assets/equity For the year ended 30 June 2016	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at start of year					
Accumulated funds including share of joint venture	964,246	976,906	909,588		913,308
Reserves	557,920	538,588	554,443		558,281
Balance at 1 July as previously reported	1,522,166	1,515,494	1,464,031		1,471,589
Total comprehensive income for the year wholly attributable to Waikato District Council	41,173	40,992	58,135		58,773
Other equity movements	-	-	-		-
Balance at 30 June wholly attributable to Waikato District Council	1,563,339	1,556,486	1,522,166		1,530,362
Represented by equity at the end of the year					
Accumulated funds	1,004,834	998,502	964,246		968,085
Other reserves	558,505	557,984	557,920		562,277
Balance at 30 June wholly attributable to Waikato District Council	1,563,339	1,556,486	1,522,166		1,530,362

Statement of cash flows For the year ended 30 June 2016	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Net cash from operating activities	45,051	37,728	39,058	38,537	38,537
Net cash from investing activities	(58,430)	(55,802)	(45,187)	(45,625)	(45,625)
Net cash from financing activities	7,050	18,129	15,492	15,492	15,492
Net (decrease) increase in cash and cash equivalents	(6,329)	55	9,363	8,404	8,404

I have joined these paragraphs together to balance out the columns, is this okay?

# SUMMARY ACCOUNTING POLICIES

## INDEPENDENT AUDITOR'S REPORT

Waikato District Council is a territorial local authority governed by the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand.

The Group consists of the ultimate parent Waikato District Council (Council), its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. Strada is a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. All the companies in which Council has an interest, directly

or through Strada, are incorporated and domiciled in New Zealand. The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make a financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The financial statements of Council and the Group have been prepared in accordance with and are fully compliant

with Tier 1 PBE accounting standards. Council's summary annual report complies with PBE IFRS 43 Summary Financial Statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

The summary financial statements of Council are for the year ended 30 June 2016. The full annual report and summary financial statements were authorised for issue by Council on 13 October 2016.

# SUMMARY ADDITIONAL DISCLOSURES

### Contingencies

Contingent liabilities for Council at balance date are \$1,500,000 (2015: \$1,500,000) The Group's contingent liabilities at balance date are: \$2,079,000 (2015: \$2,079,000). They include guarantees, uncalled capital contributions, outstanding insurance and other claims.

Council is a 35 per cent capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of the 35 per cent share.

### Commitments

Council has \$79,734,000 (2015: \$86,476,000) of capital commitments. Strada had no capital commitments at balance date (2015: \$nil).

### Events after balance date

No events which provide evidence of conditions existing at balance date have occurred between then and the date these financial statements were authorised for issue.

### Adjustments to the comparative year financial statements

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2015 due to a change in Local Government (Financial Reporting and Prudence) Regulations 2014 and the reclassification of some items.

The adjustments are detailed in Note 38 of the full annual financial statements.

### Explanation of major variances

The major variance explanations are set out below and explain the significant differences between actual results for 2015/16 compared to the budget for 2015/16

Rates revenue was lower than budgeted, specifically in relation to water-by-meter charging. This variance relates to a difference in the level of assumed water-by-meter consumption and actual consumption. Total actual revenue exceeded budgeted revenue mainly due to the vestment of assets, contributions and subsidy revenue.

Other revenue encompasses Council's fees and charges including infringements, consent applications, dog registrations, service connections and other regulatory function revenue. This category also covers cost sharing arrangements for capital work programmes and vested assets. Vested asset revenue relates to infrastructure that is transferred to council to maintain upon completion of development works. Vested asset revenue is not budgeted and accounts for the majority of this variance (\$19.8 million). The other major variance relates to the work that has been ongoing in terms of condition assessment of our assets under the ground. This process has enabled council to capture assets that had not previously been identified, and are known as found assets. These are also unbudgeted and explain another \$5.4 million of the variance.

Contribution revenue was significantly higher than budgeted due to staging of development and related timing of uplift of consents. During the 2015/16 year residential and industrial development in the district contributed \$1.4 million more in contribution income than budgeted levels. A large proportion of this income relates to consent applications lodged prior to July 2015 (approximately 92% of consents uplifted).

Subsidies and grant income is sourced mainly from the New Zealand Transport Agency in relation to the roading work programmes. Subsidy is approved on a three yearly programme basis where timing variances between years are redistributed or adjusted by the agency for subsequent years. This year's subsidy was \$389,000 above budget. During 2015/16 council received Ministry of Health subsidy that had been budgeted for in 2014/15, this transaction alone provided additional revenue of \$1.3 million.

Asset write-offs were not budgeted for and arise as assets are disposed because they have reached the end of their useful lives, been replaced or transferred. Asset write-offs account for the majority of the variance against budget for operating expenses (\$7.5 million). Development timing in Pokeno also led to an increase in both interest

income and interest cost during the year (\$4.8 million of additional cost). Roothing maintenance works exceeded expected spend by \$1.4 million and an unbudgeted provision for weather tight building claims accounted for another \$562,000 of the overall variance.

The gain on property, plant and equipment revaluations was significantly lower than expected mainly due to differences in predictive cost indices compared to actual cost escalations. In the case of roading and bridges the index was negative reducing the asset value by 1% compared to the previous year whereas it was budgeted to be an increase.

At balance date, cash and cash equivalents on hand were higher than budgeted due to the timing of the final rates and water-by-meter instalments and normal working capital fluctuations. Debtors (accounts receivable) balances were lower than expected reflected in the high cash on hand balances compared to budget. Borrowings saw actual loans \$4 million lower than anticipated because funds on hand from the prior year were used to reduce the amount borrowed.

### Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 12 October 2016.

The summary cannot be expected to provide a complete understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Waikato District Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor General. The full annual report and summary received an unmodified audit opinion on 12 October 2016.

The full annual report can be obtained from any of the Council's offices or can be accessed online at [waikatodc.govt.nz](http://waikatodc.govt.nz)

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	19 September 2016
<b>Prepared by</b>	A Diaz Finance Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1606270
<b>Report Title</b>	Local Authority Shared Services Limited 2016 Annual Report

## **1. EXECUTIVE SUMMARY**

---

Directors of Waikato Local Authority Shared Shared Services Limited met on Monday, 19 September to approve the 2016 annual report. Having received audit clearance, the 2016 annual report is now available.

The 'Annual Directors' report to Shareholders' section summarises the results and highlights for the year.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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Local Authority Shared Services Limited Financial Statements for the year ended 30 June 2016



**Financial statements  
for the year ended 30 June 2016**

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## Annual Directors' Report to Shareholders

Waikato Local Authority Shared Services Limited (WLASS) was incorporated in December 2005. On 4 April 2016, the name registered with the Companies Office was changed to Waikato Local Authority Shared Services Ltd, to distinguish it from other local authority shared services companies around New Zealand. This is the eleventh WLASS annual report, and covers the period 1 July 2015 to 30 June 2016.

### Message from the Directors

During the past year, the Company has continued to focus on demonstrating the value that WLASS delivers to the shareholding councils. A record of the benefits that have been achieved during the past year has been maintained, and is outlined in more detail in the section on Achievements later in this report. The Board has continued to focus on improving the efficiency and effectiveness of the existing shared services, initiating new projects and work streams, and facilitating the Waikato Mayoral Forum work streams. The Company continues to work collaboratively with BOPLASS, MWLASS and HBLASS, with the CEOs of each company meeting about three times per year.

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

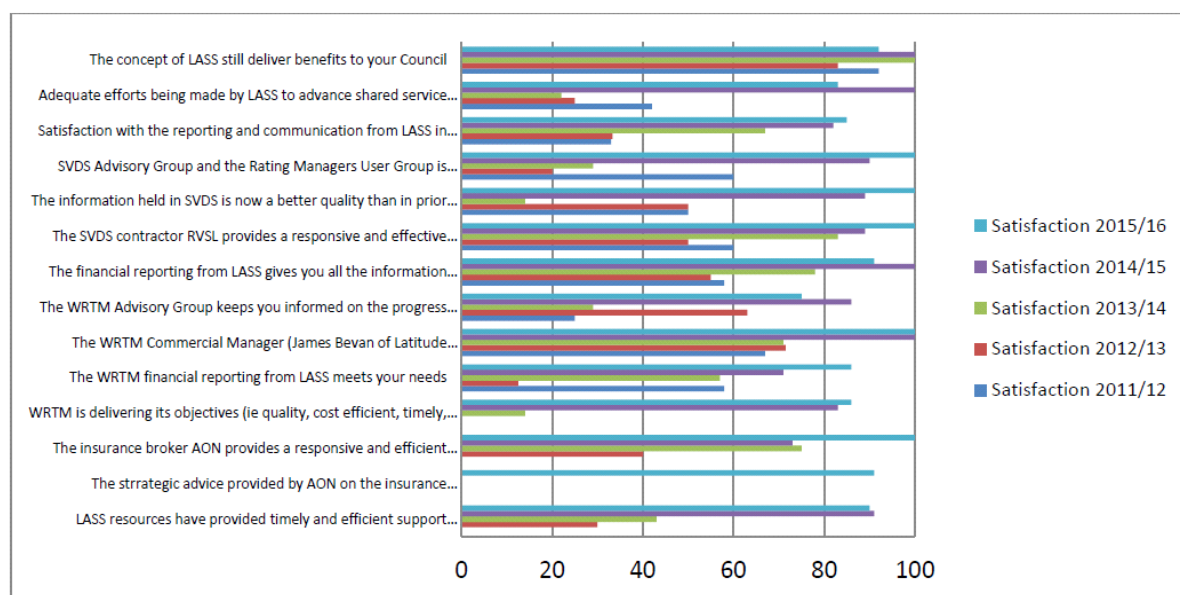
The three mature WLASS operations (the Shared Valuation Data Service (SVDS), the Waikato Regional Transportation Model (WRTM), and the Insurance Advisory Group) continue to deliver value. SVDS has successfully negotiated two additional data sales contracts, with a further sales contract in progress, which has contributed to reducing the operating cost.

The external contract for managing WRTM terminated on 30 June 2016 and WRTM will be managed by RATA from 1 July 2016. During the year, the operational contract was publicly re-tendered and a new contract was let.

The draft Statement of Intent signalled proposals to bring RATA (which was initiated by the Waikato Mayoral Forum) and the Waikato Building Consent Group into WLASS. In addition, the Board also resolved to bring Future Proof into WLASS, and these three new activities will commence from 1 July 2016, which will enable consolidated reporting on these activities to all shareholders.

The Company continues to act as the legal entity to manage contracts arising from the work of the Waikato Mayoral Forum, as well as providing administrative support to the Forum.

Each year, WLASS undertakes a survey of the shareholding councils to assess the level of satisfaction with WLASS services. These surveys have been undertaken since 2007/08, although the questions and scales have been altered from year to year. A summary of the results and trends is shown below.



Overall, the results show that the shareholding councils continue to be satisfied with the efforts being made by WLASS to advance shared services projects across the region.

## Governance

WLASS has twelve Directors with each Director representing a shareholder Council. Each Director is currently a Chief Executive of a local authority. It is up to each shareholding Council to decide on their representative. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. There are currently no independent Directors.

During the year, David Hammond resigned as a Director, and the Board thanks him for his contribution. Rob Williams is his replacement, transferring from being the appointee of Taupo District Council to that of Thames Coromandel District Council. The Taupo District Council position has been filled by Gareth Green.

The Board looks forward to continuing to build on the WLASS platform that has been established over the past 11 years, and will continue to consider new shared service opportunities that will help to achieve further benefits for shareholders.

The councils of the Waikato Region have put in place a Council Controlled Organisation (as defined in Part 5 of the Local Government Act 2002), to develop and deliver shared services, and to procure services which are available to be joined by any of the 12 shareholding councils that choose to do so. WLASS can also provide a company structure for any Council that wishes to develop new services, under which they can develop and promote services to other local authorities and external parties.

As part of this strategic collaboration, WLASS now provides support to the Waikato Mayoral Forum and to the working parties established by it.

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

- Improved levels and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils, irrespective of location or size, to benefit from joint initiatives
- Leveraging procurement opportunities through economies of scale resulting from a single entity representing councils

The WLASS Directors continue to seek new opportunities, either from internal investigations or from shareholder initiatives that are presented to it with a sound business case. New services will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include the development of intellectual property through new business services, protection of Council data, improved levels of service, efficiencies and/or reduced cost. All proposals are presented to the Board for approval prior to implementation.



**Performance Measures**

The following performance measures were incorporated into the Statement of Intent for the 2015/16 financial year.

TARGET	METHOD	MEASURE	OUTCOME
<p><b>PROCUREMENT:</b></p> <p>Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts according to the WLASS Financial Delegations Policy.</p>	<p>Achieved: Three new procurement initiatives have been implemented (Laboratory Services (5-year term), IT Professional Services Panel (3-year term, with a 2-year right of renewal), Internal Audit Services (3-year term).</p> <p>Achieved: The Laboratory Services contract is expected to save over \$170,000 p.a. if all of the eligible councils participate. The IT Professional Services Panel provides discounted hourly rates of between and 0 – 50% off market rates, averaging 10.4% over the 22 suppliers. The Internal Audit Services contract provides discounted hourly rates of between 25 – 30% off market rates, plus a number of additional, value added services at no cost. The fees will remain unchanged for 3 years.</p> <p>Achieved: The Laboratory Services contract is an extension of an existing Waikato Regional Council contract, which was originally competitively tendered. Both of the other contracts were publicly tendered and awarded in accordance with the WLASS Financial Delegations Policy.</p>
<p><b>COLLABORATIVE PROJECTS:</b></p> <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Achieved: Five new collaboration projects were implemented during 2015/16: EECA Collaboration Agreement; development of a regional GIS Data Portal; transfer of the Waikato Building Consent group into WLASS; the permanent establishment of RATA within WLASS; the transfer of Future Proof into WLASS.</p> <p>Achieved: All proposals were approved following the consideration of a report to, and a resolution of, the WLASS Board.</p>

<p><b>EXISTING WLASS CONTRACTS:</b></p> <p>Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>	<p>Achieved: The Contracts Register is up-to-date.</p> <p>Achieved: The NZ Post contract has been extended for 2 years on the existing terms and conditions.</p>
<p><b>CASHFLOW:</b></p> <p>The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p> <p>The WLASS Board reviews the financial statements quarterly.</p>	<p>Monthly financial statements show a positive cashflow position.</p>	<p>Not achieved: Cash flow for the year shows a decrease in total cash held of \$10,944.</p> <p>The company still maintains a safe cash position, with cash, cash equivalents and bank account balances at the end of June 2016 being \$682,673.</p>
<p><b>COST CONTROL:</b></p> <p>Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The WLASS Board reviews financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved: Actual expenditure was 19% favourable compared to budget.</p> <p>Reports on the financial position were considered at WLASS Board meetings on 21 August and 3 November 2015, and on 15 February, 1 April and 10 June 2016.</p>
<p><b>REPORTING:</b></p> <p>Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of the WLASS to the Shareholders every six months.</p> <p>Note that 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.</p>	<p>Achieved: The 2015/16 WLASS Annual Report is being provided.</p> <p>The 6-monthly report was sent to all shareholders on 27 January 2016.</p>

<p><b>WAIKATO MAYORAL FORUM:</b></p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the WLASS.</p> <p>Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive.</p> <p>Note: The current approved workstreams are:</p> <ul style="list-style-type: none"> <li>• Roding (RATA)</li> <li>• Economic Development</li> <li>• Regulatory Bylaws and Policies</li> <li>• Waters</li> <li>• Waikato Spatial Plan</li> </ul>	<p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>Achieved: Progress reports were provided to the Mayoral Forum on 7 September and 16 November 2015, and 22 February and 18 April 2016.</p> <p>Achieved: All approved invoices were paid by the 20th of the month following their receipt.</p>
<p><b>SHARED VALUATION DATA SERVICES (SVDS):</b></p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>Contract Manager monitors performance of contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved: SVDS was available to users for more than 99% of normal working hours.</p> <p>Not Applicable: No capital enhancement work was undertaken during 2015/16.</p> <p>Achieved: The SVDS Advisory Group met five times - on 6 August and 5 November 2015, 29 January (teleconference), 10 March and 2 June 2016.</p>

<p>WAIKATO REGIONAL TRANSPORT MODEL (WRTM):</p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group) and reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the 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>Achieved: The model supplier reports quarterly on service performance. All modelling reports were actioned within the agreed timeframe and scope; two projects were under the budget estimate and one was slightly over.</p> <p>Not Achieved: Only one report was provided to the Board, at their meeting on 15 February 2016.</p> <p>Achieved: WRTM Census update base model was completed in August 2015. The Peer reviewer has been engaged from the outset of the project. All technical notes and the base model have been signed off by the peer reviewer. Peer reviewer is scheduled to sign off the Future Models in late 2016.</p>
<p>SHAREHOLDER SURVEY:</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>Achieved: A survey was undertaken in May 2016, and the results are included in this report.</p> <p>For the 2015/16 survey, the scale of response has been changed from yes, partially, barely, no, don't know/not applicable to very satisfied, satisfied, partially satisfied, dissatisfied and don't know/not applicable. The results for the 2015/16 year are based on the percentage of very satisfied and satisfied responses. Responses of "Don't know" and "N/A" have been excluded from the results.</p>
<p>REVIEW OF BENEFITS:</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.</p>	<p>Achieved: Information on the achievements of WLASS over the past 12 months are included in this report and as part of these performance measures.</p>

## **WLASS Achievements**

In August 2015, WLASS published its first summary report of the benefits that WLASS has achieved since its inception, titled "Collaboration in Action". Many of those projects are ongoing and the details are not repeated here. This overview outlines new projects and updates WLASS's achievements during 2015/16.

## **PROCUREMENT**

### **Internal Audit Services**

A closed Request for Proposal for Internal Audit Services was issued to all five Tier 1 All of Government providers of audit services on 10 February 2016. Four companies responded, and following the evaluation process, KPMG were selected as the preferred provider. The contract term is 3 years, and there is no commitment on the value or volume of services required from each participating council. Each council will be invoiced directly for the services provided. Joining Agreements have been sent to each shareholding council. As at 30 June 2016, only one council had signed up, but more are expected to participate. The contract has achieved discounted hourly rates of between 25 – 30% off market rates, plus a number of additional value added services, which will be provided at no cost. The fees have been discounted to the same extent as KPMG's largest clients, and will remain unchanged for the term of the contract. The value of the additional services has been estimated at \$92,615, and includes the following:

- Meeting with Audit NZ to understand their requirements and ensuring no duplication of effort or gaps in coverage in the audit plan for each participating council
- Assistance with developing and validating the annual internal audit plans
- Hosting an annual risk event, including risk training and facilitation of a combined risk profile, for representatives from the participating councils
- Having a dedicated Programme Management Office for Waikato LASS (at no cost to the participating councils)
- Consolidating audits of similar areas to allow sharing of good practice across the participating councils
- Hosting an annual "insights" workshop to share industry updates and learnings from the audits performed
- Providing a 2-hour fraud awareness training session for nominated staff from all participating councils.

### **Laboratory Testing Services**

The Laboratory Testing Services contract is an extension of an existing contract that Waikato Regional Council previously held with R J Hill Laboratories Limited. The scope of the services provided has been extended to include testing of trade waste, effluent and waste water (which were not included in the Regional Council's original contract). The contract term is 5 years, and there is no commitment on the value or volume of services required from each participating council. Each council will be invoiced directly for the services provided. The contract is expected to save over \$170,000 p.a. if all of the councils who initially indicated an interest participate. Joining Agreements have been sent to each shareholding council. As at 30 June 2016, two councils had signed up.

### **Information Technology Professional Services Panel**

The IT Managers' Working Party identified the need to set up a panel of Information Technology Service providers to help meet the ongoing demand and support required for shareholders' in-house Information Services departments.

A Request for Proposal was developed and submitted onto the Government Electronic Tenders Service. Tenders closed on 15 April 2016, and an evaluation was completed. The Panel comprises 22 Information Technology service providers, each operating under individual Framework Agreements with WLASS, similar to the WLASS Professional Services Panel that was established two years ago. Each participating council will enter into a Joining Agreement, which will give them access to the Panel under the terms of the Framework Agreement. Projects will be offered through a Request for Service process from a participating council to the appropriate Panel member(s). A typical engagement will be on a project by project basis. However, some services may involve input to parts of projects or to a work package comprising a number of projects within a programme of work.

The range of Information Technology disciplines included in the Panel is anticipated to cover off most of the types of projects that the participating Councils typically undertake. Joining Agreements were provided to all shareholders in July 2016. Savings range from 0 – 50% off current market rates, and average 10.4% over the 22 suppliers.

### **Waikato Regional Aerial Photography Syndicate (WRAPS)**

A Request for Proposal was developed and submitted onto the Government Electronic Tenders Service, with tenders closing on 12 June 2016. The tender evaluation is in process, with the contract expected to be let in August. External funding of \$84,000 has been secured from LINZ and the University of Waikato, which will offset the cost to shareholders.

### **All-of-Government (AoG) and Syndicated Contracts**

A report on the shareholders' AoG contracts spend and savings for 2015/16 will not be available until mid-August. Details will be included in the 2016/17 six-monthly report.

Eight of the 12 shareholding councils participate in the Ministry of Defence's syndicated contract with BP Oil NZ Ltd. Savings achieved by the participating councils in 2015/16 amounted to \$322,000 for a total spend of \$1,325,000 (a 24.3% saving on national pump prices). While one council cannot easily participate due to the lack of BP service stations within their district, the three other non-participating councils have been made aware of the savings potential of joining this contract.

### **N3**

In 2015/16, N3 reported savings of \$662,000 (25%) for the group, for a total spend of just over \$2M. It should be noted that these savings are based on full retail price. The WLASS membership fee for 10 councils (Rotorua and Taupo are part of the BOPLASS scheme) is \$18,000 p.a., a saving of \$4,000 over the individual membership fees which were being paid prior to the WLASS contract.

## **SHARED SERVICES**

### **Insurance**

The insurance programme was renewed on 1 November 2015. Through the continued collective purchasing arrangement under the WLASS agreement, the member councils were able to achieve a saving of approximately 8.5% on total premium spend, whilst the total declared values for the Material Damage policy increased by approximately 6%. This makes the effective saving approximately 14%.

In addition to a successful renewal outcome, other work has been completed, including:

#### *Natural Disaster Loss Modelling*

With the proposed changes in Central Government funding in respect of infrastructure assets, Loss Modelling work has been undertaken to establish Probable Maximum Loss (PML) estimates for some of the member councils. This work is being done using a phased approach, with Waikato Regional, Waikato and Waipa District Councils, being the first to have this work undertaken. The impacts of these studies have been discussed with individual councils at their Audit and Risk Committee meetings. Phase two of this work is currently being undertaken and Treasury have confirmed that they will contribute 50% of the costs.

#### *Cyber Liability Insurance*

With Cyber Liability being recognised as one of the fastest growing exposures to organisations, an option for this cover was considered by the Insurance Advisory Group. Four Councils have elected to purchase this cover, being Waikato Regional, and Waikato, Waipa and Matamata Piako District Councils.

In addition to the above, following the changes in Health and Safety legislation, an option for increased limits of cover under the existing Statutory Liability Insurance (\$1,000,000 to \$2,000,000) programme is being investigated prior to the next insurance programme renewal in November.

### **Shared Valuation Data Service (SVDS)**

At the end of the financial year, two additional data sales contracts were signed and one was still under negotiation, which should result in the revenue budget in 2016/17 being exceeded.

Last year was the first year where the full impact of the cost reductions for the software contract itself, and the other support services, have impacted favourably on the member charges. However, a note of caution needs to be sounded with respect to these reductions. With hindsight, the effect of the fixed cost portion of both supporting and managing the software, plus the changes made to the development team due to the reduction in chargeable work coming from WLASS, have probably been underestimated. The ongoing development work needed simply to keep up with new technological advances and new versions of software (for example Microsoft) may also have been underestimated. Therefore, it is considered prudent to expect that some of the surplus created by the reduced charges and the increased revenue will be required from time to time to meet further development needs.

RVSL continued to provide excellent service, as evidenced by the most recent shareholder survey, which reported high levels of satisfaction with the service provided.

### **Waikato Regional Transport Model (WRTM)**

The model service operating contract was successfully retendered in February 2016, and includes an improved range of services for the model partners. Aside from transport modelling, model partners are now able to draw upon a wider range of transport policy, engineering design and passenger transport policy advice from the successful tenderer, Traffic Design Group Ltd.

The WRTM website has been upgraded and includes a more modern design, a new interactive map for looking up historic projects geographically, better ability to control user log-in privileges, and a more usable interface for updating and maintenance. The website went live in April 2016, and all WRTM user group members have successfully registered.

The WRTM Census Update remains uncompleted due to disagreements amongst the partners about suitable land use forecasts. This is a priority to resolve in the first half of 2016/17, as it is holding up investment decision-making.

### **Contractor Health & Safety Pre-qualification**

Councils currently have a varied approach to the assessment and evaluation of health and safety plans submitted by contractors. Waikato LASS are in the process of developing a remotely-hosted, web-based, contractor pre-qualification scheme that will be available to all shareholding councils by early 2017, and will be capable of being rolled-out nationwide.

In November 2015, a Request for Proposal was developed and submitted onto the Government Electronic Tenders Service, seeking an IT solution to manage and maintain a contractor pre-qualification system for Waikato LASS. Eleven responses were received, with three being shortlisted and asked to deliver a demonstration and presentation. The selected provider, SHE Software Pty Ltd, demonstrated a solution that met all of the requirements specified in the project scope, with very little risk and a high number of benefits.

The scheme will require each council contractor to make an on-line application (for a small fee) that will be assessed by a qualified health and safety practitioner. This service will be provided by SHE Software Ltd., at no cost to shareholders. Once qualified, a contractor will be eligible to work for any of the councils participating in the shared service, without any requirement to submit further paperwork, thus significantly reducing the cost of compliance both for councils and for contractors.

The benefits of this new shared service include:

- The availability of a standardised, easy-to-use, low cost, and robust pre-qualification scheme that minimises the resources required, both for contractors and for councils
- Reduced health and safety risks, both for councils and contractors
- Improved health and safety compliance
- Improved contractor engagement in health and safety compliance and improvement
- A regionally (and potentially nationally) consistent approach to contractor health and safety pre-qualification.

The new scheme will be progressively rolled out across the Waikato LASS councils from September through to February. After that, it is planned to take the scheme nationwide.

## **EFFICIENCY AND EFFECTIVENESS GAINS**

### **EECA Collaboration Agreement**

In February 2016, nine of the WLASS councils entered into a Collaboration Agreement with the Energy Efficiency and Conservation Authority (EECA) to develop and implement an Energy Efficiency Policy and an Energy Management Plan, and to undertake a range of energy audits and implement action plans to achieve specified energy savings over a 3-year timeframe. This programme will bring up to \$210,000 in EECA funding to WLASS, subject to achieving certain milestones.

Preliminary assessments of the energy-saving opportunities and the establishment of baseline data at each participating council are in progress, with the first projects scheduled to begin in 2016/17.

### **Waikato GIS Data Portal**

This project arose because all of the Waikato councils provide some form of public web mapping. While these services are very similar, their quality is highly variable. Waikato LASS identified that it would be more resource efficient to provide this service from a single point source, which would improve the user experience through consistency, provide a single point of access and ensure that the information is current.

During 2015/16, a fully functioning data portal has been developed, which has demonstrated the capability of a spatial data warehouse to:

- Meet open data publishing standards
- Make data available to support economic development
- Reduce the duplication of Council effort and resources in developing web mapping systems and deploying web services exposing source data
- Make high value data accessible to a wide spectrum of users, from basic to advanced consumers, and to provide a practical tool for cross-council collaborative projects
- Potentially, provide a Waikato Regional Civil Defence capability.

The initial work programme has resulted in the development of three basic modules: Property Information, Long-term Projections and Utilities. These modules will be made public using the URL of [waikatolass.co.nz](http://waikatolass.co.nz) within the next few months. Over the coming year, a further eight modules will be developed and added to the portal.

### **Shared Health & Safety Training**

In November 2015, the WLASS Health & Safety Working Party organised shared training in the new Health & Safety legislation for elected members and council staff. Four workshops were conducted by Paul Jarvie (Employment Relations and Safety Manager for the EMA). This proved a very cost effective method of training over 400 attendees from across the region. The total cost was \$11,680 (excl. GST), which was shared equally across all 12 councils (only \$973.28 per council).

Further shared health and safety training initiatives are planned in 2016/17.

### **Shared Insurance and Risk Management Forum**

On 17 February 2016, Waikato LASS, BOPLASS and Aon (our insurance brokers) organised a seminar in Hamilton to discuss natural hazard risks, the importance of getting insurance valuations right, an update from Treasury about the government's plans regarding the 60:40 split for natural disaster recovery, cyber crime, and insurance solutions to the new Health & Safety legislation, amongst other topics. Representatives from Lloyds of London were also present. Staff from across the Waikato and Bay of Plenty councils attended.

## **OTHER ACTIVITIES**

### **Mayoral Forum**

WLASS continued to provide administrative and financial support to the Mayoral Forum during 2015/16. A new Mayoral Forum website and logo was developed and implemented during the year.

### **New Activities**

During the year, considerable time and effort has been spent on planning the transition of RATA, the Waikato Building Group, and Future Proof into WLASS, effective from 1 July 2016. This has involved assisting with preparing the business cases, developing the relevant contractual documentation, and planning how the budgets will be transferred and managed. Everything is on track for a smooth transition from 1 July.

### **New Company Name and Logo**

Local Authority Shared Services Ltd. (LASS) was incorporated in 2005. At the time, it was the first shared services CCO to be established in New Zealand. Since then, a number of other shared services have been established, each branded with the name of their region (e.g. BOPLASS, MWLASS). It has become unclear where the home of "LASS" actually is.

Therefore, in April 2016, the name of the company was formally changed to "Waikato Local Authority Shared Services Ltd.", commonly referred to as "Waikato LASS". A new logo has been developed to complement the new name.



### LASS Financial Position

Expenditure for the LASS has been assessed on the basis of the direct cost of management and the Directors' governance role.

The LASS administration costs for this period were \$189,116 against a budget of \$233,736.

The combined LASS, SVDS, WRTM, procurement and shared service investigations service costs are shown in the financial statements.

### Directors

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

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

For and on behalf of the Board.

\_\_\_\_\_  
Director  
29 September 2016

\_\_\_\_\_  
Director  
29 September 2016

## Directory

<b>Company Number</b>	1730380
<b>Registered office</b>	Waikato District Council 15 Galileo Street Ngaruawahia
<b>Directors</b>	CAVERS, Langley David CLIBBERY, Dave DYET, Garry WILLIAMS, Geoff HOBBS, Craig GREEN, Gareth BRIGGS, Richard ION, Gavin John PAYNE, Vaughn MCLEOD, Don RYAN, Chris WILLIAMS, Rob
<b>Bankers</b>	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
<b>Auditors</b>	Audit New Zealand on behalf of the Auditor-General

**Waikato Local Authority Shared Services Limited**  
**Statement of comprehensive revenue and expense**  
**For the year ended 30 June 2016**

**Statement of comprehensive revenue and expense**

For the year ended 30 June 2016

	Note	Actual 2016 \$	Budget 2016 \$	Actual 2015 \$
<b>Revenue</b>				
SVDS Data Sales		223,669	192,000	191,426
Interest		11,529	2,000	16,612
Other revenue	4	<u>2,275,607</u>	<u>2,137,715</u>	<u>1,903,335</u>
<b>Total revenue</b>		<b>2,510,805</b>	<b>2,331,715</b>	<b>2,111,373</b>
<b>Expenditure</b>				
Depreciation and amortisation expense	9	419,507	437,992	419,529
Other expenses	5	<u>2,452,014</u>	<u>2,379,611</u>	<u>2,201,144</u>
<b>Total operating expenditure</b>		<b>2,871,521</b>	<b>2,817,603</b>	<b>2,620,673</b>
<b>Operating surplus/(deficit) before tax and share of equity accounted investments</b>		<b><u>(360,716)</u></b>	<b><u>(485,888)</u></b>	<b><u>(509,300)</u></b>
<b>Surplus/(deficit) before tax</b>		<b>(360,716)</b>	<b>(485,888)</b>	<b>(509,300)</b>
Income tax expense	6	<u>-</u>	<u>-</u>	<u>-</u>
<b>Surplus/(deficit) after tax</b>		<b><u>(360,716)</u></b>	<b><u>(485,888)</u></b>	<b><u>(509,300)</u></b>
<b>Total other comprehensive income</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income</b>		<b><u>(360,716)</u></b>	<b><u>(485,888)</u></b>	<b><u>(509,300)</u></b>
<b>Surplus is attributable to:</b>				

*The accompanying notes form part of these financial statements*  
*Explanations of major variances against budget are provided in note 18*

**Waikato Local Authority Shared Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2016**

**Statement of changes in equity**

For the year ended 30 June 2016

	Note	Actual 2016 \$	Budget 2016 \$	Actual 2015 \$
<b>Balance at 1 July</b>		<b>1,032,008</b>	<b>1,111,459</b>	1,541,308
Total comprehensive revenue and expense previously reported		<u>(360,716)</u>	<u>(485,888)</u>	(509,300)
<b>Balance at 30 June</b>	11	<b><u>671,293</u></b>	<b><u>625,571</u></b>	<u>1,032,008</u>
<b>Total comprehensive revenue and expense attributable to:</b>				
Equity holders of Local Authority Shared Services Limited		<b>671,293</b>	<b>625,571</b>	1,032,008
Non-controlling interest		<u>-</u>	<u>-</u>	-
Total comprehensive revenue and expense		<b><u>671,293</u></b>	<b><u>625,571</u></b>	<u>1,032,008</u>

*The accompanying notes form part of these financial statements*  
*Explanations of major variances against budget are provided in note 18*

Waikato Local Authority Shared Services Limited  
Statement of financial position  
As at 30 June 2016

## Statement of Financial Position

As at 30 June 2016

	Note	Actual 2016 \$	Budget 2016 \$	Actual 2015 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	682,673	398,831	693,617
Exchange trade and other receivables	8	370,003	-	792,473
Non-exchange trade and other receivables	8	66,064	-	15,375
Prepayments		148,820	2,990	149,413
<b>Total current assets</b>		<b>1,267,560</b>	<b>401,821</b>	<b>1,650,878</b>
<b>Non-current assets</b>				
Intangible assets	9	491,494	484,886	911,001
<b>Total non-current assets</b>		<b>491,494</b>	<b>484,886</b>	<b>911,001</b>
<b>Total assets</b>		<b>1,759,054</b>	<b>886,707</b>	<b>2,561,879</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and deferred revenue	10	1,087,761	244,030	1,529,871
<b>Total current liabilities</b>		<b>1,087,761</b>	<b>244,030</b>	<b>1,529,871</b>
<b>Non-current liabilities</b>				
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,087,761</b>	<b>244,030</b>	<b>1,529,871</b>
<b>Net assets</b>		<b>671,293</b>	<b>642,677</b>	<b>1,032,008</b>
<b>EQUITY</b>				
Contributed equity	11	2,957,001	2,957,001	2,957,001
Retained earnings	11	(2,285,708)	(2,331,430)	(1,924,993)
		671,293	625,571	1,032,008
<b>Total equity</b>		<b>671,293</b>	<b>625,571</b>	<b>1,032,008</b>

These financial statements have been authorised for issue by the Board of Directors on 29 September 2016

\_\_\_\_\_  
Director  
29 September 2016

\_\_\_\_\_  
Director  
29 September 2016

The accompanying notes form part of these financial statements  
Explanations of major variances against budget are provided in note 18

**Waikato Local Authority Shared Services Limited**  
**Cash flow statement**  
**For the year ended 30 June 2016**

**Cash flow statement**

For the year ended 30 June 2016

	Note	Actual 2016 \$	Budget 2016 \$	Actual 2015 \$
<b>Cash flows from operating activities</b>				
Interest Received		11,593	2,000	16,538
Receipts from other revenue		2,461,848	2,493,568	2,280,922
Payments to suppliers and employees		(2,430,722)	(2,337,965)	(2,101,635)
Income tax received / (paid)		1,170	(560)	5,330
Goods and services tax (net)		(54,835)	(20,629)	59,305
<b>Net cash flow from operating activities</b>		<u>(10,944)</u>	<u>136,414</u>	<u>260,460</u>
 Purchase of intangible assets		<u>-</u>	<u>-</u>	<u>(9,441)</u>
<b>Net cash flow from investing activities</b>		<u>-</u>	<u>-</u>	<u>(9,441)</u>
 <b>Net (decrease)/increase in cash, cash equivalents, and bank overdrafts</b>		 (10,944)	 136,414	 251,019
Cash, cash equivalents, and bank overdrafts at the beginning of the year		<u>693,617</u>	<u>-</u>	<u>442,598</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	7	<u>682,673</u>	<u>136,414</u>	<u>693,617</u>

*The accompanying notes form part of these financial statements*  
*Explanations of major variances against budget are provided in note 18*

## **1 Statement of accounting policies for the year ended 30 June 2016**

### **1.1 Reporting entity**

Waikato Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is controlled by the councils listed on the directory page of these accounts. Local Authority Shared Services Ltd is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of each of the shareholding Council's right to appoint the Board of Directors.

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

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

The financial statements of the Company are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Directors on the 29 September 2016.

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

#### **Statement of Compliance**

The financial statements of the Company have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

LASS is eligible to report in accordance with the Tier 2 PBE accounting standards as it:

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

These financial statements comply with PBE standards.

These financial statements are the second financial statements presented in accordance with the new PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Measurement base**

The financial statements have been prepared on a historical cost basis.

#### **Presentation currency and rounding**

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

#### **Budget figures**

The budget figures are those approved by the Board of Directors in the 2015/16 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

### **2.2 Revenue**

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

## 2 Summary of significant accounting policies (continued)

### (i) Other revenue

User charges for the SVDS and WRTM asset are recognised when invoiced to the user, ie. councils. The recorded revenue is the net amount of the member charges payable for the transaction. Contributions to Waikato Mayoral Forum projects are recognised as revenue when the Company provides, or is able to provide, the service for which the contribution was charged. Otherwise, contributions are recognised as liabilities until such time as the Company provides, or is able to provide, the service.

### 2.3 Income tax

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

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

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

### 2.4 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### 2.5 Impairment of intangible assets

Intangible assets subsequently measured at cost that have an finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.



## 2 Summary of significant accounting policies (continued)

### *Value in use for non-cash generating assets*

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### **2.6 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **2.7 Receivables**

Receivables are recorded at their face value, less any provisions for impairment.

### **2.8 Intangible assets**

#### **(i) Software acquisition and development**

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

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

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

#### **(ii) Amortisation**

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

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

Computer Software	5 to 7 years	14 to 20%
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### **2.9 Payables**

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

### **2.10 Other financial assets**

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

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or unrecognised are recognised in the income statement.

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

### **2.11 Equity**

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

#### **Contributed capital**

Contributed capital is the net asset and liability position at the time the Company was formed. The allocation of capital amongst shareholders is explained in note 11.

#### **Accumulated funds**

## 2 Summary of significant accounting policies (continued)

Accumulated funds is the Company's accumulated surplus or deficit since formation.

LASS's objectives, policies and processes for managing capital are explained in note 17

## 3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

### Intangible asset useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the amortisation amount of an asset, therefore impacting on the amortisation expense recognised in the income statement, and carrying amount of the asset in balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

## 4 Other revenue

	Actual 2016 \$	Actual 2015 \$
<b><u>Non-exchange revenue</u></b>		
User Charges	525,066	636,558
Other	<u>169,550</u>	<u>87,146</u>
Total non-exchange revenue	<u>694,616</u>	<u>723,704</u>

### Exchange revenue

Health and Safety	11,679	-
IT Initiatives - GIS Shared Data Portal	22,334	-
Other	11,724	3,390
Insurance Brokerage Fee	147,500	147,500
ValueFinancials Fee	35,866	36,894
GSB Membership Fee	18,000	18,000
Waikato Mayoral Forum Funding	1,154,802	895,567
Infometrics Fee Recovery	62,400	70,400
Debt Management Solutions Recovery	-	7,880
Historical Aerial Photos Recovery	77,001	-
Energy Management Recovery	<u>39,685</u>	<u>-</u>
Total exchange revenue	<u>1,580,991</u>	<u>1,179,631</u>
<b>Total other revenue</b>	<u>2,275,607</u>	<u>1,903,335</u>

## 5 Other expenses

	Actual 2016 \$	Actual 2015 \$
Other fees to auditors	-	-
Audit fees for financial statement audit (current year)	15,348	15,145
Waikato Mayoral Forum Funding	1,166,735	895,567

## 5 Other expenses (continued)

	Actual 2016 \$	Actual 2015 \$
Insurance Brokerage Fee	147,500	147,500
ValueFinancials Fee	35,866	36,894
GSB Membership Fee	18,000	18,000
Infometrics Fee	62,400	70,400
Debt Management Solutions Fee	-	7,880
ISSP Expenses	-	947
Professional Services Panel Expenses	-	2,767
Other operating expenses	1,006,165	1,006,044
Total rental expense relating to operating leases	<u>2,452,014</u>	<u>2,201,144</u>

## 6 Income tax

	Actual 2016 \$	Actual 2015 \$
<b>Components of income tax expense:</b>		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	-	-
<b>Tax expense</b>	<u>-</u>	<u>-</u>
<b>Relationship between tax expense and accounting profit:</b>		
Net surplus (deficit) before tax	(360,716)	(509,300)
Tax at 28%	101,000	(142,604)
Plus (less) tax effect of:		
Non-deductible expenditure	-	-
Other timing adjustments	109,059	104,971
Non-taxable income	-	-
Prior year adjustment	-	-
Group loss offset	-	-
Deferred tax adjustment	(105,537)	(105,048)
Tax losses not recognised	<u>(104,522)</u>	<u>142,681</u>
<b>Tax expense</b>	<u>-</u>	<u>-</u>

### Deferred tax asset (liability)

	Intangible assets \$	Other provisions \$	Tax losses \$	Total \$
<b>Balance at 1 July 2014</b>	(346,636)	-	346,636	-
Charged to surplus or deficit	105,048	-	(105,048)	-
Charged to other comprehensive income	-	-	-	-
<b>Balance at 30 June 2015</b>	<u>(241,588)</u>	<u>-</u>	<u>241,588</u>	<u>-</u>
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	(241,588)	-	241,588	-
Charged to surplus or deficit	105,537	-	(105,537)	-
Charged to other comprehensive income	-	-	-	-
<b>Balance at 30 June 2016</b>	<u>(136,051)</u>	<u>-</u>	<u>136,051</u>	<u>-</u>

A deferred tax asset of \$680,324 (2015: \$589,617) has not been recognised in relation to tax losses carried forward of \$2,492,728 (2015: \$2,105,776).

## 7 Cash and cash equivalents

	2016 \$	2015 \$
Cash at bank and in hand	637,271	649,221
Short term deposits maturing three months or less from date of acquisitions	<u>45,402</u>	<u>44,396</u>
<b>Total cash and cash equivalents</b>	<b><u>682,673</u></b>	<b><u>693,617</u></b>
<b>Net Cash and Cash Equivalents and bank overdrafts for the purposes of the Statement of Cashflows</b>	<b><u>682,673</u></b>	<b><u>693,617</u></b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

## 8 Receivables

	2016 \$	2015 \$
Gross trade and other receivables	61,821	69,934
Related Party Receivables (note 14)	337,490	733,757
Accrued Interest on Short Term Deposits and Call Accounts	281	345
IRD - RWT Tax Paid	2,642	3,812
GST Refund Due	<u>33,833</u>	<u>-</u>
<b>Total debtors and other receivables</b>	<b><u>436,067</u></b>	<b><u>807,848</u></b>
<b>Exchange</b>		
Receivables from exchange transactions	370,003	792,473
<b>Non-exchange</b>		
Receivables from non-exchange transactions	<u>66,064</u>	<u>15,375</u>
<b>Total debtors and other receivables</b>	<b><u>436,067</u></b>	<b><u>807,848</u></b>

## 9 Intangible assets

	2016 \$	2015 \$
<b>Computer Software</b>		
Balance at 1 July	5,363,366	5,353,925
Additions	-	9,441
Disposals	<u>-</u>	<u>-</u>
Balance at 30 June	<b><u>5,363,366</u></b>	<b><u>5,363,366</u></b>
<b>Accumulated amortisation and impairment losses</b>		
Balance at 1 July	4,452,365	4,032,836
Amortisation expenses	(419,507)	(419,529)
Disposals	-	-
Impairment losses	<u>-</u>	<u>-</u>
Balance at 30 June	<b><u>4,871,872</u></b>	<b><u>4,452,365</u></b>
<b>Carrying Amounts</b>		
Balance at 1 July	911,001	1,321,089
Balance at 30 June	<b><u>491,494</u></b>	<b><u>911,001</u></b>

Significant intangible assets include the Shared Value Data Services (SVDS) computer software, and the Waikato Regional Transport Model (WRTM) computer software. The carrying amount of the SVDS asset as at 30 June 2016 is \$260,626. The original build cost of the SVDS asset has now been fully amortised, and there is currently 3 years remaining enhancements in the useful life of the asset. The carrying amount of the WRTM asset as at 30 June 2016 is \$218,748 and there is currently 3 year remaining in the useful life of the asset.

## 9 Intangible assets (continued)

The Board of Directors consider that there is no impairment of assets as at 30 June 2016. Accordingly no impairment adjustments are needed.

## 10 Payables and deferred revenue

	2016 \$	2015 \$
<b>Current</b>		
Trade payables and accrued expenses	482,003	489,381
Related party payables (note 14)	75,992	47,915
Deferred revenue	529,766	971,573
GST payable	-	21,002
<b>Total creditors and other payables</b>	<b><u>1,087,761</u></b>	<b><u>1,529,871</u></b>
 <b>Exchange</b>		
Trade payables	539,595	492,202
Accrued expenses	18,400	45,094
<b>Total creditors and other payables from exchange transactions</b>	<b><u>557,995</u></b>	<b><u>537,296</u></b>
 <b>Non-exchange</b>		
Deferred revenue	529,766	971,573
GST payable	-	21,002
<b>Total creditors and other payables from non-exchange transactions</b>	<b><u>529,766</u></b>	<b><u>992,575</u></b>
 <b>Total current creditors and other payables from exchange and non-exchange transactions</b>	<b><u>1,087,761</u></b>	<b><u>1,529,871</u></b>

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

Councils were invoiced for their portion of contribution towards the Waikato Mayoral Forum projects in advance.

## 11 Reconciliation of equity

	2016 \$	2015 \$
<b>Total equity</b>		
Contributed equity	2,957,001	2,957,001
Opening retained earnings	<u>(2,285,708)</u>	<u>(1,924,993)</u>
<b>Balance at 30 June 2016</b>	<b><u>671,293</u></b>	<b><u>1,032,008</u></b>
 <b>(a) Contributed equity</b>		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	<u>(456,568)</u>	<u>(456,568)</u>
<b>Balance 30 June</b>	<b><u>2,957,001</u></b>	<b><u>2,957,001</u></b>
 Balance at 1 July	2,957,001	2,957,001
Shares Issued	-	-
<b>Balance 30 June</b>	<b><u>2,957,001</u></b>	<b><u>2,957,001</u></b>
<b>Retained Surpluses</b>		
Balance at 1 July	(1,924,992)	(1,415,693)
Surplus/(deficit) for the year	<u>(360,716)</u>	<u>(509,300)</u>
<b>Balance 30 June</b>	<b><u>(2,285,708)</u></b>	<b><u>(1,924,993)</u></b>

## 11 Reconciliation of equity (continued)

The Company has issued 2,186,581 (2015 - 2,186,581) shares. The SVDS shares have been fully called and paid for at \$1.00 per share. The WRTM shares have been fully called and paid for at \$10.00 per share. The table below details the different types of shares and their value per share.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	1	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
	12	1,607,001	444,568	135,000
	1,000	1	1	10
	12,000	1,607,001	444,568	1,350,000
	(12,000)	-	(444,568)	-
	-	1,607,001	-	1,350,000

### General Rights of Ordinary, SVDS, and WRAPS Shares

The rights conferred by section 36(1) of the Companies Act 1993 on holders of shares in the Company are altered as set out below:

- (a) For Ordinary, SVDS and WRAPS shares the holders are entitled to participate in certain services to be provided by the Company, in terms that reflect their investment.
- (b) Service shares (SVDS and WRAPS) do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, no class of service shares shall have any voting rights.

### General Rights of WRTM shares

The following rights and obligations are hereby conferred on each WRTM shareholder:

- (a) A right to one vote prior to further WRTM service shares being issued.
- (b) A right to one vote on the application of any surpluses arising from the WRTM service (after NZTA have been allocated 40 per cent [or a portion based on NZTA's proportion of the total cost at the time] of any surpluses.)
- (c) The right to receive monetary benefits that the Company generates through the sale of outputs of the WRTM service in proportion to the apportionment of the development costs as at that time after 40 per cent (or a portion based on NZTA's proportion of the development cost at the time) of the monetary benefits have been allocated to NZTA.
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above.
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

## 12 Commitments

	2016 \$	2015 \$
<b>Non-cancellable operating leases as lessee</b>		
Not later than one year	416,897	416,897
Later than one year but not later than five years	<u>612,500</u>	<u>962,500</u>
Total non-cancellable operating leases	<u>1,029,397</u>	<u>1,379,397</u>

## 13 Contingencies

As at 30 June 2016 the Company had no contingent liabilities or assets (2015 - \$0)

## 14 Related party transactions

The Company is controlled by the councils listed on the directory page.

### Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Directors receive no remuneration. Expenditure paid to the Chief Executive was for the provision of Chief Executive services.

	2016 \$	2015 \$
Dial New Zealand Ltd - Acting LASS Chief Executive	-	33,075
Jowett Consulting - LASS Chief Executive	<u>119,791</u>	<u>105,170</u>
<b>Total key management personnel compensation</b>	<u>119,791</u>	<u>138,245</u>

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2016 \$	Actual 2015 \$
<b>Income</b>		
Hamilton City Council	243,641	351,198
Hauraki District Council	88,926	82,319
Matamata Piako District Council	97,920	152,349
Otorohanga District Council	110,424	94,618
Rotorua Lakes Council	68,574	30,924
South Waikato District Council	78,995	94,351
Taupo District Council	62,977	72,256
Thames Coromandel District Council	139,426	108,469
Waikato District Council	180,736	279,380
Waikato Regional Council	302,304	487,660
Waipa District Council	148,839	474,455
Waitomo District Council	<u>92,874</u>	<u>84,500</u>
	<u>1,615,637</u>	<u>2,312,477</u>

## 14 Related party transactions (continued)

Revenue is related to user charges, Mayoral Forum funding, joint procurement, and shared services investigation funding.

	Actual 2016 \$	Actual 2015 \$
<b>Expenses</b>		
Hamilton City Council	808	3,230
South Waikato District Council	1,360	6,126
Waipa District Council	151,980	132,673
Waikato District Council	5,061	4,421
Waikato Regional Council - Services Provided	<u>28,278</u>	<u>61,848</u>
	<u>187,487</u>	<u>208,299</u>

Expenses are related to services provided by the related parties.

The figures above exclude invoices of \$934 from Waikato Regional Council, \$253 from Waikato District Council and \$13,104 from Hamilton City Council that relate to bills paid on behalf of LASS (2015 - \$4,541).

	Actual 2016 \$	Actual 2015 \$
<b>Balance Sheet</b>		
<i>Trade &amp; Other Receivables</i>		
Hamilton City Council	102,380	105,096
Hauraki District Council	10,367	25,538
Matamata Piako District Council	5,738	79,618
Otorohanga District Council	55,997	52,946
Rotorua Lakes Council	1,718	-
South Waikato District Council	1,819	22,872
Taupo District Council	2,655	42,163
Thames Coromandel District Council	29,751	21,654
Waikato District Council	44,920	98,885
Waikato Regional Council	26,959	137,818
Waipa District Council	28,944	112,295
Waitomo District Council	<u>26,241</u>	<u>34,872</u>
	<u>337,490</u>	<u>733,757</u>
<i>Trade &amp; Other Payables</i>		
Jowett Consulting - LASS Chief Executive	16,493	8,521
South Waikato District Council	-	70
Waikato District Council	1,428	920
Waikato Regional Council	9,615	2,073
Waipa District Council	<u>48,457</u>	<u>36,331</u>
	<u>75,992</u>	<u>47,915</u>

## 15 Director and executive disclosures

No Directors fees were paid to directors during the year. Directors are not directly remunerated by Local Authority Shared Services. (2015 - \$0)

## 16 Events occurring after the balance date

There have been no events after balance date.



## 17 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

### (a) Financial instrument categories

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	682,673	693,617
Debtors and other receivables	<u>436,067</u>	<u>807,848</u>
<b>Total loans and receivables</b>	<u>1,118,740</u>	<u>1,501,465</u>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	<u>557,995</u>	<u>1,529,871</u>
<b>Total financial liabilities at amortised cost</b>	<u>557,995</u>	<u>1,529,871</u>

### (b) Market risk

The interest rates on the Company's investments would be disclosed in the notes, but at present there are none.

#### **Fair value interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

#### **Cash flow interest rate risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

#### **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

### (c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 7), investments (nil this year), and trade receivables (note 8). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

### (d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

## 17 Financial instruments (continued)

### (d) Liquidity risk (continued)

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

## 18 Explanation of major variances against budget

Explanations for major variations from the Company's budget figures in the statement of intent to 30 June 2016 are as follows:

### Statement of comprehensive revenue and expense

SVDS Data Sales are higher than budgeted due additional sales data.

Interest received is higher due to a higher than budgeted cash surplus throughout the year, primarily related to revenue which was received in advance for the Waikato Mayoral Forum activities.

Other revenue is higher than budgeted primarily due to higher expenditure on Waikato Mayoral Forum projects being recognised as revenue, and transferred from deferred income.

Depreciation is lower due to no enhancements work done on the SVDS asset.

Other Expenses are higher than budgeted due to expenditure being incurred primarily on the Spatial Plan and Rooding Waikato Mayoral Forum projects, that was unquantifiable at the time of the budgeting process.

### Statement of Changes in Equity

The items as noted above have meant that the Company has made a loss of \$360,716 against a budgeted loss of \$485,888.

### Statement of Financial Position

Cash and cash equivalents are higher than budget due to additional funds being held for the payments of the Waikato Mayoral Forum projects which are paid as they are due.

Trade and other receivables are higher than budget due to the timing of invoicing for the final Mayoral Forum contributions for the year.

Trade and other payables are higher than budget due to the timing of payment costs due for Waikato Mayoral Forum projects, ValueFinancials.

Deferred income was unbudgeted due to the unknown contributions from Waikato Mayoral Forum projects that are still to be expensed.

### Statement of Cash Flows

Both receipts from other revenue, and payments to suppliers are higher than budgeted due to unbudgeted costs for Waikato Mayoral Forum projects that were unquantifiable at the time the budget was set.

Purchase of Intangible Assets are lower than budget due to no SVDS enhancement expenditure.

## 19 Adjustments to the Comparative Year Financial Statements

No adjustments have been made to the comparative year financial statements.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Tony Whittaker General Manager Strategy & Support
<b>Date</b>	14 September 2016
<b>Prepared by</b>	Karen Bredesen Business Support Team Leader/PA
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1605761
<b>Report Title</b>	Raglan Kopua Holiday Park Financial Statements for the year ended 30 June 2016

## **1. EXECUTIVE SUMMARY**

---

Attached is a copy of the Raglan Kopua Holiday Park Financial Statements for the year ended 30 June 2016 for the Committee information.

Overall financial performance has improved by \$33,000 over the previous year on the back of increased revenue of 10 percent. The significant expenditure increases are repairs and maintenance (\$60,000), cleaning and laundry (\$28,000) and staff costs (\$33,000).

## **2. RECOMMENDATION**

---

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

## **3. ATTACHMENTS**

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- Raglan Kopua Holiday Park Financial Report



**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
for the year ended 30 June 2016

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---

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**RAGLAN KOPUA HOLIDAY PARK BOARD****Compilation report  
For the year ended 30 June 2016**

-----

This is a compilation report to the Board of Management of the Raglan Kopua Holiday Park Board.

**Scope**

On the basis of information you provided we have compiled, in accordance with *Service Engagement Standard No. 2: Compilation of Financial Information*, the special purpose financial statements of Raglan Kopua Holiday Park Board for the year ended 30 June 2016, as set out in pages 02 to 09. These have been prepared on the basis disclosed in the notes to the financial statements on page 06.

**Responsibilities**


You have determined that the basis upon which the financial statements have been prepared is appropriate to meet your needs and for the purpose that the financial statements were prepared. The Directors are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet your needs, and for the purpose that the special purpose financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither we nor any of our employees accept responsibility on any grounds whatsoever, including liability in negligence, for the contents of the special purpose financial statements, to any other person.

**No audit or review engagement undertaken**

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. A compilation is limited primarily to the collection, classification and summarization of financial information. Our procedures do not include verification or validation procedures of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

  
**Bizworx Consultancy Limited  
Chartered Accountants**

  
**Date:** 17.07.2016

# RAGLAN KOPUA HOLIDAY PARK BOARD

Directory  
For the year ended 30 June 2016



Name	Position
------	----------

**Board Members:**

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

**Manager:**

Rob Clark

**Secretary:**

Steve Soanes

## Other Information

**Address:**

P.O. Box 34  
Raglan 3265

**Bankers:**

Westpac  
Raglan

**Accountant:**

Lynne Wilkins  
Bizworx Consultancy Limited  
Chartered Accountants  
Raglan

**RAGLAN KOPUA HOLIDAY PARK BOARD**
**RAGLAN KOPUA**  
 HOLIDAY PARK

**Statement of profit or loss  
 for the year ended 30 June 2016**

	Notes	2016 Actual \$	2015 Actual \$
<b>Income</b>			
Rentals Received	6	1,383,543	1,233,164
Contracting Receipts		17,721	17,721
Interest Received		12,232	16,578
Sales of Goods & Services		57,017	69,374
<b>Total Income</b>		<b>1,470,513</b>	<b>1,336,837</b>
<b>Expenditure</b>			
Accountancy & Financial Administration		18,303	19,852
Advertising & Promotion		58,616	69,466
Bank Charges		11,667	10,231
Cleaning, Laundry & Waste Management		63,141	35,556
Commission Paid - Bookings & Sales		3,167	750
Communication Costs		15,941	10,701
Consultancy Fees		-	2,500
General Expenses		337	67
Heat, Light, Power & Water		64,673	65,522
Insurance		7,205	6,260
Lease Payments		4,543	4,275
Licenses & Subscriptions		10,514	9,362
Office Expenses		28,859	22,794
Purchases for Resale		28,990	36,035
Rates		18,565	31,377
Replacements, Repairs & Maintenance		141,753	81,472
Security		24,292	18,402
Travel & Accommodation		57	-
Vehicle Expenses		10,068	11,675
Wages & Salaries		518,508	485,540
<b>Total Cash Expenditure</b>		<b>1,030,866</b>	<b>929,443</b>
<b>Non-Cash Expenditure</b>			
Depreciation	4	134,177	134,538
Loss on Disposal		-	123
<b>Total Non-Cash Expenditure</b>		<b>134,177</b>	<b>134,661</b>
<b>Total Expenses</b>		<b>1,165,043</b>	<b>1,064,104</b>
<b>Net Operating Surplus (Deficit)</b>		<b>305,470</b>	<b>272,733</b>

The accompanying notes form part of these financial statements.

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



# RAGLAN KOPUA HOLIDAY PARK BOARD



## Balance sheet as at 30 June 2016

	Notes	2016 Actual \$	2015 Actual \$
<b>Current Assets</b>			
Cash & Bank	2	948,385	872,715
Accounts Receivable		15,674	17,395
Prepaid Expenses		-	5,304
<b>Total Current Assets</b>		<b>964,059</b>	<b>895,414</b>
<b>Current Liabilities</b>			
Accounts Payable	3	34,449	24,392
Waikato District Council - Current Account		98,181	103,361
GST Accrued		70,928	80,679
Income Received in Advance	6	17,912	116,843
<b>Total Current Liabilities</b>		<b>221,470</b>	<b>325,275</b>
<b>Working Capital</b>		<b>742,589</b>	<b>570,139</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4	2,811,814	2,678,794
<b>Total Non-Current Assets</b>		<b>2,811,814</b>	<b>2,678,794</b>
<b>Net Assets &amp; Liabilities</b>		<b>3,554,403</b>	<b>3,248,933</b>

The accompanying notes form part of these financial statements.  
The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the attached Compilation Report.

**RAGLAN KOPUA HOLIDAY PARK BOARD****Statement of changes in equity  
for the year ended 30 June 2016**

	<b>Notes</b>	<b>2016 Actual \$</b>	<b>2015 Actual \$</b>
Opening Balance July 1		3,248,933	2,976,200
Net Operating Surplus (Deficit)		305,470	272,733
<b>Closing Balance June 30</b>		<b>3,554,403</b>	<b>3,248,933</b>

*The accompanying notes form part of these financial statements  
The above information has been prepared without performance of audit or review engagement procedures and must be read subject to the attached  
Compilation Report*

# RAGLAN KOPUA HOLIDAY PARK BOARD

## Notes to the Financial Statements For the year ended 30 June 2016



### 1. STATEMENT OF ACCOUNTING POLICIES

#### Entity Reports

These financial statements are for Raglan Kopua Holiday Park Board.

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

The financial statements of Raglan Kopua Holiday Park Board are special purpose accounts, and have been prepared for the Board and the Waikato District Council for internal reporting purposes only.

#### Historical cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$ except where otherwise indicated.

#### Specific Accounting Policies

##### (a) Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the Board and revenue can be reliably measured.

Accommodation, sales of goods, and contract income revenue is recognised when the goods or services are provided.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

##### (b) Accounts receivables

Accounts receivable are recognised at fair value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

##### (c) Income tax

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

##### (d) Goods and services tax (GST)

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable, which are stated inclusive of GST.

##### (e) Property, Plant & Equipment

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

## RAGLAN KOPUA HOLIDAY PARK BOARD

### Notes to the Financial Statements For the year ended 30 June 2016



**(f) Depreciation**

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

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

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year that the asset is derecognised.

**(g) Financial Instruments – financial assets**

At initial recognition, the Board determines the classification of financial assets as held at cost, calculated at the transaction price less any associated transaction costs.

**(h) Leases – operating leases**

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term.

**(i) Employee Entitlements – Accruals**

Leave entitlements are accrued for employees. Entitlements comprise:

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

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

**(j) Audit**

These financial statements have not been audited. No auditor has been appointed by the Raglan Kopua Holiday Park Board for the ensuing year.

**(k) Changes in Accounting Policies**

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

# RAGLAN KOPUA HOLIDAY PARK BOARD



**RAGLAN KOPUA**  
HOLIDAY PARK

## Notes to the financial statements for the year ended 30 June 2016

	2016 Actual \$	2015 Actual \$
<b>2 Cash &amp; Bank</b>		
Westpac Cheque Account (0.75% interest rate)	144,135	216,962
Westpac Savings Account (2.75% interest rate)	796,888	645,981
Cash on Hand	6,259	8,772
Float	1,103	1,000
	<b>948,385</b>	<b>872,715</b>

<b>3 Accounts Payable</b>		
Trade Creditors	30,235	21,824
Westpac Credit Card	4,214	2,568
	<b>34,449</b>	<b>24,392</b>

### 4 Property, Plant & Equipment

	2016			2015		
	Cost/ Value	Accum Depn	Book Value	Cost/ Value	Accum Depn	Book Value
Lessees Alterations	3,516,534	821,773	2,694,761	3,281,137	736,060	2,545,077
Plant & Equipment	277,917	224,167	53,750	265,282	205,970	59,312
Furniture & Fittings	69,322	65,448	3,874	68,642	64,502	4,140
Vehicles	128,132	68,703	59,429	115,087	44,822	70,265
	<b>3,991,905</b>	<b>1,180,091</b>	<b>2,811,814</b>	<b>3,730,148</b>	<b>1,051,354</b>	<b>2,678,794</b>

	2016 Actual \$	2015 Actual \$
<b>Reconciliation of Net Book Value</b>		
Net book value at 1 July	2,678,794	2,508,797
Assets disposed of	0	(123)
Depreciation charge for year	(134,177)	(134,538)
Asset acquisition at cost	267,197	304,658
Net book value at 30 June	<b>2,811,814</b>	<b>2,678,794</b>

### Depreciation

Lessees Alterations	85,713	81,140
Plant & Equipment	22,904	29,560
Furniture & Fittings	1,679	2,535
Vehicles	23,881	21,303
	<b>134,177</b>	<b>134,538</b>

## Notes to the Financial Statements for the year ended 30 June 2016



### 5 Capital Expenditure Commitments

There were no capital commitments entered into on or before 30 June 2016. (2015: \$13,470)

The Board has nominated a sum to be set aside for a multipurpose hall for the use of the Raglan community and camp customers. The sum to be set aside out of surplus funds for the year ended 30 June 2016 is \$200,000. Funds accumulated as at 30 June 2016 for this project total \$881,858. (2015: Funds set aside for multipurpose hall \$681,858)

#### Operating Lease Commitments

Lease commitments under non-cancellable operating leases:

	2016 Actual \$	2015 Actual \$
Not later than one year	4,104	4,393
Later than one year and not later than two years	3,336	3,583
Later than two years and not later than five years	4,428	1,536
Later than five years	-	-
	<b>11,868</b>	<b>9,512</b>

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

Raglan Kopua Holiday Park Board has also entered into a rental agreement for EFTPOS equipment. The agreement is for a period of four years at monthly instalments of \$96, and the agreement finishes 30 September 2018.

### 6 Revenue Received in Advance

	2016 Actual \$	2015 Actual \$
Annual caravan site rental	8,347	94,074
Other accommodation revenue received in advance	9,565	22,769
	<b>17,912</b>	<b>116,843</b>

### 7 Contingent Losses or Gains

There were no known contingent losses or gains outstanding as at 30th June 2016 (2015: \$Nil)

### 8 Subsequent Events

There are no matters or events that have arisen, or been discovered, subsequent to balance date that would require adjustment to, or disclosure in these financial statements.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	15 September 2016
<b>Prepared by</b>	David Totman Strategic Planning Project Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1607071
<b>Report Title</b>	Final Draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan

## **I. EXECUTIVE SUMMARY**

---

The primary purpose of this report is to present the final draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan to the Strategy & Finance Committee for its consideration and approval for further community engagement.

The second purpose of the report is to seek the support of the Strategy & Finance Committee for a final round of community consultation on the final draft Structure Plan document before it is finalised and brought back before the Committee and the Council for adoption early in 2017.

## **2. RECOMMENDATION**

---

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

**AND THAT** the Strategy & Finance Committee recommends to Council that the Final Draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan be accepted for further community engagement;

**AND FURTHER THAT** the Final Draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan be made available for further community engagement.

## **3. BACKGROUND**

---

Work on the Ngaruawahia, Hopuhopu Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan project has been underway since 2013. This work has included the collection of relevant data, technical reports, consultation with the general public and discussions with

landowners. The response to consultation has been supportive and findings from technical reports have not uncovered any new or unexpected issues.

The main pressure in regards to the structure plan is the proposed rezoning of areas for residential development in the settlements of Ngaruawahia, Horotiu, Taupiri and Te Kowhai. In November 2015 the Council agreed to the progressing of Plan Change 17 to enable the rezoning for residential development of some 'greenfield' rural areas that had already been identified in the Structure Plan process.

While the planners main focus of work has been on the preparation and notification of Plan Change 17 during the first half of 2016, work has continued on finalising a draft of the overall Structure Plan document. It is this document that is now being presented to the Strategy & Finance Committee for consideration and approval.

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

---

### **4.1 DISCUSSION**

The Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan document is in a final draft form and is being presented for the Committee's consideration and approval.

### **4.2 OPTIONS**

The Committee can decide to accept or reject the final draft Structure Plan document.

The Committee can also decide that the document is not to made available for community consultation and feedback.

The recommendation of the report is that the final draft document is accepted by the Committee and that the Committee agrees that the document is made available for community consultation and feedback.

## **5. CONSIDERATION**

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### **5.1 FINANCIAL**

The costs of preparing the Structure Plan have been budgeted for and the costs to date of compiling the draft document and anticipated costs of further consultation will be within the budget provided for this project.

### **5.2 LEGAL**

The Structure Plan document is non-statutory, but it will play an important role in identifying areas for future urban development and servicing by the Council to meet forecast population growth and market demand. These spin-off implications will require supportive zoning changes in the Waikato District Plan Review using statutory procedures as set out by the RMA (1991). Similarly, the requisite services and infrastructure will undoubtedly trigger



project work that will identified in the Council's Long Term Plan as per LGA (2002) procedures.

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

The draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan is consistent with the settlement pattern as set out in the Future Proof Strategy (2009). It is also consistent with the Waikato Regional Policy Statement (2012).

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

In preparing the draft Structure Plan, the planners have had a number of rounds of consultation with the communities of the six settlements as well as with their representative Community Boards and Committees.

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is no requirement to consult triggered by the preparation of the Council's submission.					

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 – Future Proof partners

Comment: There has been consultation with interested and affected people at a number of milestones during the project. The final round of consultation proposed in this report will complete the overall project consultation process.

## 6. CONCLUSION

The draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan is close to being finalised and with the Committee's approval and a final round of community consultation will be completed for the incoming Council to approve early in 2017.

## **7. ATTACHMENTS**

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Appendix I – Final Draft Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan

# Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan

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## **I. Introduction**

The Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan<sup>1</sup> (The Structure Plan) is a guide to the development of the town of Ngaruawahia and the satellite settlements of Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey over the next 30 years to 2045. The plan has been prepared by Waikato District Council working with local iwi, residents and key stakeholders.

Importantly, the plan reflects the vision of the local communities to each maintain their individual identity and character and continue to thrive as settlements while absorbing the expected growth in population and development over the next 30 years.

The Structure Plan is a non-statutory document that will be given effect to by Waikato District Council in two ways. Firstly, it will inform a plan change to the Waikato District Plan and the District Plan Review to incorporate appropriate rezoning and development controls to enable the future growth and development of these six settlements where required. Secondly, but equally important, the plan and proposed staging of development will be used to guide the council's Long Term Plan and strategic planning of infrastructure and service delivery of projects in these settlements over the next 30 years.

### **I.1 Purpose of the Structure Plan**

The Structure Plan provides a strategic and spatial framework for future land uses, open space, transport and utility networks in the six settlements over the next 30 years. The plan is a guide to the staging of development and the integrated provision of transport networks, water supply, wastewater and stormwater disposal, open space, other utility networks, community facilities and the funding of development.

#### **Key benefits of the Structure Plan**

- Incorporation of community values and aspirations for the future development of Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey ;
- Setting of agreed development standards;
- Guidance to landowners and the council regarding the layout and form of future development of the settlements;
- Coordination and staging of infrastructure funding and development;
- Reduction of land use conflict;
- Better monitoring and timely release of land supply for urban development; and,
- More efficient assessment and approval of subdivision and land use consents.

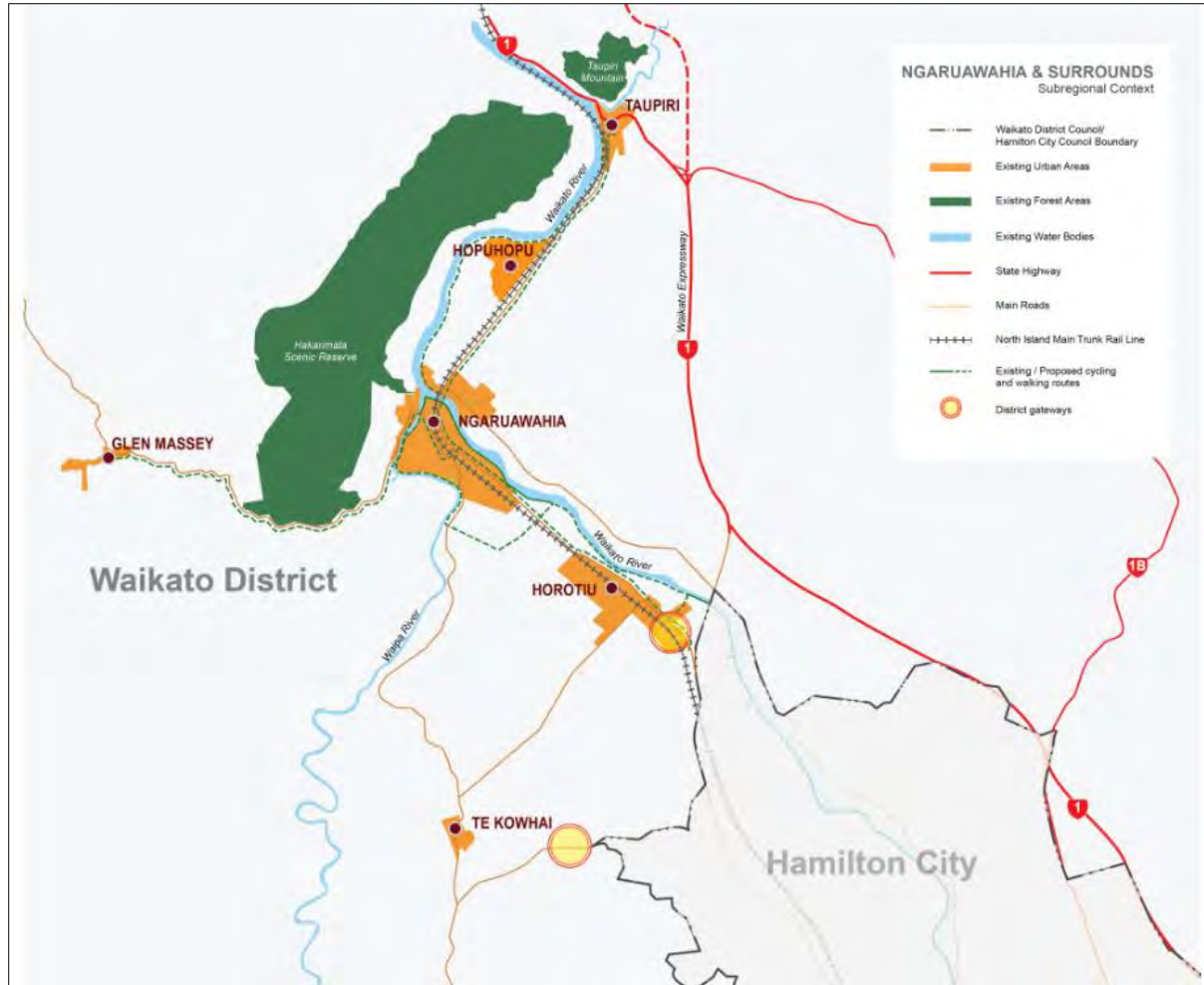
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<sup>1</sup> The Structure Plan is a report and plan together with supporting technical documents and maps

## 2. Background and Strategic Context

Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey comprise a town and five smaller satellite settlements strategically located in the area immediately to the north west of Hamilton. (see Figure 1).

**Figure 1. Sub-regional Context**



A key purpose of the structure plan is to provide a guide to the Waikato District Council as to the expected additional development capacity required to accommodate projected population growth of these settlements over the next 30 years. More specifically, the plan spatially identifies the areas for urban growth and where the Council needs to focus future infrastructure and services. Table 1 below provides information on the Council's projected population growth in the structure plan study area.

**Table 1. Projected Population growth for the six structure plan settlements from 2015 to 2040**

Location	2015	2020	2030	2040
Ngaruawahia	5440	5550	5620	5960
Horotiu	800	830	850	870
Hopuhopu	?	?	?	?
Taupiri	440	570	620	650
Te Kowhai	1570	1580	1620	1670
Glen Massey*	270	280	280	280

Source: NIDEA 2015 number of people round to the nearest ten.

\*Glen Massey NIDEA 2014 at the time of publishing since the population split between rural and urban census area units (CAU) for the 2015 data had not been completed. Note that Glen Massey is a small urban area within a large rural CAU.



Ngaruawahia, HopuhopuTaupiri, Horotiu, Te Kowhai & Glen Massey (see Table 1) had a combined estimated 2015 population of approximately 8,520 people.

A number of the structure plan settlements are finding that they have a new role and potential related to the spin-off effects of on-going urban growth of Hamilton and Auckland. Hamilton City has a current estimated population of approximately 140,000 people and is expected to grow by an additional 60,000 people in the next 30 years to over 200,000<sup>2</sup>. While the city plans to intensify the density of existing residential development in the city, it can be expected that there will be significant greenfield expansion and spill over effects on the surrounding areas and settlements within the Waikato and Waipa districts.

During the last 10 years Hamilton has experienced significant growth northwards with infill and new commercial and industrial development extending northwards to Te Rapa on the west side of the Waikato River and new residential development extending northwards from Rototuna towards Lake Road.

Alongside this urban expansion of Hamilton, there has been considerable development of regional and national level road infrastructure with completion of the Te Rapa bypass in 2012 and the Ngaruawahia bypass in 2013. These road developments will soon be followed by the Huntly and Hamilton by-passes which are due for completion in 2019/20. These developments will complete the New Zealand Transport Agency's Waikato Expressway project and see the establishment of the country's longest length of continuous dual carriageway motorway reaching from Auckland to south of Cambridge by 2020.

## 2.1 Ngaruawahia – Local Context and Key Features

Ngaruawahia is a small town of approximately 5400 residents located about 22 minutes drive north of Hamilton at the confluence of the Waipa and Waikato Rivers. The town is home to the Maori Kiingitanga and as a river based settlement is one of the oldest settlements in the Waikato Region. The landscape surrounding Ngaruawahia is dominated by the two rivers, the Hakarimata Range and nearby Taupiri Mountain. These have significant cultural value to the local iwi, Waikato Tainui (see photographs and Figure 2 below) and Maaori generally.

Although Ngaruawahia has itself become a satellite dormitory town to Hamilton, the town provides important community services for the outlying settlements of Tuapiri, Horotiu, Te Kowhai and Glen Massey. It is also an important gateway and service centre for the area north of Hamilton.

The town currently comprises mostly residential with some commercial and limited service industrial activities in the town's central area (see Figure 3 below). Over the last decade, development in the town has been relatively static with existing residents being largely reliant on Hamilton, Horotiu, Huntly or Auckland for meeting employment and higher order retail and community services needs. During the last two years, however, there has been a new interest in development in Ngaruawahia from a residential and business point of view. It does appear that the favourable location of the town is being re-discovered with a growing number of visitors using the Hakarimata Range for recreation and people exploring the 70km Te Awa cycle trail (Ngaruawahia to Horahora) and local history.

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<sup>2</sup> Statistics New Zealand estimates (2014).



### Photographs of Ngaruawahia



Quarry trucks through the town with the Hakarimata range in the background



The railway line past the town



The Waikato River through the town



The Kingitangi walkway at the Point



Characteristic residential street



The town's swimming pool



The main street in town



Patterson Park

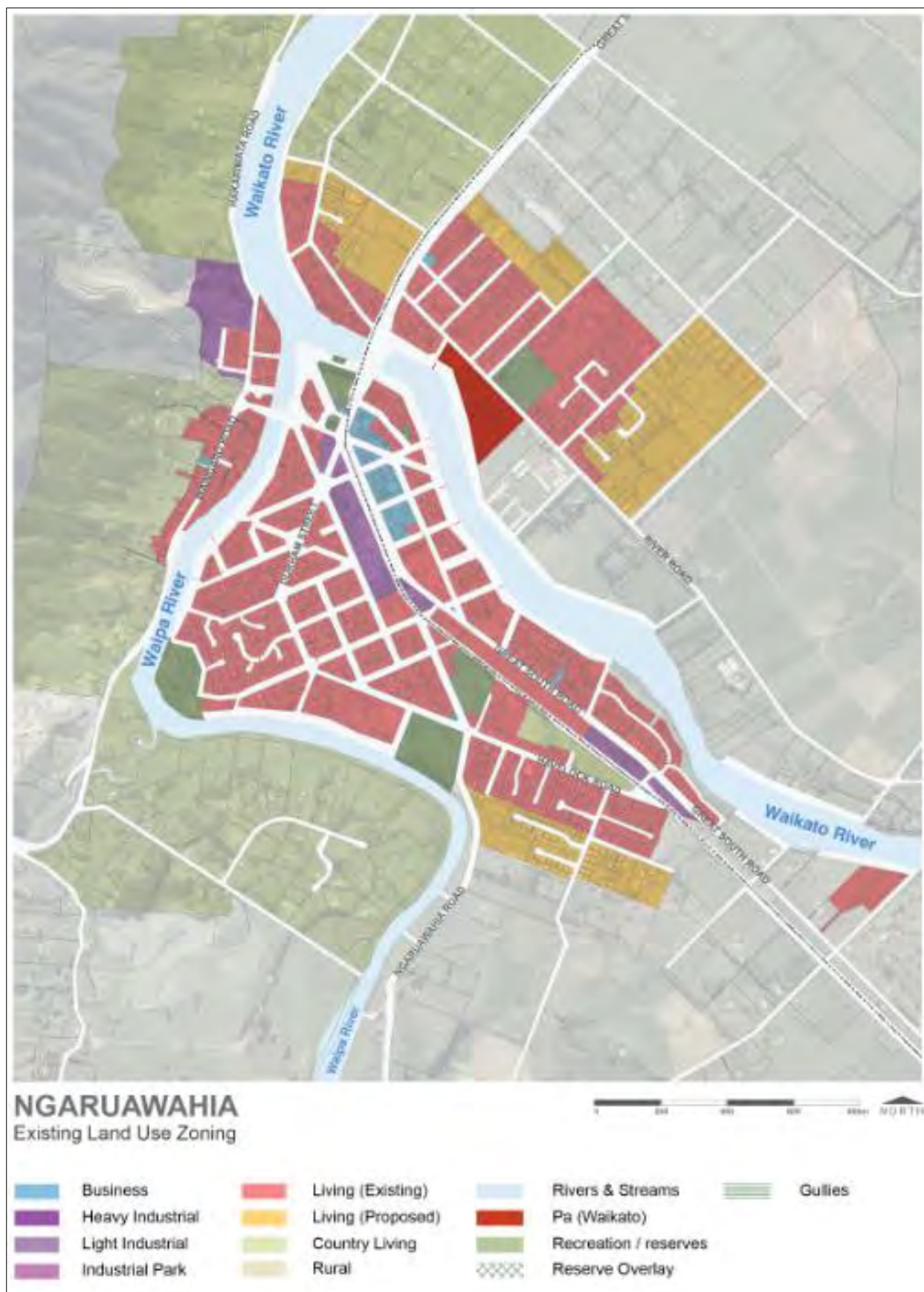
**Figure 2. Ngaruawahia - Local Context and Key Features**

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Figure 3. Current Waikato District Plan Land Use Zoning for Ngaruawahia





## 2.2 Hopuhopu – Local Context and Key Features

Hopuhopu is located approximately 6 minutes north-east of Ngaruawahia and immediately north of the Ngaruawahia waste water treatment plant. The township was formerly the site of an army camp from 1920 until 1993 when the land was returned to Waikato-Tainui, who established a complex including the Waikato-Tainui Endowed College and tribal administrative centre. The village is located off the main road and provides a pedestrian friendly environment compared to the main road. The school, Rugby Club and Church can all be accessed from side roads away from the State Highway creating a safe environment for parents and children (see photographs and Figure 4 below).

### Photographs of Hopuhopu



Some of the Endowed College building on the hill



Some of the former army base buildings



Entrance to Hopuhopu



Some of the houses in Hopuhopu with the Hakarimata Range in the background



Well established trees line the road through Hopuhopu



Large open spaces alongside the Waikato River at Hopuhopu

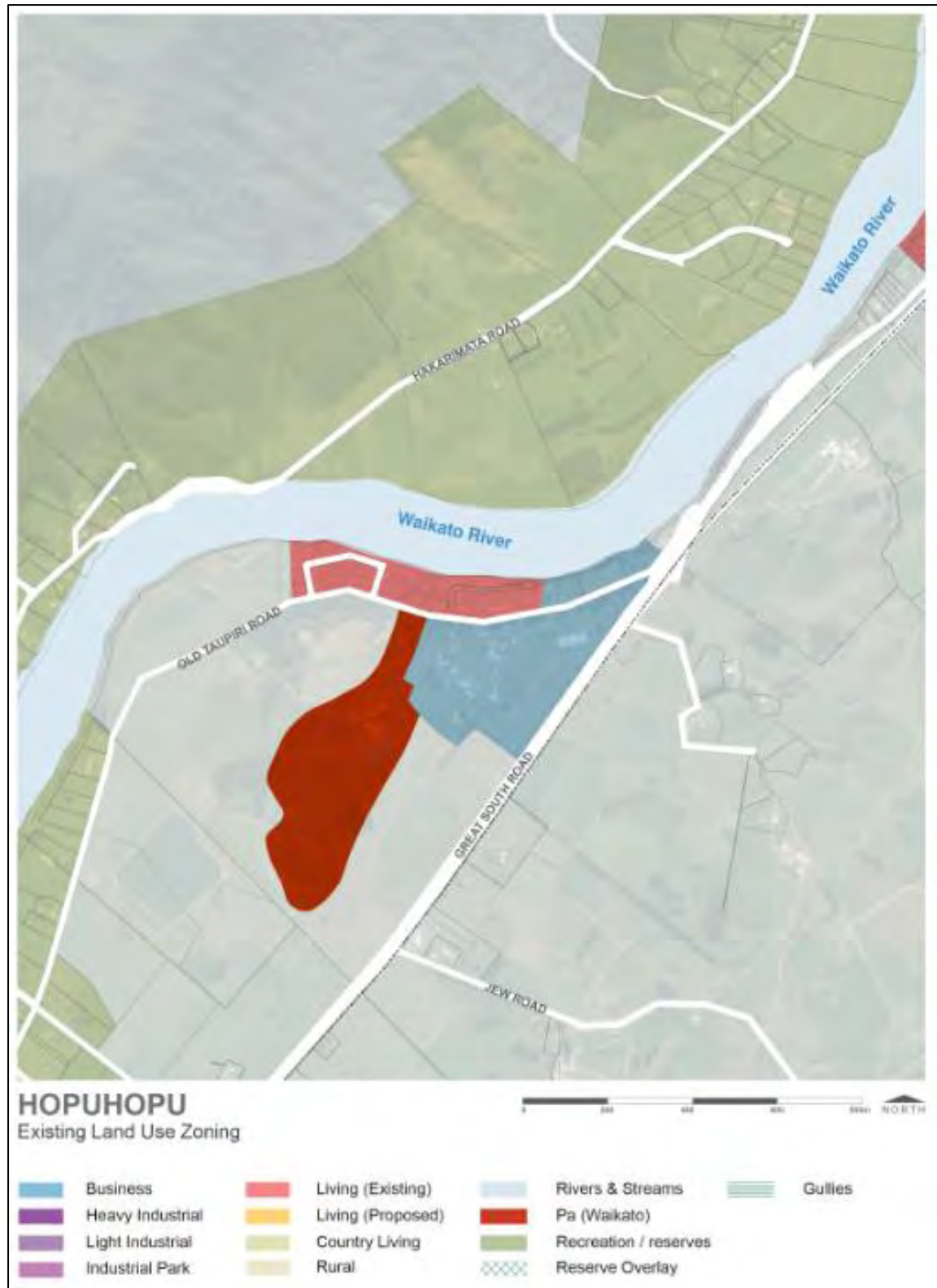


Figure 4. Hopuhopu Local Context and Key Features



Hopuhopu currently has a handful of residents and is predominately zoned 'Living', 'Business' and 'Pa.' The settlement and Tainui complex are surrounded by land zoned for 'Rural' activities. Any future plans for the development Hopuhopu will be dependent on the aspirations and visions of Waikato Tainui.

**Figure 5. Current Waikato District Plan Zoning for Hopuhopu**



### 2.3 Taupiri – Local Context and Key Features

Taupiri is located on the eastern bank of the Waikato River approximately 7 minutes north-east of Ngaruawahia and is overlooked by Mount Taupiri (Ko Taupiri te maunga) – the sacred burial ground for Maori of the Waikato iwi. The township was settled by Pakeha in the 1870s and became a farming centre with flax mills, a sawmill and a dairy factory. The population of Taupiri is approximately 440 people. The township has a significant Maori population (approximately 38%), while approximately 58% of the population are of European ethnicity. Taupiri also has a significant youthful population, with approximately 25% aged 14 years of age or younger. Approximately 62% of the population is of 'working age' (between 15 years and 64 years of age). Key features of Taupiri are shown in the photographs and Figure 6 below.

#### Photographs of Taupiri



The main road through Taupiri (formerly State Highway 1).



Small group of businesses off the main road.



The café on the main street.



The church in the main street



The rugby club and hockey fields provide good sporting facilities for the wider area.



Characteristic residential street in Taupiri.



Figure 6. Taupiri – Local Context and Key Features



The existing Taupiri town centre is small with a mix of retail and service uses. The Church sits on a prominent site on the corner of the State Highway at the entrance to the town centre. There is a collection of education services to the north of the town centre that consists of a Primary School and a Daycare Centre. To the east of the town centre is an area of light industry that sits adjacent to the rail line (see Figure 6 above). Taupiri is zoned predominately for residential and country living with limited amounts of business, recreation and Pa zoning. Taupiri township is surrounded by land zoned 'Rural' (see Figure 7 below).

**Figure 7. Current Waikato District Plan Land Use Zoning for Taupiri**





## 2.4 Horotiu – Local Context and Key Features

Horotiu is located approximately 15 minutes' drive north of Hamilton and five minutes south of Ngaruawahia. The township has a population of approximately 800 people comprising a majority of residents with European ethnicity (approximately 64%) and a significant proportion of Maori (approximately 27%). Horotiu has a notably dependent population with approximately 26% of residents younger than 14 years of age and 13% older than 64 years of age. The settlement is strategically located on the northern edge of Hamilton and immediately north of the Te Rapa by-pass motorway (see photographs and Figure 8 below). Horotiu has an interchange access to the motorway and is also located on the North Trunk Railway. Ports of Auckland will be a major presence for Horotiu as they are establishing a container handling facility in the industrial area with direct rail access.

### Photographs of Horotiu



The dairy in Horotiu



The Horotiu Primary School



The mixture of business and residential in Horotiu



Industry in Horotiu



The skate park and dog exercise area



Splashy is a landmark business in Horotiu

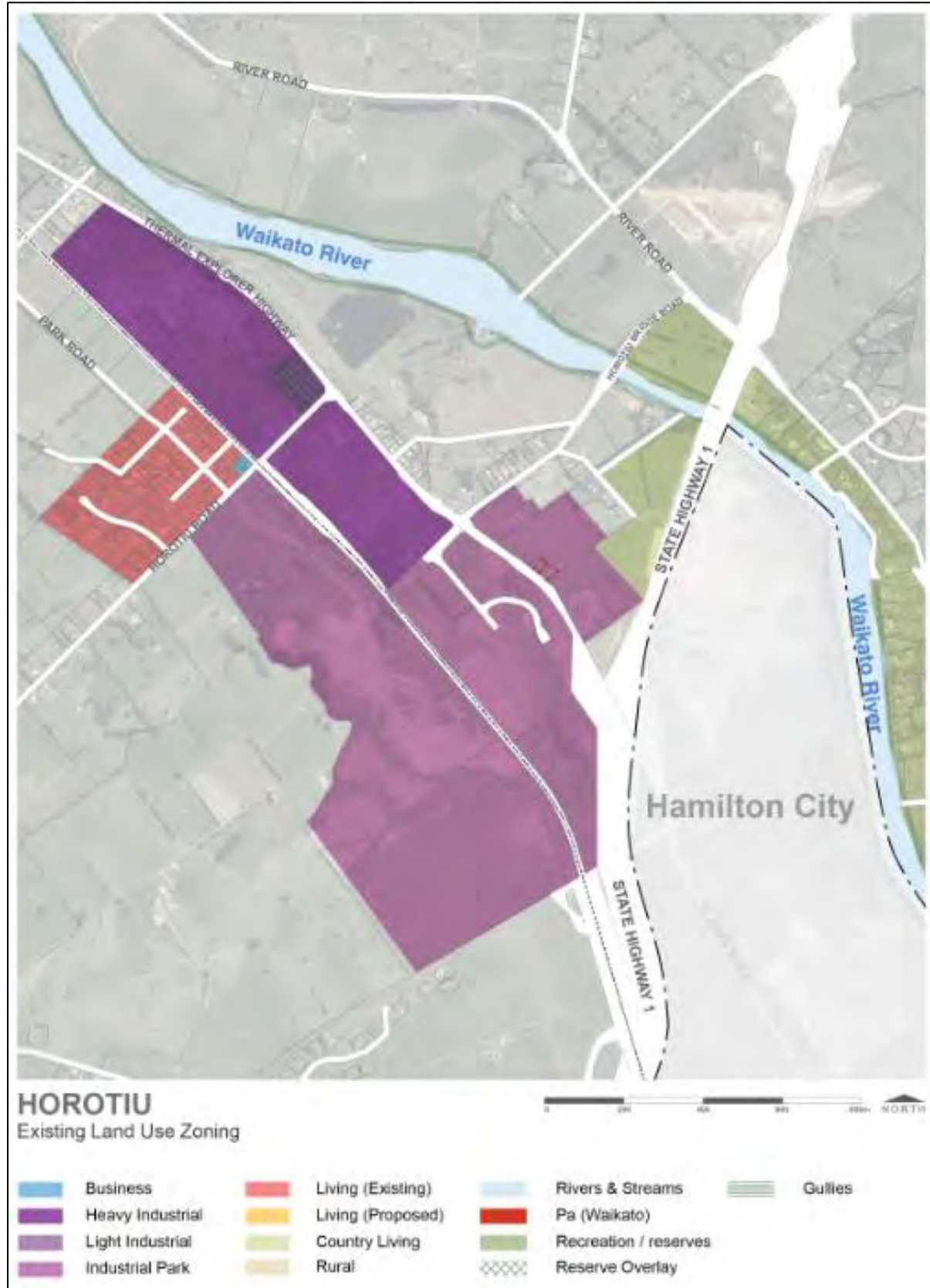
Figure 8 Horotiu – Local Context and Key Features





Horotiu is predominately zoned for industrial activities with the majority of land either the 'Heavy Industrial Zone' or 'Industrial Park Zone'. There are also pockets of land which are dedicated to residential activities, including an area of land zoned 'Living' to the west of the industrial area and an area of land zoned 'Country Living' (see Figure 9 below)

**Figure 9. Current Waikato District Plan Land Use Zoning for Horotiu**



## 2.5 Te Kowhai – Local Context and Key Features

Te Kowhai is located approximately 17 minutes' drive north-west of Hamilton City and about 10 minutes drive south west of Ngaruawahia. It is a small rural village that comprises a full primary school, fruit and vegetable store, dairy and takeaways, mechanic, retirement village, and a large park with a skatepark and playground (see photographs and Figure 10 below). Te Kowhai Airfield is situated on the southern periphery of the village. Since there are no reticulated water or waste water services available in Te Kowhai recent and current residential development is restricted to country living which is self serviced. Approximately 62% of the population are aged between 15 and 64 years of age and approximately 16% are 65 years of age or older. The proportion of older people is influenced by the existing retirement complex within Te Kowhai.

### Photographs of Te Kowhai



Te Kowhai Primary School is a focal point for the village



Characteristic country living in Te Kowhai



Church in Te Kowhai



The playground in the village



The local dairy



The only non retail business in the village



Figure 10. Te Kowhai – Local Context and Key Features



Te Kowhai is predominately zoned for residential activities. The township includes both the 'Country Living Zone' and an historic 'Living Zone'. In addition it has a small number of lots zoned 'Business' (see Figure 11. below). The township is surrounded by a large expanse of land zoned 'Rural' on all sides. When Hamilton develops currently undeveloped Rotokauri Structure Plan greenfield area, the village will be a lot closer to urban development and reticulated services.

**Figure 11. Current Waikato District Plan Land Use Zoning for Te Kowhai**





## 2.6 Glen Massey – Local Context and Key Features

Glen Massey is a small village located approximately 12 minutes' drive west of Ngaruawahia and accessed via the winding Waingaro Road over the Hakerimata range. The village is a former coal mining settlement that grew and declined in response to the nearby Wilton Colliery which closed in 1958. Glen Massey is contained by surrounding rugged hill country. A definite focus of the settlement is the Glen Massey Primary School which serves the surrounding farming community as well as the residents of the village (see photographs and Figure 12 below). The population of the village has been fairly static in recent times.

### Photographs of Glen Massey



Glen Massey nestled in the surrounding hills



The playground at the school



Glen Massey Primary School



The rugged topography around the village



Entrance to Glen Massey



Houses in the village

Figure 12. Glen Massey – Local Context and Key Features





Glen Massey is zoned predominantly for residential and rural activities. Although not serviced by reticulated water and waste water, the village comprises of land zoned for both 'Living' and 'Country Living' and is surrounded by 'Rural Zone' characterised by extensive pastoral farming activities (see Figure 13 below). There are no business activities in the village.

**Figure 13. Current Waikato District Plan Land Use Zoning for Glen Massey**



### 3. The Planning Process – Preparing the Structure Plan

#### 3.1 Three Main Contributions

There have been three major contributions or inputs informing the preparation of the Structure Plan.

- **Background Information Assessment & Scoping Report** – This assessment drew upon existing information available to the planning team including the various community plans:
- **Vision of the Community** - This central contribution has drawn upon various consultation events such as community open days, a planning workshop, and stakeholder meetings. The purpose of the consultation was to learn of their issues and include their expectations and preferences for the future development of the settlements in the structure plan; and,
- **Specialist Consultants** - The third source of information comes from the findings of a number of consultants commissioned by Waikato District Council to provide expert assessments on a number of specialist topics.

Of the three inputs the 'Vision of the Community' is the most vital in ensuring that the structure plan best reflects the identity and character of the different settlements and their communities.

#### 3.2 Assessment of Issues

A summary of key planning issues identified from the open days, planning workshop, stakeholder meetings and technical consultants included:

##### Key Issues

- Recognise and plan for an integrated and well connected system of trails, reserves and public open spaces for residents of the area;
- Provide for a greater variety of residential options: ranging from medium density town houses and above shop apartments around the Ngaruawahia town centre, to traditional suburban lots of 600- 700m<sup>2</sup> for family households, to smaller lots and retirement village options for older people as well as providing more areas of country living but on smaller lots of approximately 2,500-3,000m<sup>2</sup>;
- Keep settlements consolidated while providing for the anticipated growth in population;
- Recognise and incorporate the significant cultural and heritage value of parts of each settlement, eg Turangawaewae Marae.
- Better connection of study area with its natural features such as the Waikato and Waipa Rivers and the Hakarimata Reserve.
- Support industrial & business development in Horotiu;
- Support the business development of the Ngaruawahia town centre;
- Plan for a connection from the Te Awa walk/cycle way to the Hakarimata walkway; and,
- Provide for residential growth in Ngaruawahia, Taupiri and Horotiu as well as country living in Te Kowhai.

In addition to these key planning issues, the key opportunities and constraints identified in the preliminary assessment stage are bulleted below:

### Opportunities

- Ngaruawahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey's population is growing;
- There is space for growth;
- Proximity to the Waikato River and Hakarimata's;
- Railway line through the area;
- Grow town around the centre to ensure good access;
- Ngaruawahia, Taupiri, Horotiu, Te Kowhai & Glen Massey offer good small town lifestyle;
- Good level of community and educational facilities;
- Hamilton and Horotiu provide employment;
- Space for industrial development in Horotiu;
- Space for commercial development in Ngaruawahia town centre; and
- Significant residential development is occurring on south side of Ngaruawahia.

### Constraints

- Large areas of floodable land near the Waikato and Waipa Rivers;
- Areas of incised stream gullies in and around the settlements;
- Winding access road and steep topography around Glen Massey
- The odour sensitivity of some of the industries and business activities around Ngaruawahia and Horotiu;
- The poor quality of some of the residential development in Ngaruawahia;
- The loss of connection between the town and the river; and
- The awkward layout of Ngaruawahia at the confluence of the Waipa and Waikato Rivers and divided by the railway line and former State Highway One corridor.

## 3.3 Compiling a Development Vision

The development vision for each of the settlements has been pieced together through an iterative process of consultation by the council planning team to engage the local community, iwi and key stakeholders in the structure plan preparation process.

### Community Plans

The preparation of the structure plan has taken account of the community plans for **Ngaruawahia, Taupiri, Te Kowhai & Glen Massey**<sup>3</sup> variously compiled between 2007 and 2011. These community plans were compiled to express each local community's vision for the future of their settlements. While most of the elements in these community visions relate to community activities that are beyond the scope of the structure plan, some aspects are of relevance to spatial development planning and have helped inform the preparation of this structure plan.

These elements are:

- The avoidance of small lot sizes for residential;
- Provisions of water and wastewater services to Te Kowhai;
- Traffic improvements for SH 39 through Te Kowhai
- Managed expansion of residential development for Taupiri
- Review Country Living Zone around Taupiri
- Reduction of through vehicle traffic in Te Kowhai – ring road, parking;
- Pedestrian accessibility – road crossings;
- Design guidelines for development;

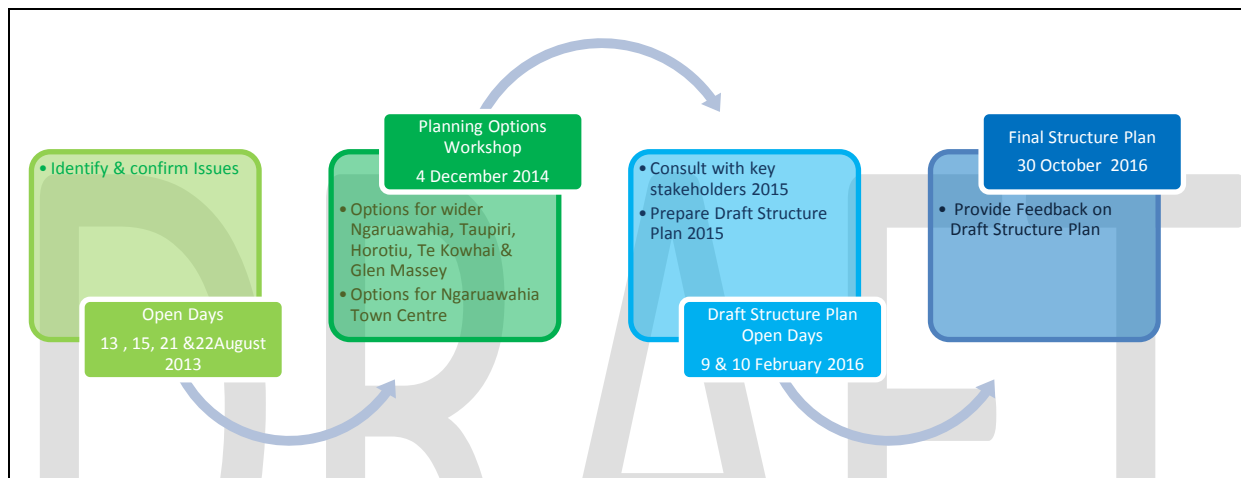
<sup>3</sup> Horotiu and Hopuhopu do not have community plans but issues regarding road connections and safety around the school were identified from the community during consultation.

- Rezoning;
- Protect heritage and culture; and
- Best use of recreation and link walkways and cycleways.

### Community Engagement in Preparing the Structure Plan (refer to Diagram 1)

The process of consulting and engaging with the local community, iwi and key stakeholders took place between 2013 and 2016 through a sequence of meetings, interviews, planning events including open days, and a planning options workshop. This engagement enabled an identification and confirmation of issues followed by an exploration of development options and finally the preparation of a draft structure plan.

### The Iterative Community Consultation Process (Diagram 1)

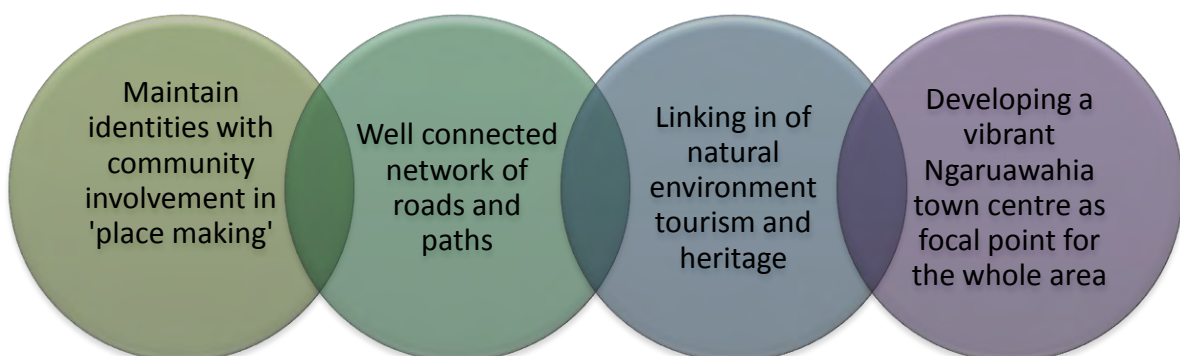


## 3.3 Options for Development and Concept Proposals

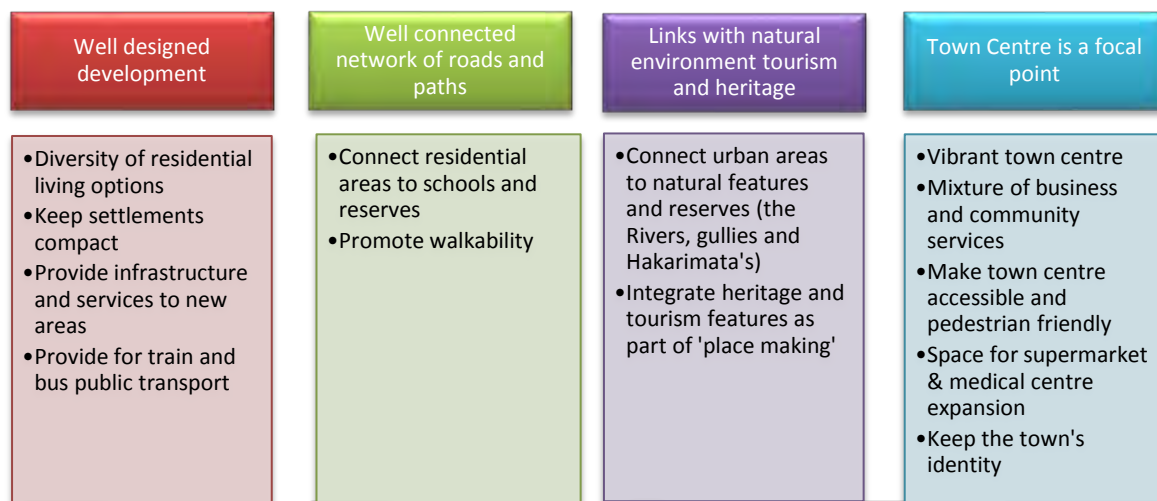
A confirmed vision for each area's development was reached at a planning options workshop with members of the community on 4 December 2014. The purpose of the workshop was to consider preferred options for the development of each settlement. Appendix I contains the feedback from this workshop.

### Key Principles

The following key principles have been identified by the planners based on the contribution of participants at the December workshop:



These four key development principles are expanded below using the key ideas contributed by community participants at the planning workshop on 4 December 2014.



### 3.4 The role of specialist consultants

Preparation of the draft structure plan has also been informed by the findings of the various specialist consultants appointed in early 2014 to provide expert information on key subject areas. In all, eleven subject areas were covered, which included:

- Geotechnical;
- Archaeology;
- Built Heritage;
- Cultural Heritage;
- Socio Economics;
- Urban Design;
- Stormwater Management;
- Landscape;
- Transport;
- Contaminated Land; and
- Water and Wastewater Services.

The information provided by these various studies has helped in refining the concept development plan proposals carried forward into the draft Structure Plan.

These reports also perform an important function in providing technical support for any statutorily regulated<sup>4</sup> changes to the Waikato District Plan zoning or provisions triggered by the Structure Plan.

<sup>4</sup> Any changes to the Waikato District Plan are require compliance with a rigorous Schedule 1 process under the Resource Management Act (1991)

## 4. Key Moves and Outcomes of the Structure Plan

### 4.1 Key Moves – Development Objectives and Action Policies

There are five overall objectives for the structure plan and development of the six settlements.. These objectives are for the settlements to have Identity and Legibility; to be Integrated and Connected; to support Diversity and Flexibility; to have Resilience and Sustainability and lastly Managed Growth. The purpose of the objectives is to have a set of clear aims for the plan as informed by the vision of the six communities. Nested with each of the five objectives (see below) there are a number of supporting action policies. These policies provide direction for how the development objectives are to be achieved.

#### Development Objectives

#### Action Policies





## 4.2 Key Moves for the Six Settlement Areas

The planners prepared a series of 'Key Moves' plans to outline a broad spatial framework for each of the six settlements in the structure plan. These plans were prepared using community inputs compiled from the open days, Ngaruawahia Community Board workshop on 8 July 2014, the 4 December 2014 planning workshop and the Ngaruawahia Community Board workshop on 14 July 2015.

**Figure 12. Ngaruawahia Key Moves Plan**



#### 4.2.1 Key moves for Ngaruawahia

These are:

- New residential growth to the north and south
- Better connectivity between town centre, the point and Hakarimata walkway
- An improved walking and cycling network integrated with Te Awa cycleway
- Mark entrance ways to town
- Build identity on heritage and cultural aspects of the town with development of an arts centre
- Clear edge to the town with a rural buffer /green belt around the town
- New residential lots should be a minimum of 500/600m<sup>2</sup> and
- Public toilets at the Hakarimata carpark in Brownlea Avenue

**Figure 13. Ngaruawahia Town Centre Concept Plan**



#### Key moves for the town centre

- Better civic facility in town centre to include hall, meeting rooms and library
- Centrally located multi-sports facility
- Link Jesmond Street and Market Street

#### 4.2.2 Key Moves for Hopuhopu

These are not certain at this stage and will depend on what Waikato Tainui's vision and plans for the area are. The map below presents some ideas from the planners. One of the key ideas is to have improved connections with Tuapiri and Ngaruwahia via cycleway and walkway.

**Figure 14. Hopu Hopu Possible Key Moves Plan**





### 4.2.3 Key moves for Taupiri

- Reconnect walkway / cycleway from Taupiri to Hopuhopu
- Pedestrian access over the railway line at the road bridge
- Pedestrian access to the Taupiri Mountain cemetery
- Make Putu Street the focus of the village
- Use farming and the sports park as themes and focal points for the village
- Add residential zoning to reflect opportunity for affordable housing close to expressway

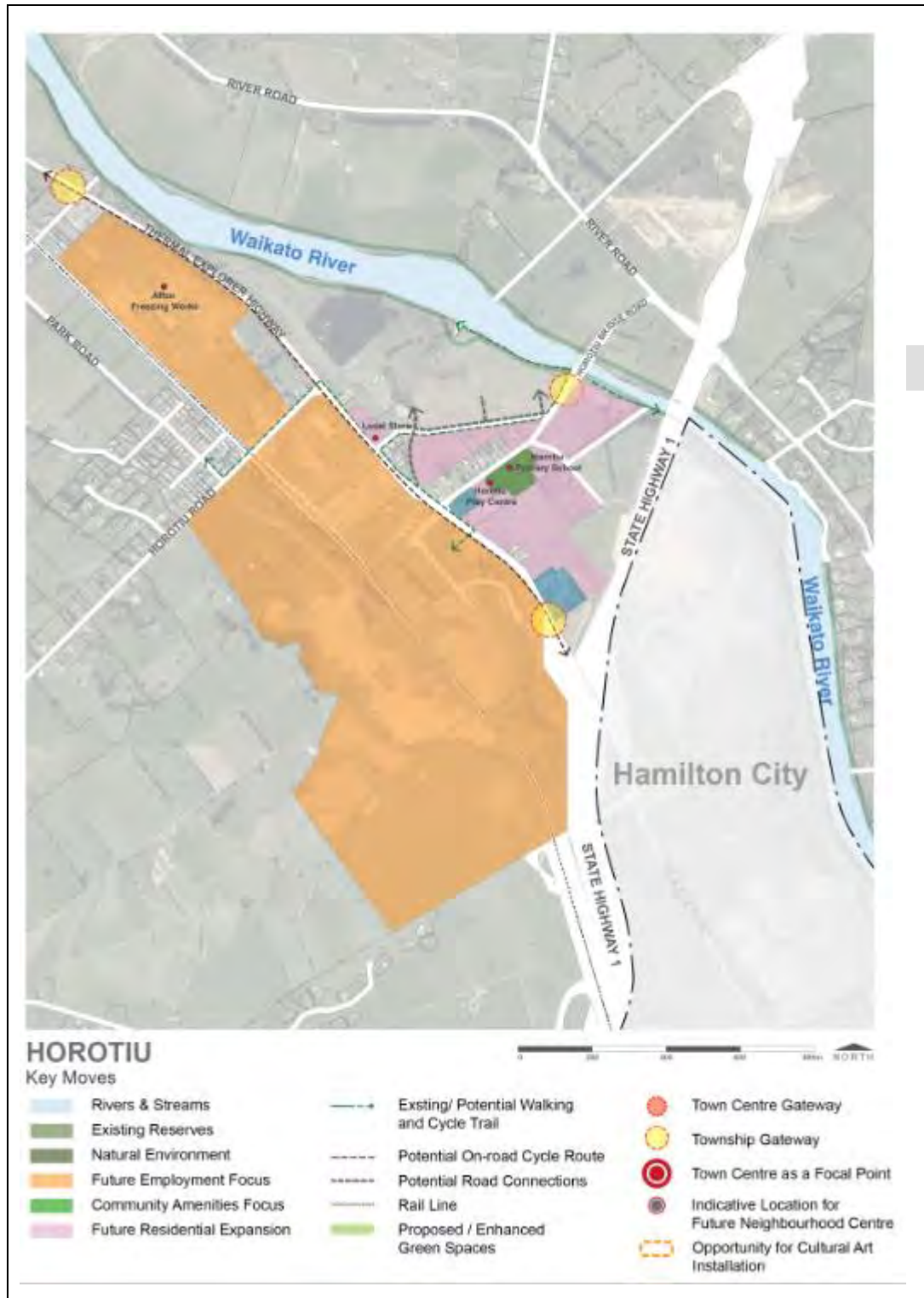
**Figure 15. Taupiri Key Moves Plan**



#### 4.2.4 Key moves for Horotiu

- Rezone rural land between Horotiu Bridge Road and Washer Road to residential;
- Establish a retirement village near Horotiu
- Better walking and cycling connectivity through the settlement and
- Connect new residential to reticulated water and sewage services

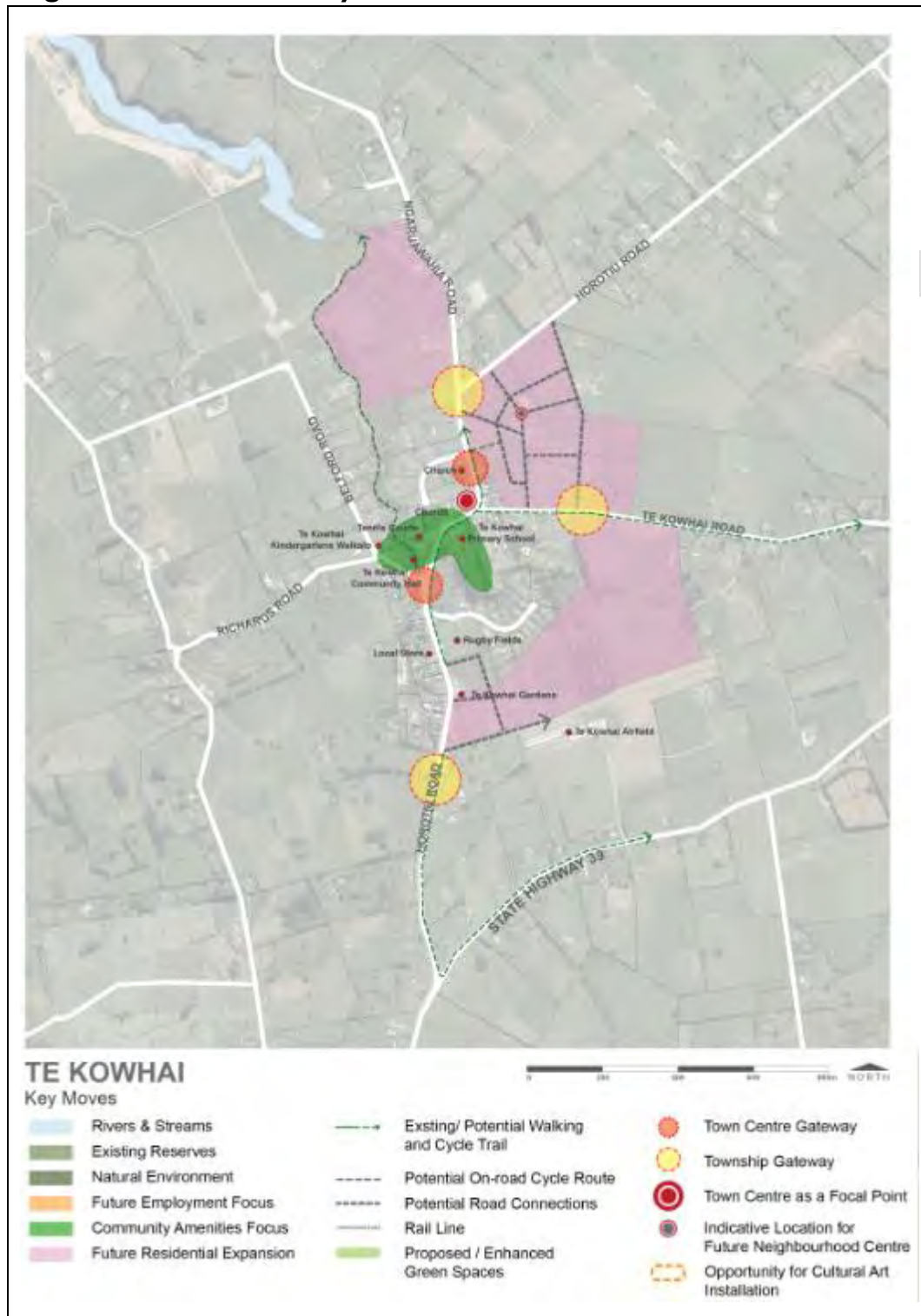
**Figure 16. Horotiu Key Moves Plan**



#### 4.2.5 Key moves for Te Kowhai

- Footpaths connecting all areas through the village
- Cycleway to Hamilton
- Keep identity of the village
- Mark all entrance ways to the village
- Future lots should be no smaller than 900m<sup>2</sup> and up to 8000m<sup>2</sup> and
- Future country living residential areas could be to the north, east and a small area to the south
- A larger reserve for sports activities

**Figure 17. Te Kowhai Key Moves Plan**

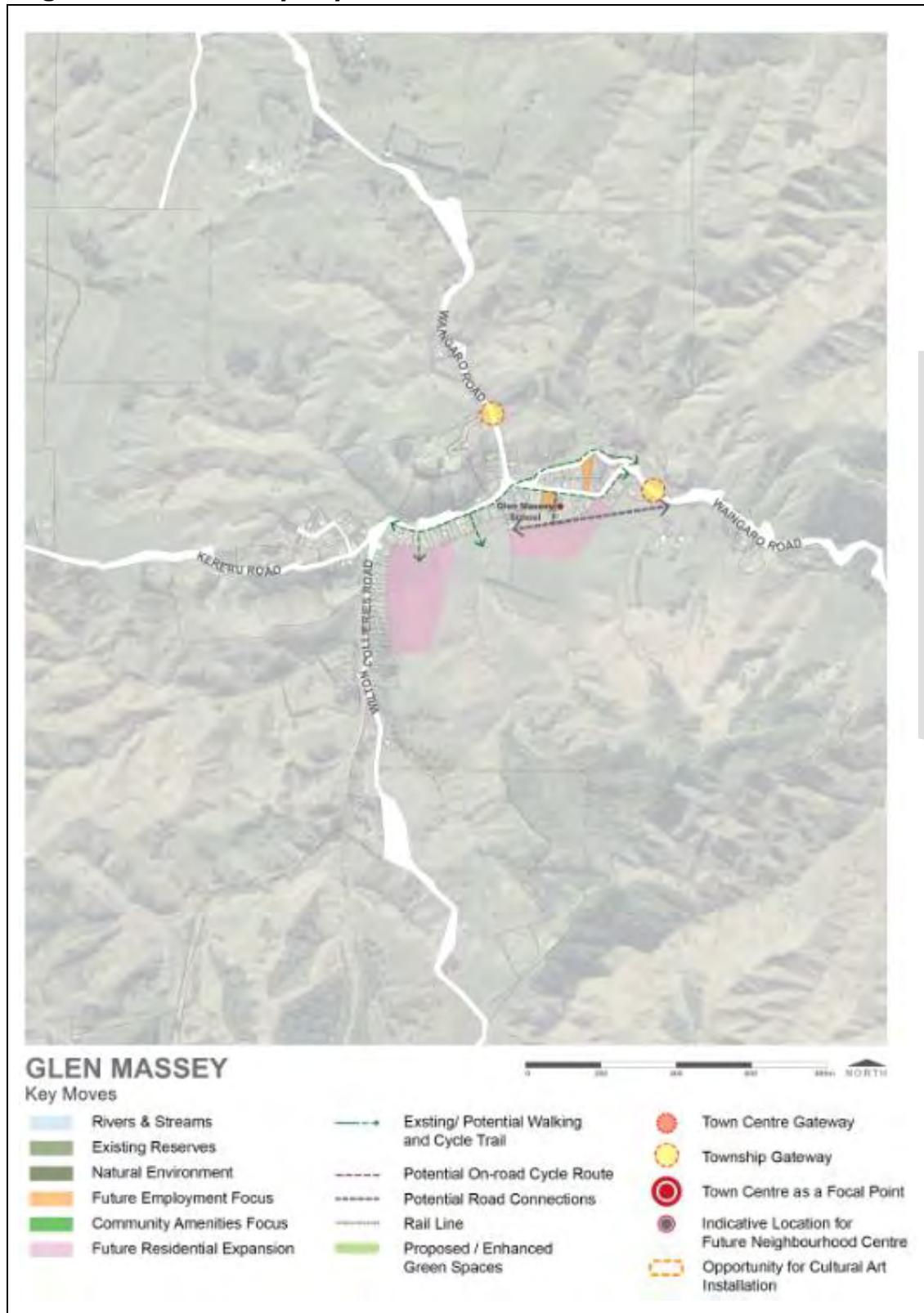




#### 4.2.6 Key moves for Glen Massey

- Footpaths connecting from the school through the village and along the Wilton Collieries Road
- More recreational facilities and
- Focus village identity on its coal mining heritage.

**Figure 18 Glen Massey Key Moves Plan**

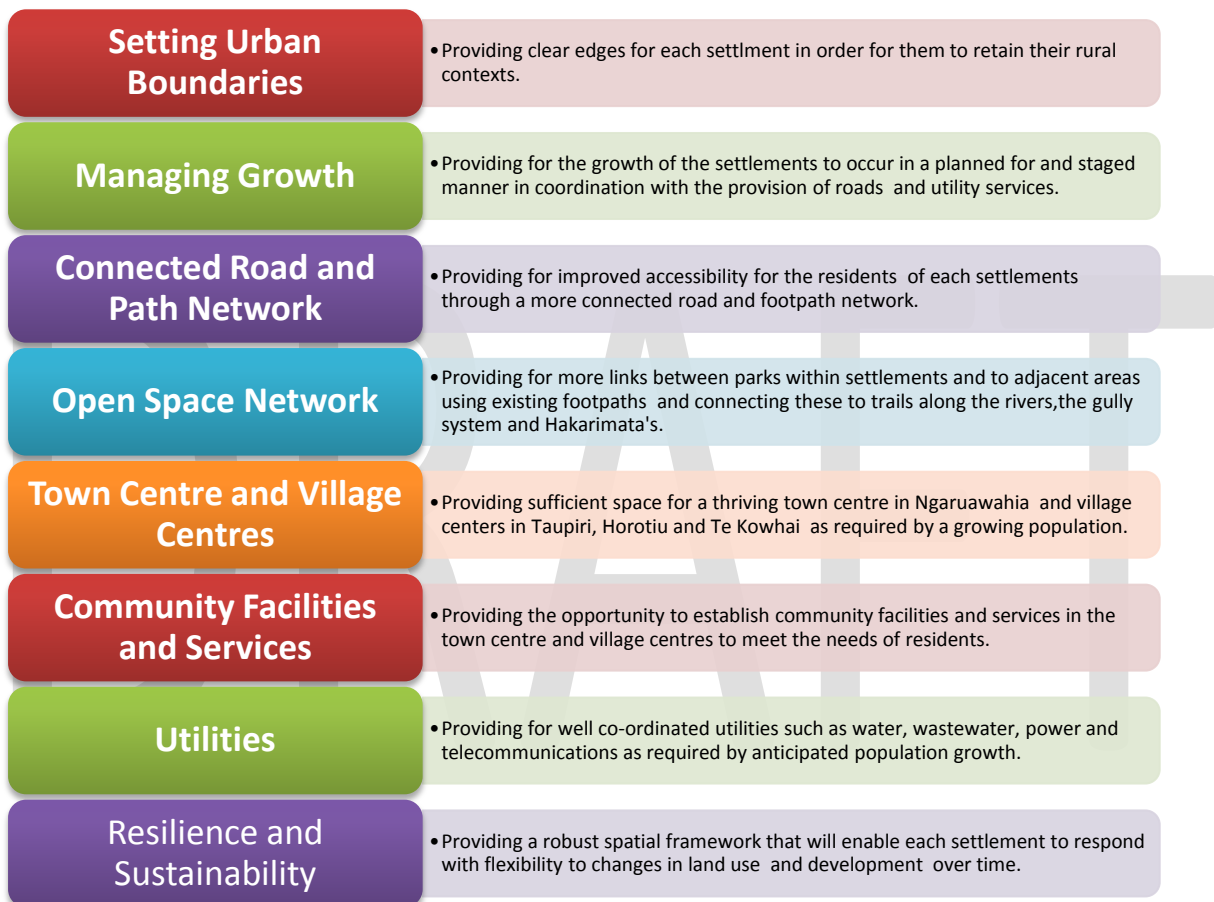


### 4.3 Key Outcomes of the Structure Plan

#### Eight strategies to help deliver the community visions for the six settlements

Each settlement has a distinct identity as a place and a community. In compiling the structure plan, the consensus of view by residents, is that each settlement should retain its own particular identity into the future.

Although the structure plan cannot in itself fulfil this goal, the eight strategies listed below will assist the individual communities and developers in realising the community's vision. The strategies below are drawn from the development objectives and action policies listed in Section 4.1.



### 4.4 Urban Boundaries and Managing Growth

The urban boundary marks the transition between urban land uses and rural landuses. As urban areas expand to accommodate projected growth so the urban boundary will shift to mark this changing transition. To improve certainty for everyone affected from landowners, to developers and service providers it is helpful that changes to this urban boundary are planned and managed by the Council to sensibly match a staged release of new greenfield (formerly rural) land for urban development. One of the key purposes of this structure plan is to provide guidance in this regard.

The staged release of new greenfield areas also should be matched to demand for additional land capacity to accommodate the projected future growth in population. This staged approach will enable new development to be aligned with the establishment of the supporting infrastructure, water and wastewater services, power and telecommunications as well as the establishment of new parks and reserves required to meet the needs of new residents.



Due to strong interest from landowners and developers to see some immediate rezoning to accommodate growth demands currently being experienced in the structure plan area, Plan Change 17 has already been prepared to rezone the Stage 1 areas identified in the Structure Plan for urban<sup>5</sup> development uptake.

The importance of this staged approach is particularly important for the Council in enabling it to carry out the required plan changes to the District Plan for rezoning and importantly to budget ahead in the Long Term Plan process for the required project work and capital expense to support development. Some of the new bulk infrastructure required (eg water and waste water main pipes) needs to be forward funded to un-lock development potential and enable the provision of developer funded local road infrastructure and the reticulation of utility services to occur.

Individual staging plans have been compiled for Ngaruawahia, Taupiri, Horotiu and Te Kowhai.<sup>6</sup> taking into account the views of local community groups and landowners. These staging plans are presented in the following sections 4.4.1 to 4.4.4. No new zoning is proposed in Glen Massey due to the existing latent zoning capacity present, the lack of population growth and absence of reticulated water and waste water services. In addition, no new zoning is proposed for Hopuhopu as there is similarly considerable zoning capacity present and development of the area will be contingent on the aspirations and plans of Waikato Tainui.

Since this structure plan is strategic, high level and long term, there are likely to be unforeseen changes occurring in the local and wider context during the next 30 years that necessitate the regular review and updating of all the key moves and outcomes contained in this structure plan document. Significant future changes to the Structure Plan may well also carry through into 'Plan Changes' to the zoning and provisions of the Waikato District Plan to better enable the achievement of these structure plan changes.

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<sup>5</sup> in advance of the comprehensive District Plan Review process which the Council has currently underway

#### 4.4.1 Staging Plan for the Development of Ngaruawahia



The physical constraints of the two rivers, flooding and the Hakarimata range restrict future growth of the town to a southerly direction and northeasterly direction. The staging presented here provides considerable capacity to meet projected population growth with a margin of additional growth allowed. Ngaruawahia is fortunate in having a good framework of established road infrastructure, reticulated utility services and community facilities that have capacity to accommodate growth in the short to medium term. The staging plan makes provision for a mix of Living and Country Living residential development to occur. There is considered to be sufficient existing Industrial land capacity and to support the improved performance of the town centre a small addition of Business zoning is provided. Tables 2,3 and 4 outline the estimated development capacity provided for in the staging plan.

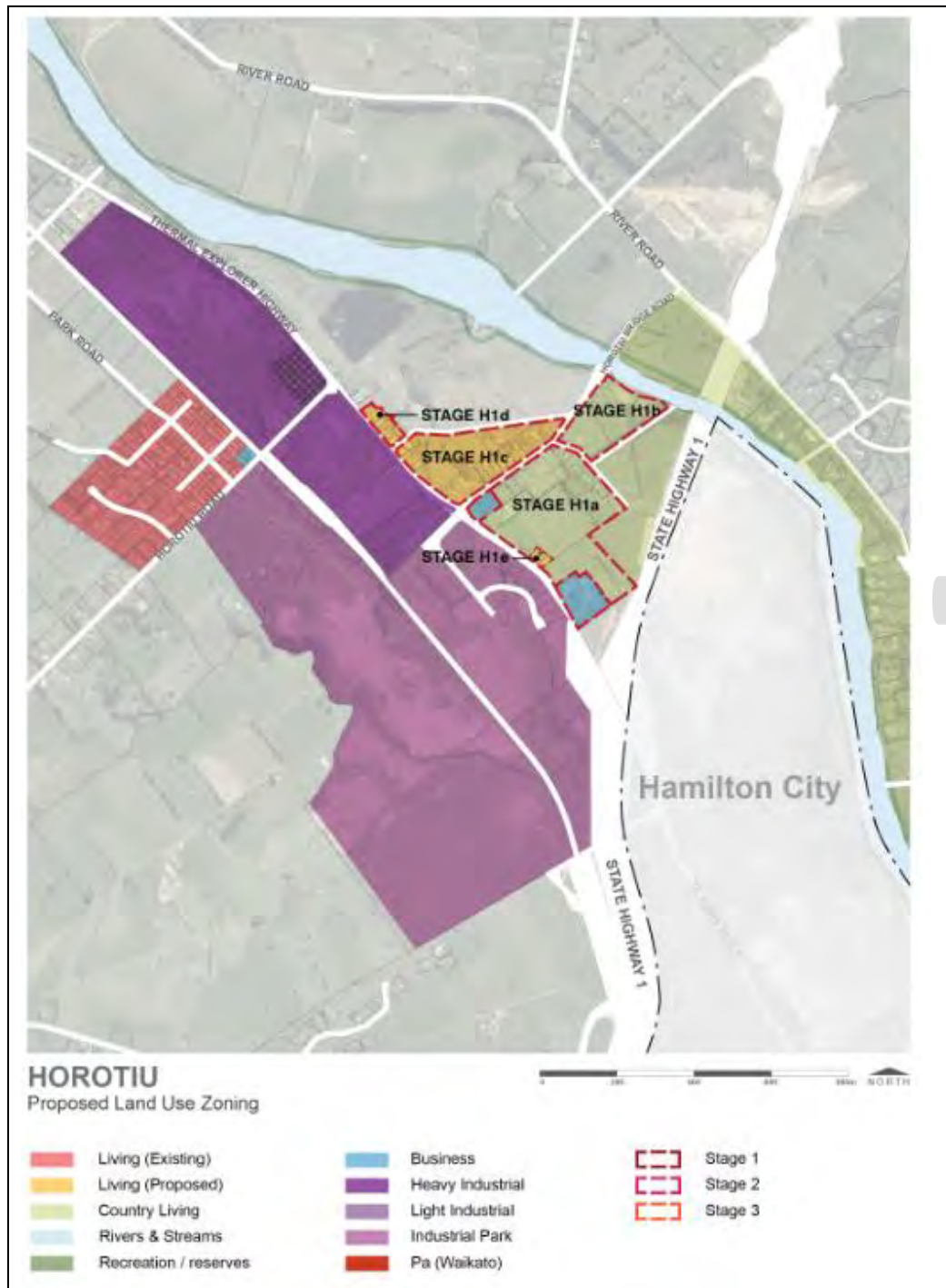
#### 4.4.2 Staging Plan for the Development of Taupiri



Similar to Ngaruawahia, the physical constraints of rivers, flooding and topography restrict future growth in Taupiri to the south and north east. There is a generous margin of potential development capacity provided for in the two stage staging plan. The plan takes advantage of the capacity in the already established community facilities, road infrastructure and reticulated services present. The additional staged zoning of Living and Country Living residential land caters for a possible acceleration of growth due to proximity to the Waikato Expressway and spill over effects from Auckland and Hamilton. Tables 2,3 and 4 outline the estimated development capacity provided for in the staging plan for Taupiri.



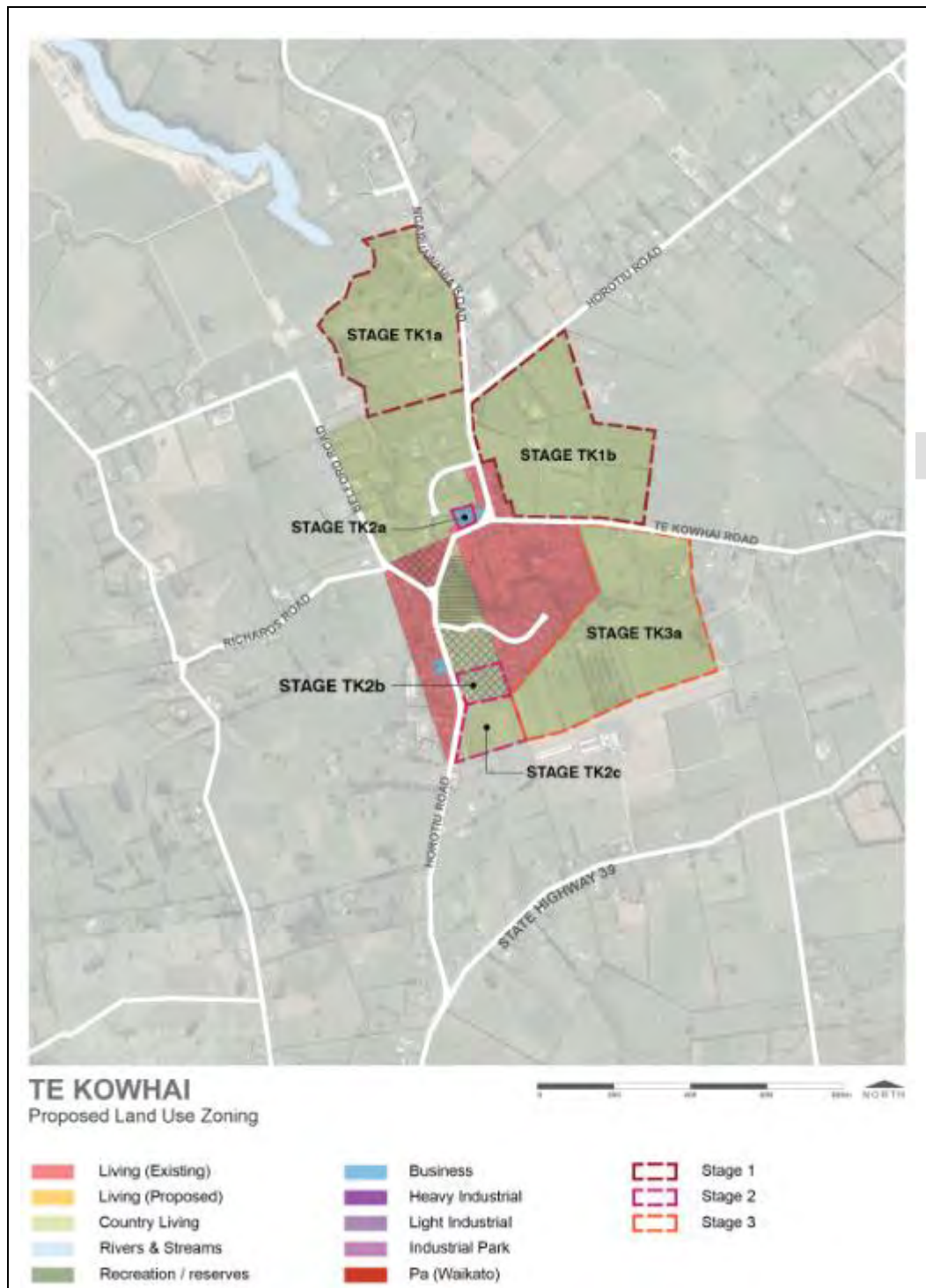
#### 4.4.3 Staging Plan for the Development of Horotiu



In Horotiu, the staging plan proposes a fairly limited expansion of Business and Living and Country Living zones. Much of the proposed zoning is to better reflect existing land uses and provide for the development of a more integrated urban settlement. Horotiu already has a potential focal point for developing at the intersection of Great South Road and the Horotiu Bridge Road. There are a number of existing businesses and the primary school present for future development to centre on. The biggest change is rezoning an existing undeveloped area currently zoned for industrial around the primary school that is incompatible with the existing school and adjacent residentially developed land on Horotiu Bridge Road. There remains considerable undeveloped industrial zoned land on the west side of the Great South Road. Only two stages of growth are provided for in the staging plan due to the level of uncertainty as to the future long term development of this strategically situated area on

the northern boundary of Hamilton. Tables 2,3 and 4 outline the estimated development capacity provided for in the staging plan for Horotiu.

#### 4.4.4 Staging Plan for the Development of Te Kowhai



The staging plan for Te Kowhai provides for three stages of Country Living residential development and a small addition of Business in the village centre. The provision for only Country Living residential reflects the absence of reticulated water and waste water services to Te Kowhai and the unlikelihood of these being provided in the foreseeable future. Tables 2,3 and 4 outline the estimated development capacity provided for in the staging plan for Te Kowhai.

## 4.5 Development Capacity – Resilience and Sustainability

A planned, staged and coordinated approach to the provision of development capacity within the structure plan area will enable new development to be sustainably aligned with the installation of supporting road and stormwater infrastructure, water and wastewater services, power and telecommunications, as well as the establishment of new parks and reserves required to meet the needs of new residents.

**Table 2 Stage I Estimated development capacity yields**

Cell No	Area	Proposed Zone	Net Developable Area and Density in dwelling units per ha	Average Household size/ Lots yielded	Population Yield
<b>Stage I – 2016- 2026</b>				2.7 people per household	
<b>Taupiri</b>					
<b>Area T I a</b>	5.7ha	Residential	65% developable 3.7ha x 12 du/ha	45 lots	121 people
<b>Area T I b</b>	2.9ha	Residential	80% developable 2.3ha x 12du/ha	28 lots	75 people
<b>Area T I c</b>	5.0ha	Residential	70% developable 3.5ha x 12du/ha	42 lots	113 people
<b>Taupiri Stage I. Subtotal</b>	12.6ha	Residential	9.5ha x 12du/ha	115 lots	309 people
<b>Ngaruawahia</b>					
<b>Area N I a</b>	11.2ha	Residential	75% developable 8.4ha x 12du/ha	101 lots	273people
<b>Area N I b</b>	15.0ha	Rural residential	80% developable 12ha x 3du/ha	36 lots	97 people
<b>Area N I c</b>	2.7ha	Residential	80% developable 2.2ha x 12du/ha	26 lots	70 people
<b>Area N I d</b>	0.2ha	Business	-	-	-
<b>Ngaruawahia Stage I. Subtotal</b>	13.9ha 15.0ha	Residential Rural residential	10.6ha x 12du/ha 12ha x 3du/ha	127lots 36 lots	343 people 97 people
<b>Horotiu</b>					
<b>Area H I a</b>	18.0ha	Rural residential	75% developable 13.5ha x 3du/ha	40 lots	108 people
<b>Area H I b</b>	5.7ha	Rural residential	75% developable 4.3ha x 3du/ha	13 lots	35 people
<b>AreaH I c</b>	9.0ha	Residential	50% developable 4.5ha x 12du/ha	54 lots	145 people
<b>AreaH I d</b>	1.0ha	Residential	20% developable 0.2ha x 12du/ha	2 lots	6 people
<b>AreaH I e</b>	0.3ha	Residential	50% developable 0.1du x 12du /ha	1lot	3 people
<b>Horotiu Stage Subtotal</b>	1.3ha 10.3ha	Residential Rural residential	4.8ha x 12du/ha 18ha x 3du/ha	57 lots 54 lots	154 people 143 people
<b>Te Kowhai</b>					
<b>AreaTK I a</b>	13.8ha	Rural residential	80% developable 11.0ha x 3du/ha	33 lots	89 people
<b>AreaTK I b</b>	27.9ha	Rural residential	80% developable 22.3ha x 3du/ha	67 lots	180 people

<b>Te Kowhai Stage 1. Subtotal</b>	42.7	Rural residential	33.3ha x3du/ha	100 lots	269 people
<b>Stage 1: Estimated additional population provided for in Stage 1</b>					<b>1,315 people</b>

**Table 3 Stage 2 Estimated Development Capacity yields**

Cell No	Area	Proposed Zone	Net Developable Area and Density in dwelling units per ha	Average Household size/ Lots yielded	Population Yield
<b>Stage 2 – 2026- 2036</b>				2.6 people per household	
<b>Taupiri</b>					
<b>Area T2a</b>	3.3ha	Residential	80% developable 2.6ha x12 du/ha	31 lots	81 people
<b>Area T2b</b>	7.2ha	Rural residential	75% developable 5.4ha x 3du/ha	16 lots	41 people
<b>Area T2c</b>	6.8ha	Rural residential	70% developable 5.4ha x3 du/ha	16 lots	41 people
<b>Taupiri Stage 2. Subtotal</b>	12.6ha 14ha	Residential Rural residential	9.5ha x 12du/ha 10.8ha x 3du/ha	31 lots 32 lots	81 people 82 people
<b>Ngaruawahia</b>					
<b>Area N2a</b>	39.2ha	Residential	75% developable 29.4ha x 12du/ha	353 lots	917people
<b>Ngaruawahia Stage2. Subtotal</b>	39.2ha	Residential	10.6ha x 12du/ha	127lots	917 people
<b>Horotiu</b>	Nil				
<b>Horotiu Stage 2 Nil</b>	Nil				
<b>Te Kowhai</b>					
<b>AreaTK2a</b>	0.4ha	Commercial	80% developable	-	-
<b>AreaTK2b</b>	2.6ha	Reserve		-	-
<b>Area TK2c</b>	3.3ha	Rural residential	80% developable 2.6ha x3du/ha	7 lots	20 people
<b>Te Kowhai Stage 2. Subtotal</b>	3.3ha	Rural residential	2.6ha x3du/ha	7 lots	20 people
<b>Stage 2: Estimated additional population provided for in Stage 2</b>					<b>1,100 people</b>

**Table 4 Stage 3 Estimated Development Capacity yields**

Cell No	Area	Proposed Zone	Net Developable Area and Density in dwelling units per ha	Average Household size/ Lots yielded	Population Yield
<b>Stage 3 – 2036- 2046</b>				2.5 people per household	
<b>Taupiri</b>					
<b>Nil</b>	-	-	-	-	-
<b>Taupiri Stage</b>	nil	-	-	-	-



<b>3. Subtotal</b>					
<b>Ngaruawahia</b>					
<b>Area N3a</b>	12.2ha	Residential	75% developable 9.1ha x 12du/ha	109 lots	275people
<b>Area N3b</b>	40.2ha	Residential	65% developable 26.1ha x 12du/ha	313 lots	772 people
<b>Area N3c</b>	22.4ha	Residential	75% developable 16.8 ha x 12 du/ha	201 lots	502 people
<b>Ngaruawahia Stage3. Subtotal</b>	39.2ha	Residential	52ha x 12du/ha	623lots	1,549 people
<b>Horotiu</b>	Nil	-	-	-	-
<b>Horotiu Stage 2 Nil</b>	Nil	-	-	-	-
<b>Te Kowhai</b>					
<b>AreaTK3a</b>	30ha	Rural residential	80% developable 24.3 ha x 12du/ha	291 lots	727 people
<b>Te Kowhai Stage 3. Subtotal</b>	38ha	Rural residential	24.3 ha x 12du/ha	291 lots	727 people
<b>Stage 3: Estimated additional population provided for in Stage 3</b>					<b>2,276 people</b>

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#### 4.6 Connected Road, Footpath and Open Space network

An Integrated approach to new development planning should ensure that roads and footpaths are provided for in new urban development areas are well connected internally as well as with existing urban areas. The District Plan Review is giving attention to having development control provisions that support a more integrated approach to the planning and development of new urban areas. The aim is to establish a living environment that is more connected, flexible, sustainable and resilient that meets the needs of residents and enables these new urban areas to better accommodate future changes and requirements.

There also needs to be better links to other strategic instruments used by the Council to address the needs of new development. The meeting of Infrastructure and Servicing requirements will need to be addressed through the Council's Infrastructure Asset Management Plans and Long Term Plan while the development of the Open Space network will need to be picked up in the Council's Parks and Reserves Strategy.

Green spaces comprise a mixture of buffer spaces, ecological corridors and parks. Buffer spaces are important for separating new residential areas from the known reverse sensitivity effects of neighbouring land uses.

In addition to these buffers there are gully areas that are not suitable for development as they have overly steep slopes and contain streams with stormwater management requirements as outlined in the Ngaruawahia, Taupiri, Horotiu, Te Kowhai & Glen Massey Catchment Management Plan. These gullies provide an excellent opportunity to provide for the restoration of natural biodiversity within the town as well as open space amenity and recreational walkways, cycleways to link the various public open spaces of the town.

There will be a hierarchy of public open space parks and reserves in Ngaruawahia, Taupiri, Horotiu, Te Kowhai & Glen Massey to provide for the different sports, recreation and amenity needs of the residents. The allocation and development of these spaces will be guided by Waikato District Council's Draft Parks Strategy (2014), working in conjunction with the community.

#### 4.7 Town, Village and Neighbourhood Centres and Community Facilities

The Waikato District Plan Review will need to assess the space required for the development of the Ngaruawahia town centre and local community village and neighbourhood centres to meet the needs of the local residents and enable the provision of supporting community facilities. It is important that the local community committees and boards monitor their local situations to identify needs and changes as and when they arise and liaise with the Council to address these needs.

#### 4.8 Residential Neighbourhoods

In keeping with small rural town and village character and community visions of Ngaruawahia, Taupiri, Horotiu, Te Kowhai & Glen Massey, residential development will be primarily low density with allowance for a range of housing options to cater for lifestyle choices and affordability levels.

The range of housing envisaged could range from Country Living on large lots with a minimum lot size of 3000m<sup>2</sup> and no reticulated services, to suburban Living residential on lots of 600 to 800m<sup>2</sup> that have access to reticulated services.

Small residential areas adjacent to the Ngaruawahia town centre and future neighbourhood centres could provide for comprehensively planned town housing options on small lots between 300 and 450m<sup>2</sup>

It is proposed that residential development be guided by the following planning and urban design principles:

- Walkable, easy-to-navigate and connected layout of residential block with block dimensions averaging 200 metres in length and 80m in width and no more than two lots deep;
- Minimum lot size of 600m<sup>2</sup> for detached housing to maintain outdoor and neighbourhood amenity;
- Avoidance of rear lots as a general rule;
- Residential blocks to be bounded by roads to improve accessibility, connectivity and informal surveillance of footpaths and local roads;
- All lots to have road frontage;
- Neighbourhood parks are to be bounded by roads;
- Stream gullies are integrated into neighbourhoods managed as natural open space areas with public access and walkways where practical;
- Residential amenity is supported by appropriate road layout and design; and
- Local roads shall be designed for low vehicle speed through carriageway width, on road parking, road-side trees and a narrowing of road corner curves at intersections.

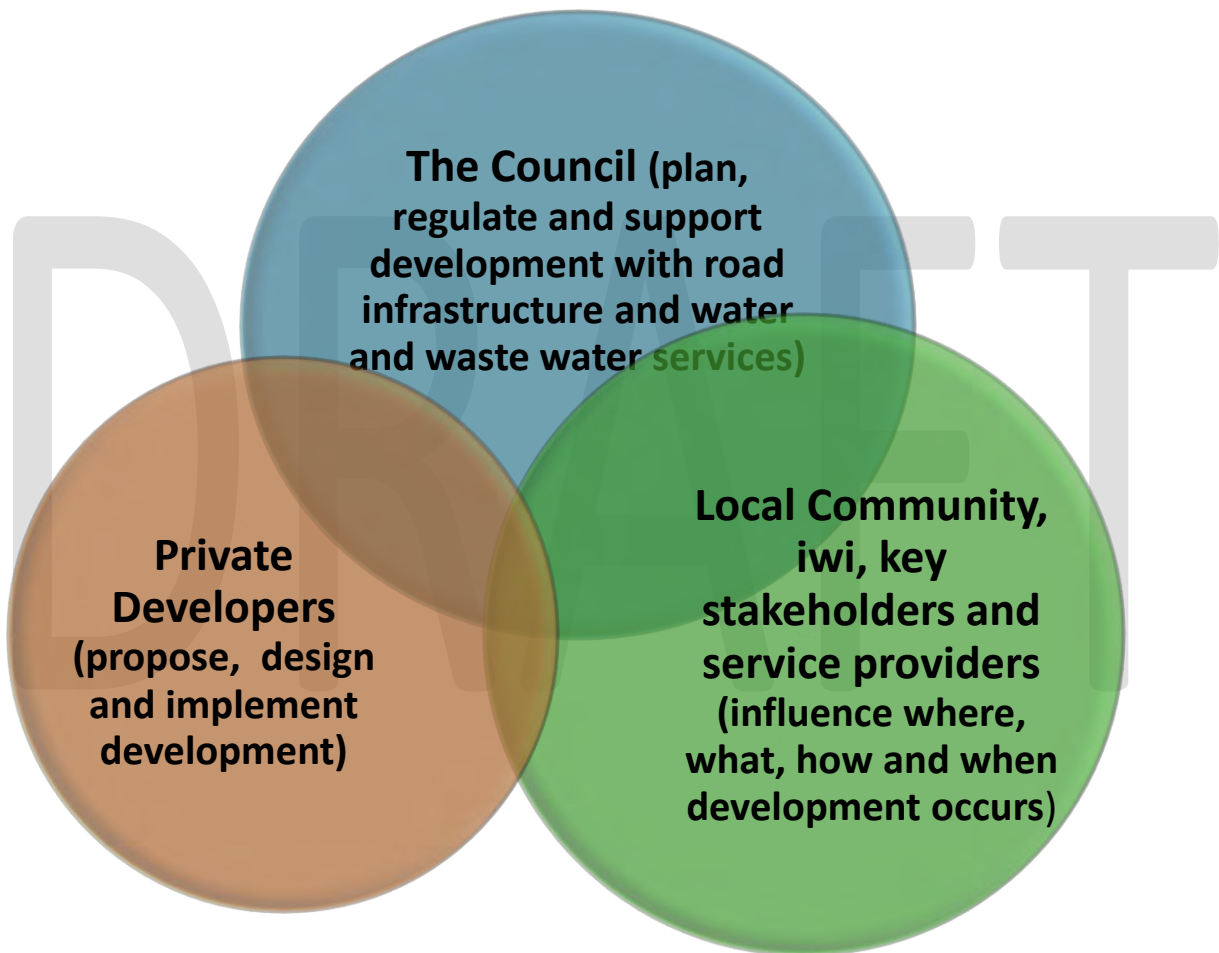
High quality on-site and neighbourhood amenity will be supported through the introduction of an appropriate set of development control provisions including minimum lot size, setbacks, active road frontage, height and coverage and an urban design guide in the Waikato District Plan.

Country Living development will have more relaxed design standards since the lots are larger and generally allow for greater private open space amenity. Nonetheless, there is still a need to ensure that neighbourhoods are walkable, with a connected road and footpath network.

## 5. Implementation Strategy

It is envisaged that development will be largely led and paid for by private sector developers. Waikato District Council, along with other service providers, will work with developers, iwi, local communities, key stakeholders and service providers to ensure that development is aligned with the structure plan and supported by key infrastructure and services (see diagram below). The key mechanism for funding the development of council's supporting infrastructure and services such as roads, three waters and parks will be through a levy of associated development contributions or through development agreements. Any shortfalls in existing levels of service or aspects not directly development-related will be funded through general rates.

### The Development Implementation Process



### 5.1 Monitoring Strategy

The structure plan should have a performance review every five years and a more comprehensive review every ten years to align with the Long Term Plan and District Plan Review process. The ten-year review would look at macro level elements and whether changes to the structure plan are required due to changing circumstances. The five-year performance review would focus on whether some amendments would be helpful without jeopardising the overall objectives and outcomes of the plan.

## Appendix One

### Feedback from December 2014 workshop –

Held WDC, 4 Dec 2014

#### Glen Massey

- Heritage Trail of history (mining) – link to Pukemiro, Glen Afton, Glen Murray to Huntly at Puketrini
- Photo Static Museum (old doctors surgery) (Wilton Collieries)
- Footpath on Wilton Collieries Rd
- Council Reserve – more recreational opportunity for local children ie: bike ramps, BMX
- Preservation of history
- Entrance “event sign” ie: Te Akau complex

#### Te Kowhai

- Close to Hamilton
- Keep a green belt around the town
- Concerns regarding soil types and if the town was reticulated or not
- Not enough land for the school to expand
- Extend current reserve and put in facilities (toilets)
- Drainage board issues – Cr Smith is working on this
- Retain Airfield (important to village)
- Business precinct in town – marked purple

#### Taupiri

- Opportunity for affordable housing by expressway
- Residential zoning to reflect this opportunity
- Use of Waikato River
- Historical wharf replacement
- Potential construction of a jetty to replace the wharf
- More use (recreational/transportation) between Taupiri and Hamilton
- Taupiri mountain, a public walkway to the top/around the mountain
- Safety around railway lines (pedestrian crossing etc)
- Open school pool to public
- Increase public transport (bus/trains/water taxi)
- Provide B&B accommodation
- Beautify with trees, vegetable, signage
- Protect existing businesses
- Avoid adverse zoning to the growth of Taupiri businesses

## Ngaruawahia

- No expansion of current town
- Cycling link on east bank
- Retention of large section sizes – not infill apartments etc
- Speciality shops “themed’ points of difference
- New pedestrian crossing
- Remove rail line and panel beaters
- Provision of multi-purpose community facilities
- How many sections in new residential areas
- Development of quarries as parks
- River tourism opportunities
- Council car parking cancelled, staff living here, staff travel environmentally friendly ways to work
- Galileo/Jesmond/Martin Street block - zone it all business
- Quarrying in community plan is unattractive to investors
- Hakarimatas – national park
- Quarry operators stick to consent conditions
- Tourism sport/shift greenspace onto floodplains just south on River Road
- Remove power pole in front of kingitanga house
- Link Waipa esplanade walkway to Te Awa
- Painted trails on existing routes
- Retention of heritage buildings – identification of historic one
- Bands and power on rotunda
- Question value of open space next to chicken sheds – could be residential
- Sort out old landfill
- Check location and ownership of new buildings
- Small sections for retirement
- CBD infrastructure/enhancement/business premises
- River is the main asset, connect Te Awa to other parts of community CBD?
- Parking
- Home occupation (working from home)
- Recycling centres
- Roundabout entrance Saulbrey Rd (talk to Sam Pemberton)
- Site for new medical centre
- More residential on Old Taupiri Road
- Improved social environment, café, restaurants, mobile coffee
- Quarries to mitigate visual impact
- Cycle sheds, lock up
- ***Ngaruawahia – centre of the area***
- Ngaruawahia is one of the oldest settlements in the Waiakto Region. It has considerable historical and cultural significance. Both as a historic river trading centre at the confluence of the Waipa and Waikato Rivers, and as the home for the Maaori Kingitangi movement. The

first Maaori king was crowned here in 1857 and royalty is today centred on Turangawaewae and the king's residence.

- Present day Ngaruawahia is strongly bi-cultural with 54% of the town's population being Maaori. Despite the youthful character of the town's population with approximately 64% of people being of working age, the population of the town has been growing relatively slowly and commercial development within the town has been largely static over the last decade.
- Although Ngaruawahia is approximately 19kms or a 20minute drive north of the centre of Hamilton, Hamilton has been growing rapidly northwards in recent times and so in many important aspects the perceived distance between the two centres has been narrowing. Residents of Ngaruawahia are aware that it is only approximately 13kms or 14minutes drive to The Base shopping centre and a great deal of specialist businesses and services in Te Rapa. With improvements in road access with the completion of Te Rapa by-pass in 2013, Hamilton is becoming an ever easier commute for employment or services from Ngaruawahia.
- Probably due to the economic leakage to Hamilton, most of the commercial business in the Ngaruawahia town centre tends to be of a low order convenience nature and not well matched to the needs of the town's population.

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## Appendix Two

### Feedback from Community Board Workshops during 2014 and 2015

#### Workshop 1 with the Ngaruawahia Community Board for the Ngaruawahia and Surrounds Structure Plan

**Date: 8 July 2014**

Attendees: Trish Forsyth, James Whetu, Bryce Sheran, Jack Ayers, Cr Janet Gibb

Apologies: Marae, Wendy, Cr Solomon

#### Connectivity

- Connectivity between the Main CBD area and the point
- Connectivity to Brownlee Ave, the Hakarimata walkway
- Good walkway and cycleway connections
- Link between Jesmond Street and Market Street
- Link in with Heritage Trail
- Car parking
  - Te Awa River Ride at the point
  - Hakarimata walkway

#### Signage

- Entranceways to the town (seven)
- Theme of Cultural and Heritage for everything so there is consistency
- Information Board (The communication team are working on a strategy need to see how this fits in)
- Create a unique identity for the town
- Keep the current heritage theme (green lamp posts/green rubbish bins)
- Te Reo – Ngaruawahia should have a lot more Te reo signage than other places

#### Amenity

- Toilets at the Hakarimata Walkways (Brownlee Ave)
- Trees for Great South Road
- Naming of the Dump Site
- Retain the green belt
- Consistent planting across the town – Natives
- Section size – minimum 500/600m<sup>2</sup>
- Keep the mature established trees
- Areas for Play/Sports
  - Thomas Street
  - Keep Waipa Esplanade Park
  - Keep Horotiu Park
- Centralised sports facility for everything – Jackson Street

#### CBD – Jesmond Street

- Should attract factory shops out to Ngaruawahia like Otaki
- CBD theme – Hakarimata Range, Trees

- Heritage trail linkages

#### Council Facilities and Security

- Covered heated swimming pool
- Centralised sports fields
- Museum
- Gondola up the Hakarimatas
- Hall – needs a revamp
- Toilets at Hakarimatas
- Bus Stops
- Parking for council staff so they aren't on Galileo/Martin Streets

We never talked specifically about security? Have a think about what you would like to add here.

#### Library Site

- War memorial hall expanded
  - New Kitchen
  - Library
  - Meeting rooms
- Need somewhere to increase capacity
- Library needs ultra-fast broadband
- The 'L' shaped area on Jesmond/Great South Road around the pub and possibly the Waipa Tavern site as well. This would include the old Twin Rivers arts centre and the land in between.

## Workshop 1 with the Taupiri Community Board for the Ngaruawahia and Surrounds Structure Plan

**Date: 14 July 2014**

Attendees: Elva Gouk, Fred Hansen, Ken Clewlow, Howard Lovell

Apologies: Julie Ross, Deane

### Connectivity

- Cycleway/Walkway from Hopuhopu to Taupiri township (this used to be there school children use this link)
- Access across the railway (kiwi rail need to upgrade the bridge and have spoken to the community board where they presented options) his name is Robin Scott
- Access over SH1 to the cemetery
- Access down Orini Road
- A centre yellow line down the former SH1 for no passing
- Would like a barrier on the school side of the roundabout

### Amenity

- Would like a farming theme
- Build on the sporting complex theme
- Car parking at the recreation centre and rugby club rooms is insufficient. The over spills from the netball goes into the Rugby site and this car park needs sealing. Even though it is private ownership council should look into this because they have not provided enough parking for the netball.
- Keep wide open spaces
- Toilets needed at the Gordonton Road cemetery
- Toilets at Bob Burn Memorial Park needs upgrading

### Town Centre

- Main street should be Te Putu street
- Need more commercial
- Would like an information board
- Link the current businesses
- Make the town centre pretty
- Planting height restriction no flax/grasses
- Island at the end of Te Putu Street needs to be concrete

### Signage

- New town signs (4 entrances)
- Information board
- The end if the road reflector is down on Murphy Lane
- Would like a sign at either end of Te Putu Street saying; Rec Reserve, Main Street, Pub, Cemetery
- Will the NZTA signage change now that it is no longer SH1 the entrance into Ngaruawahia has no English on it, this is not good

### Heritage

- There is a lady called Gladis Button who is leaving town and has a lot of heritage information, think she has been in touch with Sheryl
- Elva dropped off a leather suitcase full of documents

#### Council Facilities

- Water and waste water extension is required

#### Former SH1

- Walkway to Hopuhopu required
- See signage notes and find out what is happening with the signage policy
- Beautification needs to be done

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## **Workshop 1 with the Te Kowhai Community Group for the Ngaruawahia and Surrounds Structure Plan**

**Date: 8 September 2014**

Attendees:

Apologies:

Connectivity

- Cycleway into Hamilton City
- Footpaths that lead from the centre of the village out to the edge of the village (e.g. footpath down the Horotiu road)
- Better roading connection into Hamilton

Signage

- Retain the existing wooden Te Kowhai signage into the village (currently 3 entranceways)
- Create a unique identity for the town
- Additional signage to the Te Otamanui lagoon walkway

Council Facilities

- Toilets required at the Reserve
- The reserve needs to have room to expand suggested land to the south
- The walkway between the reserve and the school needs some work (it was suggested that the part that needs work is on the Ministry for education's land)
- There was a suggestion for a Clubrooms at the reserve once it is expanded with seating to watch the sports and changing room and toilets

Heritage

- There is a Kowhai tree near the lagoon that could be protected
- What about the original Te Rapa school house
- The St Stephens Church has been left off the district plan heritage list and can this please be looked into

Other Matters

- The village should have reticulated water and waste water
- We should have the lagoon and surrounding gullies and waterways protected
- Future lot sizes should be no smaller than 900m<sup>2</sup> and could be as large as 8000m<sup>2</sup>
- Future areas where zoning could occur where to the north, east and a small area near the airport to the south. There was a lot of discussion around future residential zoning and this will need to be looked into with more detail
- Additional business zoning was also identified as a requirement but no location agreed upon
- It was noted that a workshop with the wider public should be held.

## NGARUAWAHIA COMMUNITY BOARD WORKSHOP

14 July 2015 – 6:00pm at Ngaruawahia Community House

IN Attendance: Trish Forsyth (Chair), Moera Solomon , Janet Gibb, Jack Ayers, Noel Smith, Ken Clewlow, Howard Lovell , Elva Gouk, Kate Kohu, James Whetu (Facilitator)

Apologies: Marae Tukere, Bryce Sherson, Wendy Diamond, Fred Hansen, Julie Ross

### AGENDA

*Purpose : Primarily to establish value in working together*

*Item 1. What is a Structure Plan*

*- Clarify knowledge and expectations of Ngaruawahia Structure Plan*

*Item 2. What is our role? How do we fit?*

*-*

*- Share our list of ideas*

*- Identify priorities by measuring ideas against the Community Plan*

*Item 3. Existing projects*

*- Identify what is NGA community doing now*

*- Identify gaps (whats not being done)*

*Item 4. Actions*

*- Agree on actions for each member and the Board to do to respond to item 3.*

### MINUTES FROM WORKSHOP

#### Purpose

- Purpose written on whiteboard “Working Together”
- Outlined that the aim of workshop is to see if we can find value in working together collectively on all matters, which includes the proposed Ngaruawahia Structure Plan
- For the proposed Ngaruawahia Structure Plan, the workshop (and subsequent workshops) will aim to find matters to collective agreement on respective community ideas.
- For the proposed Ngaruawahia Structure Plan process, the aim of working together is to:
  - Bring collective awareness and understanding
  - Promote a united front at external workshops and meeting (on matters agreed)
  - Avoid having competing ideas at decision-making stage
  - Inform public and decision makers on matters agreed
  - Provide leadership to bring respective communities and ideas together
- Benefits for working together were identified:
  - Lots of ideas can be shared and discussed

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker, General Manager Strategy & Support
<b>Date</b>	05 September 2016
<b>Prepared by</b>	Betty Connolly Senior Policy Planner
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I605205
<b>Report Title</b>	Heritage Forum Update

## **I. EXECUTIVE SUMMARY**

This report is to update Councillors on the Waikato District Council Heritage Forum. The forum has been operating for two years and has received positive feedback from the community and averages between 10–15 community attendees each meeting. The main purpose of the forum is to bring like minded people together from within the community and with their help implement the Council Heritage Strategy. A number of actions detailed on the strategy have been or are being achieved:

- Heritage signage – Raglan and Mangatangi.
- Archival repository for district archives – investigations underway.
- Digital information – page and links from Council website to community websites.
- Publications – Onewhero, Te Kowhai and Te Kauwhata.
- Buildings and sites – Pokeno Queens Redoubt, Bush Tramway Club.
- Tourism opportunities/collaborations – signage, trails, websites sites – to be further investigated.

Discussions around the table at these meetings indicate that there are many people within our communities working on heritage projects such as websites, trails, ANZAC projects, signage, documenting local history and oral history. These links in the district are important to build a local community view of our district's heritage.

As reported previously to Councillors, the Heritage Project Fund is now active and there have been two rounds of funding for projects from around the district. This fund has been well received by the forum members and it is expected that there will be an increase in the number of applications as the groups decide to undertake more projects.

Waikato District is lucky to have such dedicated people in our community who are keeping our communities history alive for the generations to come.



**2. RECOMMENDATION**

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

**3. ATTACHMENTS**

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NIL

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	12 September 2016
<b>Prepared by</b>	Lianne van den Bemd Community Development Advisor
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I606020
<b>Report Title</b>	Heritage Project Fund

## **1. EXECUTIVE SUMMARY**

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The purpose of this report is to provide the Committee with information around the funding allocations from the Heritage Project Fund based on the second round of funding.

## **2. RECOMMENDATION**

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

## **3. BACKGROUND**

---

The Heritage Project Fund (“the Fund”) of \$40,000 pa was set up by Council to enable groups associated with the Waikato District Council Heritage Forum to implement small projects in their areas in relation to promoting and protecting heritage in the district. The Fund is open three times a year and two funding rounds have taken place thus far. The date for the next round of funding applications is 30 October 2016.

The Fund received one application for which sufficient information about the project was provided to enable an informed decision to be made. The application was in line with the guidelines of the Fund and had clear community benefits. The recommendation was made by the Heritage Project Fund Committee at its meeting held on Monday, 29 August 2016 (the minutes are attached to this report).

The fund has \$67,659.57 to allocate in the 2016-2017 year.

### Summary of Applications

<b>Applicant</b>	<b>Project</b>	<b>Project start date</b>	<b>Amount granted</b>
Te Kowhai Community Committee	<p>Towards the cost of purchasing eight new heritage signs that portray the history of Te Kowhai.</p> <p>The following heritage signs have been identified as the significant areas that the Te Kowhai Community Committee considers portray the history of Te Kowhai:</p> <ul style="list-style-type: none"> <li>▪ Tangata whenua (early Maaori)</li> <li>▪ The Waikato Land Wars &amp; settlement of Te Kowhai by militia</li> <li>▪ The Waipa River – Road &amp; the tale of the two villages of Te Kowhai</li> <li>▪ The dairy factories of Te Kowhai (1866,1893,1920 and 1940)</li> <li>▪ The public halls of Te Kowhai (1905 &amp; 1955)</li> <li>▪ The churches of Te Kowhai (1903, 1909 &amp; 1955)</li> <li>▪ The (3) schools of Te Kowhai (1890,1892 and 1899)</li> <li>▪ The (4) stores of Te Kowhai</li> </ul> <p>The project meets the outcomes of the Waikato District Council Heritage Strategy by providing accessible historical signage at eight sites throughout the Te Otamanui Lagoon Walkway.</p>	October 2016	\$4,453.43

## **4. ATTACHMENTS**

---

Heritage Project Fund Minutes dated 29 August 2016

**HERITAGE PROJECT FUND COMMITTEE  
MINUTES OF THE MEETING HELD  
9.00am Monday, 29 August 2016  
Waikato District Council, Ngaruawahia**

**PRESENT:** Councillor Jacqui Church (Chairperson)  
Councillor Moera Solomon  
Jan White  
Vishal Ramduny (Planning & Strategy Manager)  
Betty Connolly (Senior Policy Planner)

**IN ATTENDANCE:** Lianne van den Bermd (Community Development Advisor)  
Sharlene Jenkins (Minute Taker)

**HPFI608/01 APOLOGIES AND LEAVE OF ABSENCE**

Tony Whittaker (Vishal Ramduny is attending on his behalf)  
Rodger Gallagher

**HPFI608/02 CONFLICT OF INTEREST AND DISCLOSURES**

NIL

**HPFI608/03 MINUTES OF THE MEETING HELD ON 19 APRIL 2016**

Minutes to be amended to read: "HPFI604/04/2 ... *from the Museum's textile and archival collections.*"

**Resolved:**

**THAT the minutes of the meeting held on 19 April 2016 be amended as above and then be accepted as a true and correct record.**

**Moved:** Jan White / Seconded Betty Connolly  
**Carried**

**HPFI608/04 REPORTS**

**HPFI608/04/1 Discretionary Fund to 22 August 2016**

There are three funding rounds per annum advertised on the Council website. Funding rounds are to be advertised widely to encourage more applications. Community Development Advisor to advertise on the Heritage webpage; email all Heritage Forum members; and add the Heritage Project Fund to the current Council advertising which lists all funding available through Council.

**Resolved:**

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

**Moved:** Councillor Solomon / Betty Connolly

HPFI608/04/2 Application for Funding – Te Kowhai Community Committee

Questions were raised by the Committee to clarify the application.

Discussion regarding a common look and feel to heritage signage in the Waikato. To be referred to the Waikato District Council Heritage Forum for discussion.

**Resolved:**

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

**AND THAT an allocation of \$4,453.43 is made to the Te Kowhai Community Committee towards the cost of materials for eight new signs that portray the history of Te Kowhai.**

**Moved:** Councillor Solomon / Jan White

**HPFI608/05 GENERAL BUSINESS**

The Committee agrees that it would be beneficial to hear from applicants in person at future meetings. Agendas to be distributed one week prior to the meeting in paper and electronic copy.

**Meeting closed at 9.50am.**

Councillor Jacqui Church  
**CHAIRPERSON**

.....  
Date

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	14 September 2016
<b>Prepared by</b>	Donna Rawlings Management Accountant
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1606281
<b>Report Title</b>	Section 17A Service Review Update

## **I. EXECUTIVE SUMMARY**

---

This report is a follow up from the May 2016 Strategy & Finance Committee update and the Council Workshop held 16 August 2016. This report has been prepared to formally update the Committee on progress around the section 17A service review project.

The stocktake of services is complete. This has provided an initial indication of what services require review and has aided in the initial prioritisation with the results included in this report and attached as Appendices.

The Project Steering Group is currently working alongside the Executive Team (“ET”) to confirm resourcing requirements to develop a review framework and associated guidelines. Once this framework and guidelines are complete the reviews will begin, this is anticipated to be in the new year.

## **2. RECOMMENDATION**

---

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

## **3. BACKGROUND & DISCUSSION**

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### Background

Section 17A of the Local Government Act (“LGA”) provides a statutory encouragement to actively seek efficiencies and is therefore a way of demonstrating that Council is delivering services in a manner that is most cost-effective for households and businesses. A section 17A service review determines the cost-effectiveness of different funding, governance and service delivery arrangements in meeting the needs of communities.

The legal requirements are not greatly different from the internal reviews of services that Council has undertaken in the recent past. The only difference is that there are now the statutory triggers for the review process.

There are three statutory trigger points when a review must be undertaken:

- When considering significant changes to service levels.
- Within two years of expiration of a contract or other binding agreement to deliver a service.
- Every six years.

Regardless of the above, the LGA has a transitional provision that requires Councils to have demonstrably undertaken a service review by 08 August 2017.

#### Progress to date

The section 17A review project has been a collaborative process internally. With managers and team leaders across the organisation involved and an oversight role provided by ET.

Although the legislation focuses on the review of external services (as it talks about the provision of infrastructure, public services and regulatory functions) it is considered best practice to include internal (or support) services. It is widely felt that this is more consistent with Government's intention of achieving the "cost effective provision of services".

With this in mind the initial stocktake of services included internal and external services to give staff a "snap-shot" of where Council is at with the delivery of services. Relevant managers and/or team leaders across the organisation were involved in the stocktake and the results were then reviewed by the Project Steering Group and ET.

Recognising the limited timeframes and resources available, staff have given priority to external services requiring review and those which could benefit from a collaborative approach with other councils in the region. This initial phase has recognised the work undertaken on the establishment of the Waikato Rooding Alliance and work underway on the water services Council Controlled Organisation ("CCO").

Where a review may be triggered for an external service, but the cost/benefit threshold is inconclusive, the Project Steering Group has identified and highlighted these to ET for a decision.

Note that general consensus is that the decision to carry out a review requires more than pure financial analysis. The "cost/benefit" analysis includes questioning whether there is a "reasonably practicable" option for change, considering effectiveness of change implementation and whether a compelling reason for change exists. This also included consideration of whether there is any issue with the current service delivery.

From the results an initial list of collaboration priorities was provided to Waikato Local Authority Shared Services ("WLASS"). Progress on collaboration was discussed at a WLASS Service Delivery Regional Collaboration workshop held in July (overview provided below).

The remaining services were divided into external services and internal services, and split into a “Yes” or “No” result for review. These collated results were provided to ET for initial review and comment.

### Outcomes

External services where, *prima facie*, a review is triggered are listed below. This does not include those services provided to Waikato LASS as priorities for collaboration (these are listed further below):

- Noise control
- LIM Reporting
- Toilets
- Libraries - opportunity to consider how this service is delivered
- Call Centre (after hours)

Further opportunities for collaboration include:

- Human Resources – Centralised learning and development; applicant management software
- Rates – Professional valuation services and clustering with other councils from a tender perspective
- Animal Control – Pound facility management
- Food safety - Opportunity to jointly operate a Quality Management System

Appendix I includes a list of external services *prima facie* requiring review where it is considered the cost benefit criteria are not met, or where there is no demonstrable benefit from undertaking a review.

Remaining external services (those with a “No” result) and internal services are listed at Appendix 2.

### Service Delivery Review Regional Collaboration workshop

A workshop was held at Hamilton City Council (“HCC”) in July to discuss service delivery reviews and regional collaboration. The purpose of this workshop was to develop an agreed approach to collaboration and a framework to allow councils to identify opportunities to collaborate going forward.

An outcome of the workshop is that a collaboration portal is being set up which will help with ensuring that there is a step in each council’s review process that would enable us to check with our neighbours for opportunities.

At this workshop Sally Davis (WLASS Chief Executive) discussed the top four WLASS priorities for collaboration, being (in no order):

- Building Consents - benefits could be achieved in the area of consent processing, including online processing;



- Centralised Geographic Information System (“GIS”) - the purpose of this review would be to investigate shared services opportunities to provide GIS capability;
- Aligned planning (resource consents) - noting that advice is being sought from the Waikato Plan Project Team on this and on aligned planning with regards to Resource Management Act (“RMA”) policy and;
- Procurement - improve and standardise procurement practices, provide templates and identify procurement opportunities effectively creating a centralised resource or “centre of excellence”.

Ms Davis advised that once these priorities are agreed the next step will involve scoping the reviews.

#### Next steps

Review guidelines will need to be developed alongside a supporting framework to provide an agreed approach to reviews. The framework will include consideration of funding, governance and how the service is delivered, as required by legislation. Resourcing for this is currently being considered, alongside scoping and pricing of engaging outside support. The Project Steering Group will be working with ET to agree on the approach and funding required.

Once the framework and guidelines have been agreed, each service review will become its own project. It is anticipated that the smaller reviews will be undertaken internally. Larger reviews may be undertaken by an external consultant which will help ensure a robust outcome is achieved.

There is general agreement that so long as councils’ have initiated their respective service reviews, the legislative deadline (August 2017) becomes immaterial. Instead, the process will be ongoing, with councils’ continually assessing which services require review. Alongside the framework development a process to trigger reviews going forward (as per the legislative triggers) will be developed to ensure Council continues to meet its legislative requirements.

A report will be prepared to inform the incoming Council of the work to date and to provide a timeframe for reviews to be undertaken.

## **4. ATTACHMENTS**

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Appendix 1 - External services requiring a review that do not meet the cost benefit criteria

Appendix 2 – External services not requiring review and internal services

**APPENDIX I**

External services requiring a review that do not meet the cost benefit criteria (the cost of a review and any implementation of change would outweigh any benefit gained), or where there is no demonstrable benefit from undertaking a review:

- Monitoring & Enforcement - Consent monitoring
- Monitoring & Enforcement - Bylaw compliance
- Monitoring & Enforcement - Litter
- Monitoring & Enforcement - Abandoned vehicles
- Monitoring & Enforcement - District plan compliance
- Monitoring & Enforcement - Parking
- Environmental Health - Contaminated land management
- Environmental Health - Public Health
- Environmental Health - Hazardous Substances
- Environmental Health - Technical Advice
- Community Facilities - Pensioner Housing
- Community Facilities - Museums
- Leisure Facilities - Camp Grounds

**APPENDIX 2**External Services **not** requiring review:

- Rates - Shared Data Valuation Services
- Rates – Rates Administration (opportunity for collaboration raised with WLASS)
- Rates – Credit Control (opportunity for collaboration raised with WLASS)
- Environmental Health – Alcohol Licensing
- Strategic & District Planning – LTP
- Grants & Donations
- Leisure Facilities – Aquatic Centres
- Leisure Facilities – Parks & Reserves
- Community Facilities – Cemeteries
- Economic Development
- Animal Control – Day Service
- Animal Control – After Hours service
- Elections
- Waste Minimisation & Refuse
- Emergency Management (note HCC review resulted in same outcome as Council currently has in place)
- Roading
- Three Waters

Internal Services requiring review:

With opportunities for collaboration:

- Finance & Treasury – Financial Operations (Accounts Payable, Accounts Receivable and banking)
- Finance & Treasury – Asset Revaluations
- Corporate Property & Plant - Property
- Corporate Property & Plant – Plant
- Information Management (Records, InformationTechnology) - work being done by Ministry for Business, Innovation & Employment

“Yes” result:

- Maaori Liaison
- Communications (except for Project, Online, Graphic Design, Social Media)
- Zero Harm

- Community Facilities –Halls

“No” result:

- Governance and representation
- Council Support
- Finance & Treasury – Planning & Reporting
- Finance & Treasury – Treasury Management
- Finance & Treasury – Tax Management
- Finance & Treasury – Insurance
- Finance & Treasury – Audit
- Corporate Property & Plant – Fleet Management
- Project Management
- Legal Counsel
- Asset Management (Parks & Facilities, Roading, Three Waters)
- Organisation Support – Corporate Planning
- Organisation Support – Business Analysis & Reporting
- Organisation Support – Business & Strategic Planning
- Organisation Support – Internal Process Audit
- Organisation Support – Risk Management

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	02 September 2016
<b>Prepared by</b>	Betty Connolly Senior Policy Planner Lianne van den Bemd Community Development Advisor
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I606025
<b>Report Title</b>	Update on Placemaking initiatives within the District

## **I. EXECUTIVE SUMMARY**

The purpose of this report is to provide Councillors with an update on Placemaking initiatives within the district.

Staff have been working in the community over the last 12 months promoting the Placemaking concept. Some communities are slower to embrace the concept while others are very enthusiastic. These projects are all undertaken by volunteers from within the community and therefore the time taken to implement any project is dependent on volunteers time or dedication. There are a number of communities which currently have a project underway or under development and in some cases this is more than one:

- Tuakau – redesign the empty/carpark space corner George Street/Liverpool Street.
- Pokeno – little free library book exchange project.
- Huntly – refurbish Garden Place, new seat around tree to be installed shortly.
- Ngaruawahia – The Ngaruawahia Youth Action Group is running a competition that will see a giant photo frame for locals and visitors at Ngaruawahia Point Domain.
- Raglan – Lisa Thompson (Raglan resident) is engaging with the community to design the next Placemaking project for Raglan.

The Pokeno community were appreciative of the Little Library that was presented to them at the inception of the Pokeno Community Committee and are currently working on ideas of improving the area where this will be sited and it is understood that the group is finalising this at the present time.

The concept has recently been presented to the Te Kauwhata community and they are keen to have a community meeting to explore the idea and come up with an achievable project.

A group of Tauwhare residents have also indicated an interest. Staff will work with this group to implement a project that reflects their community.

Staff are working on taking this concept district wide and have identified a project to roll out for rural communities. The details of implementation for this are being worked through currently.

Staff are enthusiastic with the projects that are being considered or being implemented and when these come to fruition it will show that Placemaking is gaining a foothold in the district.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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NIL

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	16 September 2016
<b>Prepared by</b>	A Diaz Finance Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1606269
<b>Report Title</b>	Waikato District Community Wellbeing Trust 2016 Annual Report

## **I. EXECUTIVE SUMMARY**

---

Trustees of the Waikato District Community Wellbeing Trust met on Thursday, 15 September to approve the Annual Report in principle pending final audit clearance. Audit New Zealand are comfortable with the report but cannot provide the audit opinion until they have received clearance from Gareth Morgan Investment Limited's (the Trusts' investment manager) auditor.

This year the Trust declared a deficit relating to the recognition of unrealised losses on investments. This was an unbudgeted amount (\$353,256) and resulted in an overall deficit of \$148,155.

Overall revenue was up by 17% on the previous year and expenses, excluding the unrealised losses, were down by 22%.

\$51,048 of grants were paid out during the year with commitments of \$145,548 to be paid out once project funding is secured and the projects commence. Details of these commitments are contained within the Annual Report.

## **2. RECOMMENDATION**

---

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

## **3. ATTACHMENTS**

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*Waikato District Community Wellbeing Trust Annual Report for the year ended 30 June 2016*

**Waikato District Community Wellbeing Trust**  
**Performance Report**  
**For the year ended 30 June 2016**



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**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016****Entity information****Legal name**

Waikato District Community Wellbeing Trust (the Trust).

**Type of entity and legal basis**

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status. (Registration number: CC45642)

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

**Objectives of the Trust**

1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed \*;
2. To develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.

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

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

The principal activities of the Trust are undertaken to:

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

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016****Structure of the Trust's operations, including governance arrangements**

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

The operation and administration of the Trust are undertaken by staff of Council. Those staff members are: General Manager–Strategy & Support, PA to the General Manager-Strategy & Support, Community Development Coordinator and Financial Accountant.

The Trustees are:

Mayor	Allan Sanson
Deputy Mayor	Dynes Fulton (Chairperson)
Councillor	Shelley Lynch
Council appointee	Eileen Bateup
Council appointee	Judi Muru

**Main sources of the Trust's cash and resources**

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

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

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016****Statement of service performance**

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2016.

<b>Objective</b>	<b>Performance Measures</b>	<b>2015/16 Result</b>	<b>2014/15 Result</b>
<b>Governance:</b> To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed.	Undertake an annual legal review of compliance with the Trust Deed no later than two months after the end of each financial year.	Achieved. Legal review completed on 22 August 2016.	Achieved. Legal review completed on 14 July 2015.
<b>Investment:</b> To adhere to the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> .  To review on an annual basis the investment mandate and the performance of the portfolio manager.	At each quarterly meeting review compliance with the Trust's <i>Management of Investment Portfolio and Distribution Policy</i> during that quarter.	Achieved. Quarterly compliance certificates have been provided to each meeting of trustees. The certificates are reviewed and adopted by the Trust Board.	Achieved. Review meetings were held on 13 August, 8 October 20 February and 24 April.  (please see the table below for Investment Portfolio and Distribution Policy compliance during the 2014/15 year)
<b>Fund disbursement:</b> As per the <i>Management of Investment Portfolio and Distribution Policy</i> , to distribute a total grant disbursement that does not exceed 50% of the accumulated retained net income after allowing for accumulated expenses, inflation movements and prior year distributions.	A distribution process is undertaken that distributes the annual fund to eligible recipients in accordance with funding targets set by the Trustees in accordance with the <i>Management of Investment Portfolio and Distribution Policy</i> for the current year.	Achieved. Grant distributions equate to 42% of the accumulated retained net income after allowing for accumulated expenses and inflation movements. Actual grants paid were all approved in the previous year.	Achieved. The actual grants paid represented 28% of net income less expenses and the capital maintenance allowance. Two grants that were approved in the 2013/14 year were paid in 2014/15 totalling \$80,000. A further two grants approved in 2014/15 were paid within the year totalling \$60,000.

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016**

<b>Objective</b>	<b>Performance Measures</b>	<b>2015/16 Result</b>	<b>2014/15 Result</b>
<b>Fund disbursement (cont)</b>	Six-monthly reports are received from all successful applicants within the required timeframe.	Achieved. All required reports were received.	Not achieved. Status reports were received from all but one of the applicants within the required timeframe. The final report was received on 10 July 2015, which was outside the stipulated timeframe.

**Portfolio and distribution policy compliance**

<b>Agreed targets</b>	<b>Actual Outcome 2015/16</b>	<b>Actual Outcome 2014/15</b>
Ensure that the real (inflation adjusted) value of the fund is protected.	Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 0.4% over the year.	Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 0.1% over the year.
Ensure that no more than 10% of the capital is distributed in any one year.	Achieved. The grant payments of \$51,048 represent only 1.4% of total capital.	Achieved. The overall grant payments of \$140,000 equates to 4.4% of total capital.
Ensure there is diversification of investments with a 2% cap on the value of any single investment in the portfolio.	Mostly achieved. The instances where the cap was exceeded are not considered high risk and involved cash or fixed interest managed funds.	Mostly achieved. The instances where over 2% cap in value of part of the investment portfolio occurred are not considered to be high risk category and the percentage is only marginally over the 2% cap.
The portfolio investment manager will report regularly to the Trustees.	Achieved. The portfolio investment reports are provided to the Trustees at each meeting.	Achieved. The portfolio investment reports are provided to the Trustees at each meeting.

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016**

The Trustees will annually review the performance of the portfolio manager.	Achieved. The performance of the portfolio manager has been reviewed. The Trustees have always acknowledged the need for a long-term view of portfolio management performance.	Achieved. The performance of the portfolio manager has been reviewed and it is considered that the portfolio manager is adding value to the investment activity relative to the benchmark.
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**Declaration by Board of Trustees**

The Board of Trustees is responsible for the preparation of the financial statements and performance information in accordance with the financial reporting standards.

The Board of Trustees is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance results. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position, operations and service performance of the Waikato District Community Wellbeing Trust for the year ended 30 June 2016.

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2016**

**Statement of financial performance**

		2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
	Note			
<b>Revenue</b>				
Finance income	1	58,591	51,626	81,757
Dividend income from portfolio of investments managed by Gareth Morgan Investments (GMI)		39,930	24,583	30,944
Realised gains on investments		188,442	-	249,200
Unrealised gains on investments		-	169,626	235,599
<b>Total revenue</b>		<b>286,963</b>	<b>245,835</b>	<b>597,500</b>
<b>Expenses</b>				
Audit fees				
- Current year		7,399	7,200	6,291
- Additional prior year		944	-	-
Other expenditure	2	22,471	22,190	22,446
Grants	3	51,048	74,921	140,000
Unrealised losses on investments		353,256	-	-
<b>Total expenses</b>		<b>435,118</b>	<b>104,311</b>	<b>168,737</b>
<b>Surplus (deficit) for the year</b>		<b>(148,155)</b>	<b>141,524</b>	<b>428,763</b>

Explanations of major variances against budget are provided in note 14.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the as of 30 June 2016**

**Statement of financial position**

	Note	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
<b>Assets</b>				
<b>Current assets</b>				
Bank accounts and cash	4	281,689	342,773	296,968
Investments	5	3,242,213	3,456,447	3,477,916
Accrued interest		1	-	1
Total current assets		3,523,903	3,799,220	3,774,885
<b>Total assets</b>		<b>3,523,903</b>	<b>3,799,220</b>	<b>3,774,885</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	6	60,075	325,729	164,010
Accrued expenses	7	7,559	1,796	6,451
Total current liabilities		67,634	327,525	170,461
<b>Total liabilities</b>		<b>67,634</b>	<b>327,525</b>	<b>170,461</b>
<b>Total assets less total liabilities (net assets)</b>		<b>3,456,269</b>	<b>3,471,695</b>	<b>3,604,424</b>
<b>Trust equity</b>				
	8			
Introductory fund		2,579,899	2,579,899	2,579,899
Capital maintenance fund		265,731	260,246	193,643
Accumulated funds		610,639	631,550	830,882
<b>Total Trust equity</b>		<b>3,456,269</b>	<b>3,471,695</b>	<b>3,604,424</b>

Explanations of major variances against budget are provided in note 14.



**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2016**

**Statement of cash flows**

		2015/16	2015/16	2014/15
		Actual	Budget	Actual
	Note	\$	\$	\$
<b>Cash flows from operating activities</b>				
<b>Cash was received from:</b>				
Interest receipts		58,593	51,626	77,028
Dividends received		39,933	24,583	30,943
<b>Cash was applied to:</b>				
Payment to donees		(140,000)	-	-
Payment to suppliers		(44,688)	(20,756)	(22,203)
<b>Net cash flows from operating activities</b>		<b>(86,162)</b>	<b>55,453</b>	<b>85,768</b>
<b>Cash flows from investing and financing activities</b>				
<b>Cash was received from:</b>				
Sale of investments		5,336,352	-	4,289,060
<b>Cash was applied to:</b>				
Acquisition of investments		(5,265,205)	(35,232)	(4,306,375)
<b>Net cash flows from investing and financing activities</b>		<b>71,147</b>	<b>(35,232)</b>	<b>(17,315)</b>
Foreign exchange translation differences		(264)	-	170
<b>Net increase (decrease) in cash for the year</b>		<b>(15,279)</b>	<b>20,221</b>	<b>68,623</b>
Add opening bank accounts and cash	4	296,968	322,552	228,345
<b>Closing bank accounts and cash</b>	<b>4</b>	<b>281,689</b>	<b>342,773</b>	<b>296,968</b>

*Explanations of major variances against budget are provided in note 14.*

**Statement of accounting policies****Basis of preparation**

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

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

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

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

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

**Goods and services tax (GST)**

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

**Significant accounting policies****Interest and dividend revenue**

Interest revenue is recognised as it is earned during the year.

Dividend revenue is recognised when the dividend is declared.

**Foreign currency transactions**

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

**Grant expenditure**

All grants made by the Trust are classified as discretionary.

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

**Income tax**

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

**Bank accounts and cash**

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

**Investment portfolio**

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

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

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

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

**Budget figures**

The budget figures are derived from the statement of intent approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards (with the exceptions noted above), using accounting policies that are consistent with those adopted by the Trustees in preparing these financial statements.

**Changes in accounting policies**

There have been no changes in accounting policies.

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2016**

**Notes to the performance report**

**1. Finance income**

	<b>2015/16</b>	2014/15
	<b>Actual</b>	Actual
	\$	\$
Interest income from portfolio of investments managed by GMI	58,521	81,754
Interest income from BNZ	70	3
<b>Total finance income</b>	<b>58,591</b>	<b>81,757</b>

All finance income is generated through exchange transactions.

**2. Other expenditure**

	<b>2015/16</b>	2014/15
	<b>Actual</b>	Actual
	\$	\$
Management fees	21,887	21,618
Other expenses	584	828
<b>Total other expenditure</b>	<b>22,471</b>	<b>22,446</b>

**Waikato District Community Wellbeing Trust**  
**Performance report**  
**For the year ended 30 June 2016**

### 3. Grants

	<b>Purpose of Grant</b>	<b>2015/16 Actual</b>	<b>2014/15 Actual</b>
			\$
NW Crime Prevention Trust (2015)	Installation of security cameras in North Waikato townships	20,000	-
The Bush Tramway Club Inc		15,548	
Ngaruawahia United AFC		15,500	
Huntly Lions' Club – Ralph Mine Memorial	Construction of memorial poppet head	-	40,000
Allan Turner Memorial Walkway	Matangi-Tamahere bridge connection	-	40,000
Taupiri Rugby Football Club	Construction of a carpark	-	20,000
Te Awa River Ride Charitable Trust	Contribution towards cost of developing the cycleway	-	40,000
Total grants paid		51,048	140,000

See the statement of service performance (pg 4) for details relating to the evaluation of donee performance.

### 4. Bank accounts and cash

		<b>2015/16 Actual</b>	<b>2014/15 Actual</b>
		\$	\$
Cash at bank		1,031	1,006
Cash investments managed by GMI	Note 13	280,658	295,962
Total bank accounts and cash		281,689	296,968

The carrying value of cash at bank approximates its fair value.

### 5. Investments

	<b>2015/16 Actual</b>	<b>2014/15 Actual</b>
	\$	\$
Fixed interest instruments managed by GMI	1,578,398	1,656,401
Equity instruments managed by GMI	1,663,815	1,821,515
Total investments		3,242,213
		3,477,916

**Investments (cont)**

The Trust has a portfolio of investments which is managed by Gareth Morgan Investments (GMI). The portfolio investments are detailed in note 13.

Accrued interest of \$188 (2015: \$20,320) is included in the portfolio.

**6. Creditors and other payables**

	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
- Audit fee 2012 (inc disbursements)	-	7,118
- Audit fee 2013	-	6,998
- Audit fee 2014	-	7,161
- Audit fee 2015	7,235	-
- Audit disbursements	-	27
- Annual return fees	51	103
- Advertising	-	711
- Credit for over payment	(64)	-
- Grants	51,048	140,000
<i>Council Payable:</i>	<i>58,270</i>	<i>162,118</i>
Management fee	1,805	1,892
<b>Total creditors and other payables</b>	<b>60,075</b>	<b>164,010</b>

Creditors and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of trade and other payables approximates their fair value.

All payables have arisen from exchange transactions.

**7. Accrued expenses**

	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Audit fee – current year	7,399	6,291
Audit disbursements - current year	160	120
Bank audit confirmation fee		40
<b>Total accrued expenses</b>	<b>7,559</b>	<b>6,451</b>

**Waikato District Community Wellbeing Trust****Performance report****For the year ended 30 June 2016****8. Equity**

	<b>Introductory fund</b>	<b>Capital maintenance fund</b>	<b>Accumulated funds</b>	<b>Total equity</b>
Balance at 1 July 2014	2,579,899	130,130	465,632	3,175,661
Surplus (deficit)			428,763	428,763
Capital maintenance charge		63,513	(63,513)	-
<b>Balance at 30 June 2015</b>	<b>2,579,899</b>	<b>193,643</b>	<b>830,882</b>	<b>3,604,424</b>
Surplus (deficit)			(148,155)	(148,155)
Capital maintenance charge		72,088	(72,088)	-
<b>Balance at 30 June 2016</b>	<b>2,579,899</b>	<b>265,731</b>	<b>610,639</b>	<b>3,456,269</b>

**Introductory and capital maintenance funds**

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

The Trust's performance objectives, as listed in the Statement of intent for the year to 30 June 2016, include a requirement to protect the real (inflation adjusted) value of the fund. An adjustment of 2% is added to the Capital maintenance fund annually in order to achieve this objective.

**9. Commitments****Capital commitments**

There are no capital commitments as at 30 June 2016 (2015: Nil).

**Operational commitments**

As at 30 June 2016 the Trust had the following grant commitments:

<b>Donee</b>	<b>Purpose of grant</b>	<b>Amount</b>
Raglan Mountain Bike Club	Contribution towards development of a mountain bike track	20,000
Glen Afton Pukemiro Society Incorporated	Construction of a mining memorial in Glen Afton	20,000
The Bush Tramway Club Incorporated	To complete stage 3 of the extension line on the railway track leading to Glen Afton village	15,548
Ngaruawahia United Football Club Incorporated	To upgrade the kitchen area at the Club's facility located at Centennial Park Ngaruawahia	15,000
Te Kauwhata Committee Events Incorporated	For stage one of the Whangamarino Wetland Walkway	40,000
Onewhero School Building Incorporated	To re-site the old school building back on the grounds of the Onewhero Area School	35,000
<b>Total outstanding grants</b>		<b>\$145,548</b>

### **Commitments (cont)**

All grants are subject to conditions and are not paid until those conditions are fulfilled.

### **10. Contingent liabilities**

There are no contingent liabilities as at 30 June 2016 (2015: Nil).

### **11. Events after balance date**

There are no significant events after the balance date.

### **12. Related party transactions**

The Trust is controlled by Waikato District Council and is a member of the Waikato District Council Group along with Council and Strada Corporation Limited. All transactions with related parties were conducted at arms-length.

During the year Council has paid some expenses on behalf of the Trust and there is an amount payable to Council at balance date. Those transactions are listed in note 6 and the balance outstanding at 30 June 2016 is \$58,270 (2015: \$162,118).

The Allan Turner Walkway project, to which the Trust made a grant in the previous year (see note 3), is a project of Council.

### **13. Managed portfolio**

The portfolio of the Trust's investments is managed by Gareth Morgan Investments Limited (GMI).

The portfolio composition is:

	<b>2015/16</b>	<b>2014/15</b>
	<b>\$</b>	<b>\$</b>
Cash investments	280,658	295,962
Fixed interest	1,578,398	1,656,401
Equity investments	1,663,815	1,821,515
<b>Total managed portfolio</b>	<b>3,522,871</b>	<b>3,773,878</b>



**14. Explanation of major variances against budget**

Explanations for major variances from the Trust's budget figures in the 2015/16 Statement of Intent are as follows:

- The Trust did not budget for unrealised losses on investments. The SOI allowed for a net gain included in revenue.
- Total grants distributed were less than the amount budgeted.
- The repayment of amounts owing to Council was not anticipated in the budget, hence the difference between actual and budgeted payables.

**15. Breach of section 69 of the Local Government Act 2002**

The Trust did not adopt its audited financial statements within three months of balance date (30 September 2016) as required by section 69 of the Local Government Act 2002.

The reason for the late adoption was that some of the evidence required for audit purposes was not available until after 30 September 2016.

**Audit opinion**

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	14 September 2016
<b>Prepared by</b>	A Diaz Finance Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1606271
<b>Report Title</b>	Waikato Regional Airport Limited Annual Report 2016

## **1. EXECUTIVE SUMMARY**

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Waikato Regional Airport Limited (WRAL) convened a Shareholder briefing on the 01 September 2016 to present the 2016 annual report. The 2016 annual report is now available for public release.

The 'Results at a glance' and 'Chair and Chief Executives' Annual Report' sections summarise the results and highlights for the year.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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*Hamilton Airport Annual Report 2016*





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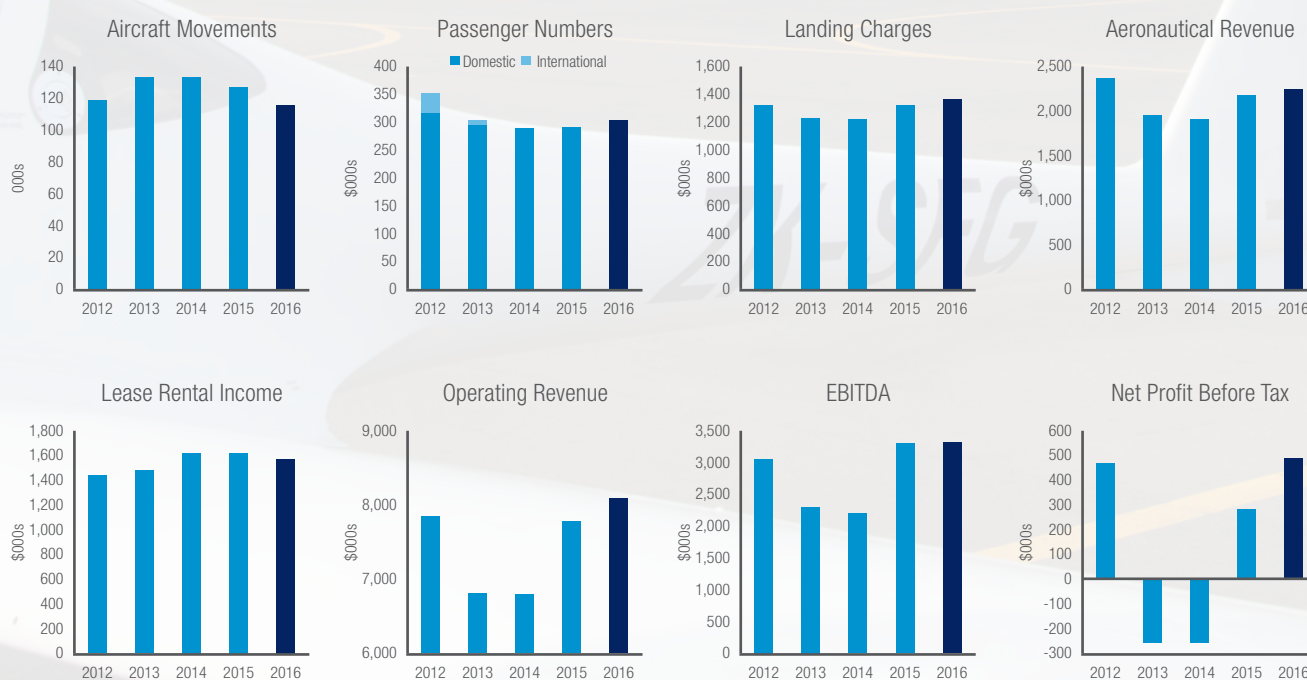
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# 2016 RESULTS AT A GLANCE

## KEY FACTS

- Operating Revenue up \$0.6m (excluding land sales)
- Land Sales Net Income \$0.6m (2015: \$0.8m)
- EBITDA \$3.2m (2015: \$3.3m)
- Operating Profit before Tax \$0.5m; up \$0.2m on 2015
- \$2.8m Positive Operating Net Cash Flow (2015: \$2.8m)
- \$2.2m Debt Repayment
- 303,000 Passengers; up 12,000 on 2015
- 115,819 aircraft movements; down 8.8% on 2015 (weather impact on pilot training)







# CHAIR AND CHIEF EXECUTIVES' 2016 ANNUAL REPORT

The Board and Management of Waikato Regional Airport Limited (WRAL) are pleased to report a solid financial and operational performance for the 2015/2016 financial year with an operating surplus before tax of \$0.5m. Key areas of focus were operational efficiency, improvements to passenger experience and debt repayment.

Emphasis was placed on providing an improved passenger experience with the rebrand of the airport terminal bookstore, finalising plans for a new food and beverage offering and completing the new Air New Zealand Regional Lounge.

The dissolution of the joint venture partnership between WRAL's subsidiary Titanium Park Limited and Titanium Park Development Ltd on 31 March 2016 has created an opportunity for WRAL to reconsider the use of land surrounding the airport. An independent director has been appointed to the board of Titanium Park Limited and the new Board will develop a comprehensive property business plan in the coming year.

Continuing on from previous years, a major focus for the Board and Management has been the ongoing review and implementation of health and safety practices and procedures with the introduction of the new Health and Safety at Work Act 2015.

## WRAL Group

The Group Operating Revenue for the 2015/2016 financial year (excluding land sales) is \$7.5m up on the prior year by \$0.6m. This was primarily driven by a growth in commercial landing charges, increased passenger numbers, car park revenue and tourism funding. Group Operating Expenditure (including depreciation) of \$7.6m is \$0.1m higher than the prior year due to increased expenditure for tourism related costs, WRAL staff restructuring costs and an increase in depreciation and amortisation expenses. Overall the Group's Operating Profit before tax of \$0.5m is an increase of \$0.2m on the prior year.

Net cash flow from Operating and Investing Activities was \$2.8m, this is up from the prior year by \$0.5m due to land sales. The airport's core debt facility of \$7.4m decreased from the prior year by \$2.2m, mostly assisted through land sales. The interest rate hedging facility was closed out during the year to take advantage of lower floating interest rates.

The five yearly valuation of aeronautical infrastructure assets resulted in a valuation of \$40.6m, an increase of \$6.1m to the asset base. The valuation was completed by Beca using a depreciated replacement cost (DRC) valuation. The total asset revaluation gains were partially offset by an increase in deferred tax liability of \$1.7m.

The WRAL Group Balance Sheet remains strong and shows Shareholders' Equity of \$64.4m, up \$4.7m on the prior year and is mostly as a result of the aeronautical infrastructure asset revaluation.







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## WRAL Group

### Operating and Other Revenue

Direct Expenses

### EBITDA

Depreciation

Finance Costs

Disposals of Assets

### Operating Surplus before Taxation and before Interest Rate Swap gains

Interest Rate Swap (losses)

### Operating Surplus before Taxation

### Net Cash Flow for Operating & Investment Activities

2016 \$000	2015 \$000	Variance \$000
8,079	7,400	679
(4,858)	(4,106)	(752)
3,221	3,294	(73)
(2,278)	(2,101)	(177)
(434)	(712)	278
2	10	(8)
511	491	22
(21)	(202)	181
490	289	201
2,791	2,225	542

## WRAL Parent

The core purpose and key objectives for the 2015/2016 year has been to operate the airport in an efficient and compliant way whilst maintaining a viable aeronautical business. As shown in the following table, revenue was up on prior year by \$0.2m as a result of increased car park revenue and commercial landing charges. Operating expenditure increased by \$0.1m mainly due to staff restructuring costs bringing EBITDA in line with the prior year of \$2.5m. Overall, WRAL Parent's Operating Deficit before tax of \$0.2m is up on prior year by \$0.3m.

## WRAL Parent

### Operating and Other Revenue

Direct Expenses

### EBITDA

Depreciation

Finance Costs

Disposals of Assets

### Operating Deficit before Taxation and before Interest Rate Swap losses

Interest Rate Swap (losses)

### Operating Deficit before Taxation

### Net Cash Flow for Operating & Investment Activities

2016 \$000	2015 \$000	Variance \$000
5,718	5,561	157
(3,204)	(3,095)	(109)
2,514	2,466	48
(2,257)	(2,089)	(168)
(430)	(674)	244
2	10	(8)
(171)	(287)	116
(21)	(202)	181
(192)	(489)	297
2,642	752	1,890



## Airline and Passenger Numbers

Hamilton Airport Management continued to foster strong and positive relationships with Air New Zealand and other airline partners across operational, marketing and strategic levels.

Air New Zealand continued its strategy of investing in regional services and infrastructure, with the opening of the new Air New Zealand Regional Lounge in June 2016, providing significantly increased lounge space for members. This provides an improved passenger experience within the terminal building alongside the rebrand of the airport's bookstore and finalised plans for a new café to be operated by Waikato company Mavis & Co.

The withdrawal of Air New Zealand's 19-seater Beech aircraft saw the cessation of its Hamilton - Auckland service in February 2016. It will also cease operation of Beech aircraft on the Palmerston North route in late August 2016. The replacement Q300 48 seater aircraft will more than double capacity on the route.

Further capacity increases from 1 October 2016 are:

- **Hamilton – Christchurch route**, an increase of 30% with the introduction of an additional six return flights per week.
- **Hamilton – Wellington route**, an increase of 10-15% with all peak morning and evening flights to be serviced by the larger 68 seater ATR.

Despite the withdrawal of the Hamilton - Auckland route, passenger numbers have grown in volume from 291,000 in 2014/2015 to 303,000 in 2015/2016. This is primarily due to significant growth on the Wellington and Christchurch sectors and services provided by Kiwi Regional Airlines between Hamilton and Nelson from November 2015. While Kiwi Regional Airlines' service was well received over the summer months, the decision to cease operations from 31 July 2016 was made.

## Airport Operations

Hamilton Airport continues to meet CAA certification obligations regarding safety and security. Operational projects for the 2015/2016 financial year included:

- New and improved general aviation airfield signage that has been installed to assist aircraft during ground movement operations.
- Additional passenger safety control barriers installed on the terminal apron to assist with passenger movements to and from the aircraft.

Hamilton Airport remains New Zealand's second busiest Civil Aviation Part 139 certified airport in terms of aircraft movements. This is primarily driven by high levels of pilot training flights predominately by CTC Aviation Training. Total movements for the 2015/2016 financial year were 115,819 or an average of 317 movements every day. This is down slightly on the 2014/2015 financial year of 126,717 due to weather and a delay in new pilot intakes.

## Titanium Park

WRAL dissolved by mutual agreement its joint venture partnership in Titanium Park, effective 31 March 2016, retaining ownership of critical land adjacent to the airport runway. Despite challenges arising from a tougher than expected economic environment over the past 8 years, the dissolution opens up potential for WRAL to develop land surrounding the airport. The recent construction of the new roundabout on the intersection of State Highways 3 and 21 has improved access into the Western Precinct area. A comprehensive and long-term business plan for all WRAL land is under way.





## Hamilton & Waikato Tourism

Hamilton & Waikato Tourism (HWT) has had another successful year of operation. Strong and enduring relationships have continued with HWT's seven partner Councils and tourism operators resulting in a combined investment of \$1.6m for tourism, marketing and development activities. HWT finished the year in a sound financial position.

With the first year of additional funding from partner councils, HWT allocated the increased investment to addressing the challenges of the domestic market and broadening its scope to include developing the region's visitor proposition. A key focus has been the development of a Tourism Opportunities Plan which provides a clear direction to realise the visitor potential of the region in partnership with key stakeholders and agencies.

Key highlights for the year include:

- Investment of \$0.4m in HWT's activities from the region's tourism industry.
- Expanded investment in domestic campaign activity; Explore Your Own Backyard and Short Escapes.
- Additional investment from WEL Energy Trust to support HWT's development activities.
- Development of a Tourism Opportunities Plan identifying product development and investment opportunities.
- Participation in Tourism New Zealand's \$1.4m Tour the North campaign in Australia
- Increased focus on attracting conferences through additional Convention Bureau capacity.
- Hosting 137 international and 14 domestic media outlets.
- Hosting 346 international travel trade (individuals).
- Exhibiting at TRENZ in Rotorua with over 300 international buyers attending.
- Preparation of development reports for Sanctuary Mountain Maungatautari and Otorohanga Kiwi House in partnership with owners/stakeholders.

New Zealand's tourism sector is experiencing exceptional growth with international visitor arrivals and expenditure at its highest level ever. This growth is forecast to continue and estimated to reach four million international arrivals in the next four years. Domestic tourism has also been buoyant and is showing steady growth with domestic guest nights up 5.7% for the past two years.

The Hamilton and Waikato region's \$1.2b visitor industry has shared in this growth with increased commercial guest nights and international visitor expenditure. HWT will continue to work with local government and industry by providing compelling "reasons to visit" within key markets with a focus on overnight stays, minimising seasonality, and encouraging regional dispersal to enable the benefits of tourism to be shared more broadly.

HWT's Chief Executive Kiri Goulter left June 2016 after seven years' service. Jason Dawson has been appointed Chief Executive and will join the organisation in August 2016.

## Health & Safety

The health and safety of travellers, employees, contractors and airport tenants is of utmost importance to the airport's Board and Management. Regular safety committee meetings and operational reviews are conducted both internally and with assistance from an independent safety consultant. A high degree of focus has been placed on ensuring health and safety requirements are compliant with the recently introduced Health and Safety at Work Act 2015. During the year there was one lost time injury with three injuries occurring in total.



## Community Engagement

During the year, Hamilton Airport hosted several preschool and school groups providing guided tours of the airport and its operations.

The Airport Community Liaison Group continued to meet regularly throughout the year with the objective of addressing aircraft air noise raised by the community. The airport maintains a structured Noise Management Plan, being a district planning requirement, to identify possible mitigation measures and forming recommendations for resolution.

## Board

During the 2015/2016 financial year James Yearsley attended Board meetings as part of the Institute of Directors Emerging Director program. We thank James for his contribution and support. His knowledge of aerodrome operations and aviation in general was much appreciated.

## Conclusion

On behalf of the Board and Management, Hamilton Airport would like to thank our five Shareholders and acknowledge the support from the wider Councils who participate in the support of the regional tourism organisation.

The focus for Hamilton Airport's future lies in its key objectives of operating an efficient and compliant airport while maximising revenue diversification through its aeronautical and non-aeronautical business opportunities.

**JOHN SPENCER**  
Chairman

**MARK MORGAN**  
Chief Executive







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# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2016

	Note	2016 \$000	2015 \$000
<b>REVENUE</b>			
Operating Revenue	14	7,428	6,854
Other Gains	15	20	16
Land sales - Titanium Park		618	841
Finance income		13	54
<b>Total Revenue</b>		<b>8,079</b>	<b>7,765</b>
<b>EXPENSES</b>			
Operating expenses		2,680	2,436
Employee benefit expenses		1,904	1,763
Bad debts written off		2	1
Depreciation and amortisation	18	2,278	2,101
Directors' fees	28	170	173
Finance costs		434	712
Audit fees	29	98	88
Other losses	15	23	202
<b>Total expenses</b>		<b>7,589</b>	<b>7,476</b>
<b>OPERATING SURPLUS BEFORE TAXATION</b>		<b>490</b>	<b>289</b>
Taxation	19	154	120
<b>OPERATING SURPLUS AFTER TAXATION</b>		<b>336</b>	<b>169</b>
Gain on property revaluation		4,400	-
<b>Total Other Comprehensive Revenue and Expense</b>		<b>4,400</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>4,736</b>	<b>169</b>
<b>Total comprehensive revenue and expense attributable to</b>			
Equity holders of the parent		4,736	169

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

*For the Year Ended 30 June 2016*

	Note	2016 \$000	2015 \$000
<b>Balance at 1 July</b>		59,669	59,500
Total comprehensive revenue and expense		4,736	169
<b>BALANCE AT 30 JUNE</b>		64,405	59,669
<hr/>			
<b>Total and comprehensive revenue and expense attributable to</b>			
Equity holders of the parent		4,736	169





# BALANCE SHEET

As at 30 June 2016

	Note	2016 \$000	2015 \$000
<b>EQUITY</b>			
Share capital	11	14,860	14,860
Asset revaluation reserve	11	33,078	28,677
Retained earnings	11	16,467	16,132
<b>Total Equity</b>		<b>64,405</b>	<b>59,669</b>
<i>Represented by:</i>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	432	514
Trade and other receivables	3	606	506
Prepayments		19	18
Inventories		83	97
Term deposits	7	-	287
Development property	8	11,446	11,512
		<b>12,586</b>	<b>12,934</b>
<b>CURRENT LIABILITIES</b>			
Term liabilities – current portion	10	85	83
Derivative financial instruments	23	-	611
Payables and accruals	2	1,792	1,221
Income tax payable		249	355
Employee entitlements	22	252	173
Income in advance		85	221
		<b>2,463</b>	<b>2,664</b>
<b>WORKING CAPITAL SURPLUS</b>		<b>10,123</b>	<b>10,270</b>

# BALANCE SHEET CONTINUED

As at 30 June 2016

	Note	2016 \$000	2015 \$000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	64,658	61,761
Investment property	25	3,750	3,730
Other financial assets	24	-	25
Intangible assets	26	1,227	-
Other assets	21	84	93
		<b>69,719</b>	<b>65,609</b>
<b>NON CURRENT LIABILITIES</b>			
Term loans	10	7,298	9,539
Deferred taxation	20	8,138	6,671
		<b>15,436</b>	<b>16,210</b>
<b>NET ASSETS</b>		<b>64,405</b>	<b>59,669</b>

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

  
 Director  
 1 September 2016

  
 Director  
 1 September 2016



# STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	Note	2016 \$000	2015 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating revenue		7,832	7,802
Interest received		13	54
Payments to suppliers and employees		(4,245)	(4,457)
Income taxes paid		(504)	(355)
GST (net)		43	63
Interest paid		(434)	(712)
Costs of development property		66	414
<b>Net cash from operating activities</b>	<b>17</b>	<b>2,771</b>	<b>2,809</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sales of Shares (Paper Plus)		25	-
Purchase of property, plant and equipment		(302)	(457)
Proceeds from sale of property, plant and equipment		10	-
Funds placed on deposit		287	(127)
<b>Net cash from investing activities</b>		<b>20</b>	<b>(584)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(2,871)	(1,973)
<b>Net cash from financing activities</b>		<b>(2,871)</b>	<b>(1,973)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(82)</b>	<b>252</b>
Cash and cash equivalents at the beginning of the year		514	262
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>6</b>	<b>432</b>	<b>514</b>

The attached Statement of Accounting Policies and Notes form part of, and are to be read in conjunction with the Financial Statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

The Waikato Regional Airport Limited Group has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements of Waikato Regional Airport Limited are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Directors on 1 September 2016.

### Basis for Preparation

The Company and Group have prepared the Consolidated Financial Statements in accordance with the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Financial Reporting Act 2013.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to entities that apply PBE Standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and is not large as defined in XRB A1.

### Subsidiary and Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation. TPL is a participant in Titanium Park Joint Venture and TPL's interest in the Joint Venture is accounted for using the line by line (proportionate) method of consolidation. The Company's investment in its subsidiaries is carried at cost in the parent entity financial statements.

### Specific Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

#### a) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

#### c) Inventories

Stock on hand has been valued at the lower of cost and net realisable value on a weighted average cost basis, after due allowance for damaged and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### d) Property, Plant and Equipment

Property, plant and equipment consists of:

- *Operational Assets* - These include land, buildings, security fences, furniture and fittings, computer equipment, motor vehicles and plant and equipment.
- *Infrastructure Assets* – These include runways, aprons and taxiways, other paved areas and underground-reticulated systems.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## Classification

The ten classifications of property, plant and equipment are: freehold land, freehold buildings, runways, aprons and taxiways, other paved areas, motor vehicles, plant and equipment, computer equipment, furniture and fittings, fencing and underground reticulated systems.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/loss.

## Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

## Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost of the assets over their estimated useful lives.

The estimated useful lives of the major classes of assets are:

Buildings	5 - 59 years
Runways, Aprons and Taxiways	5 - 74 years

Other Paved Areas	9 - 14 years
Motor Vehicles	5 - 15 years
Furniture and Fittings	3 - 50 years
Plant and Equipment	2 - 50 years
Computer Equipment	2 - 6 years
Fencing	10 - 47 years
Reticulated Systems	4 - 74 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. A valuation of runways, aprons & taxiways, other paved areas, and reticulated systems was undertaken on 30 June 2016 and the useful lives of those assets were adjusted at that time to reflect the valuation undertaken on those assets.

## Revaluation

Those asset classes that are revalued are valued on a five-yearly valuation cycle on the basis described below. All other assets are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

## Operational Land and Buildings

At fair value determined from market-based evidence. All valuations are undertaken or reviewed by an independent registered valuer and are usually carried out on a five-yearly cycle.

## Infrastructure Assets

At fair value determined on a depreciated replacement cost basis by an independent registered valuer and are usually carried out on a five-yearly cycle.

## e) Intangible Assets

### Software Acquisition

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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

Costs associated with the development and maintenance of the Company's website are recognised as an expense when incurred.

## Amortisation

Computer software licences are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the surplus/loss.

## Other Intangible Assets

Other Intangible Assets include Designation Assets.

The Light Designation asset has a carrying value of \$268k at 30 June 2016 with a remaining amortisation period of four years. The Runway Designation asset has a carrying value of \$952k at 30 June 2016 with a remaining amortisation period of 10 years.

## f) Taxation

Income tax expense in relation to the surplus or loss for the period comprises current tax and deferred tax.

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences

or tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## g) Goods and Services Tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

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

## h) Investments

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

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method less any provision for impairment.

## i) Employee Entitlements

### Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the Year Ended 30 June 2016*

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## j) Statement of Cash Flows

Operating activities include cash received from all income sources of the Company and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

## k) Operating Leases

Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownerships of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

There are no non-cancellable operating leases.

## l) Revenue

Revenue is measured at the fair value of consideration received.

### Revenue from exchange transactions

#### Operating Revenue

Operating revenue is recognised when earned.

#### Interest Income

Interest income is recognised using the effective interest method.

#### Rental Income

Rental income arising on property owned by the Company is accounted for on a straight line basis over the lease term.

### Revenue from non-exchange transactions

#### Council funding

Hamilton and Waikato Tourism Limited receives council funding and it is recognised as revenue when it becomes receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the funding is initially recorded as income received in advance and recognised as revenue when conditions of the funding are satisfied.

## m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

## n) Financial assets

The Company classifies its financial assets into the following four categories:

- Financial assets at fair value through profit or loss
- Held to maturity investments
- Loans and receivables
- Financial assets at fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/loss.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the Year Ended 30 June 2016*

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

## **Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/loss.

Financial assets in this category include interest rate swaps.

## **Held to maturity**

Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

## **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus/loss. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

## **o) Impairment of financial assets**

At each balance sheet date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/loss.

## **p) Accounting for derivative financial instruments**

The Company uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The gain or loss from re-measuring derivatives at fair value is recognised in the surplus/loss.

The Company is party to financial instruments with off balance sheet risk to meet financing needs. These financial instruments include a bank overdraft facility.

Revenues and expenses in relation to all financial instruments are recognised in the surplus/loss and are shown in the balance sheet at their estimated fair value.





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

*For the Year Ended 30 June 2016*

## q) Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/loss.

## r) Impairment of non-financial assets

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/loss.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/loss, a reversal of the impairment loss is also recognised in the surplus/loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus/loss.

## s) Non-Current assets held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the surplus/loss.

## t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## u) Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## w) Critical accounting estimates and assumptions

In preparing these financial statements the Directors and Management have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### ***Property, plant and equipment useful lives and residual values***

At each balance date the Directors and Management review the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Directors and Management to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Directors and Management, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the balance sheet. The Directors and Management minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales

No significant changes have been made to assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 9.

## x) Development property

Development property is stated at the lower of cost and net realisable value. Development property comprises land, infrastructure and other costs incurred that are directly related to the development activity. Net realisable value is the discounted value of forecast sales less estimated costs of completion and the estimated selling expenses. Development property is not depreciated.

## y) Changes in Accounting Policies

There have been no changes to accounting policies during the year.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 2. PAYABLES AND ACCRUALS

	2016 \$000	2015 \$000
Accounts payable	605	519
Accruals	1,187	702
<b>Total Payables and Accruals</b>	<b>1,792</b>	<b>1,221</b>

## 3. TRADE AND OTHER RECEIVABLES

	2016 \$000	2015 \$000
Gross trade and other receivables	606	506
<b>Total Trade and Other Receivables</b>	<b>606</b>	<b>506</b>

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2015: nil).

At balance date, all overdue receivables have been assessed for impairment and no provisions are required. As at 30 June 2016, the Company has identified no debtors that are insolvent.

## 4. COMMITMENTS

	2016 \$000	2015 \$000
<b>Lease commitments</b>		
Share generator & cable	-	8
Vehicle	-	-
Office equipment	1	5
	<b>1</b>	<b>13</b>

	2016 \$000	2015 \$000
<b>Operating Lease commitments as lessee</b>		
Less than 12 months	1	12
Between 1 and 5 years	-	1
Greater than 5 years	-	-
<b>Total Operating Lease Commitments</b>	<b>1</b>	<b>13</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 5. CONTINGENT LIABILITIES

The Group has no contingent liabilities (2015: nil).

## 6. CASH AND CASH EQUIVALENTS

	2016 \$000	2015 \$000
Cash on hand	7	7
Cash at bank	425	507
<b>Total Cash and Cash Equivalents</b>	<b>432</b>	<b>514</b>

## 7. TERM DEPOSITS

	2016 \$000	2015 \$000
Term deposits	-	287
<b>Total Term Deposits</b>	<b>-</b>	<b>287</b>

## 8. DEVELOPMENT PROPERTY

	2016 \$000	2015 \$000
Development property	11,446	11,512
<b>Total Development Property</b>	<b>11,446</b>	<b>11,512</b>

Waikato Regional Airport Limited's subsidiary Titanium Park Limited was a partner in the Titanium Park Joint Venture. The Titanium Park Joint Venture was terminated 31 March 2016 with Titanium Park Limited being transferred 37.2 hectares of land as part of the termination agreement.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
<b>2016 \$000</b>											
<b>Cost</b>											
Opening balance	22,817	19,886	1,215	20,019	2,498	1,659	235	1,246	566	1,237	71,378
Additions	-	3	-	22	23	5	88	42	-	14	197
Disposals	-	-	(25)	-	-	-	(58)	-	-	-	(83)
Transfers	-	(25)	-	(1,095)	(191)	(46)	-	-	-	14	(1,340)
<b>Closing balance</b>	<b>22,817</b>	<b>19,864</b>	<b>1,190</b>	<b>18,946</b>	<b>2,330</b>	<b>1,664</b>	<b>265</b>	<b>1,288</b>	<b>566</b>	<b>1,276</b>	<b>70,205</b>
<b>Accumulated depreciation</b>											
Opening balance	-	2,221	549	3,458	748	1,198	197	951	169	126	9,617
Depreciation	-	572	89	963	189	101	38	90	33	37	2,112
Disposals	-	-	(14)	-	-	-	(57)	-	-	-	(71)
Transfers	-	(3)	-	-	-	-	-	-	-	3	-
<b>Closing balance</b>	<b>-</b>	<b>2,790</b>	<b>624</b>	<b>4,421</b>	<b>937</b>	<b>1,299</b>	<b>178</b>	<b>1,041</b>	<b>202</b>	<b>166</b>	<b>11,658</b>
<b>Revaluation</b>	<b>-</b>	<b>1,677</b>	<b>-</b>	<b>4,061</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167)</b>	<b>107</b>	<b>6,111</b>
<b>Carrying amounts</b>											
At 30 June 2015	22,817	17,665	666	16,561	1,750	461	38	295	397	1,111	61,761
At 30 June 2016	22,817	18,751	566	18,586	1,826	363	87	247	198	1,217	64,658

The total amount of property, plant and equipment in a construction / development phase is \$66,655 (2015:\$ 1,528,526)

	Land	Buildings	Vehicles	Runways, aprons and taxiways	Other paved areas	Plant and equipment	Computer equipment	Furniture and fittings	Fencing	Reticulated systems	Total
<b>2015 \$000</b>											
<b>Cost</b>											
Opening balance	22,817	19,886	1,215	19,884	2,302	1,644	251	1,279	563	1,216	71,056
<b>Closing balance</b>	<b>22,817</b>	<b>19,886</b>	<b>1,21</b>	<b>20,019</b>	<b>2,498</b>	<b>1,659</b>	<b>235</b>	<b>1,246</b>	<b>566</b>	<b>1,237</b>	<b>71,378</b>
<b>Accumulated depreciation</b>											
Opening balance	-	1,650	495	2,498	560	1,143	184	907	137	90	7,664
<b>Closing balance</b>	<b>-</b>	<b>2,221</b>	<b>549</b>	<b>3,458</b>	<b>748</b>	<b>1,198</b>	<b>197</b>	<b>951</b>	<b>169</b>	<b>126</b>	<b>9,617</b>
<b>Carrying amounts</b>											
At 30 June 2014	22,817	18,236	719	17,386	1,742	501	67	372	426	1,126	63,392
At 30 June 2015	22,817	17,665	666	16,561	1,750	461	38	295	397	1,111	61,761

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## VALUATION

Asset class	Valuation approach	Valuer	Fair Value \$000
Land	Fair market, highest and best use basis determined from prevailing market-based evidence and conditions	Quotable Value Limited	\$22,733
Building and Security Fencing	Fair market or, where appropriate, depreciated replacement cost	Beca Valuations Ltd	\$18,949
Runways, Taxiways, Aprons and Other Paved Areas	Optimised depreciated replacement cost	Beca Valuations Ltd	\$20,412
Reticulated Systems	Optimised depreciated replacement cost	Beca Valuations Ltd	\$1,217

The effective date of building and security fencing, runways, taxiways, aprons and other paved areas and reticulated systems valuations (excluding land) is 30 June 2016.

All land was revalued with an effective date of 30 June 2013 (\$22,732,500).

Neither valuer has an interest or relationship with any party that would impair its objectivity or independence.

## 10. TERM LIABILITIES

### BNZ Bank Loan Facilities

At 30 June 2016 the Company had the following facilities with the BNZ Bank:

- An overdraft facility of \$500,000 repayable on demand. The interest rate on this facility is the BNZ Bank's market connect overdraft base rate plus a margin.
- A Customised Average Rate Loan (CARL) of up to \$9,500,000 that matures on 17 October 2017. The amount outstanding on this facility at 30 June 2016 was \$6,043,000 (2015: \$8,200,000).
- A second Customised Average Rate Loan (CARL) of \$1,600,000 that matures on 1 February 2018. The amount outstanding on this facility at 30 June 2016 was \$1,339,840 (2015: \$1,422,400).

The \$1.6m CARL facility is secured over buildings at Boyd Road, Hamilton.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 11. EQUITY

	2016		2015	
	No. 000s	\$000	No. 000s	\$000
<b>Ordinary shares issued</b>				
Balance of shares as at 1 July	4,035	24,460	4,974	24,460
Less uncalled capital	-	-	939	9,600
Repurchase uncalled capital	939	-	-	-
<b>Issued and called shares at 30 June</b>	<b>4,974</b>	<b>14,860</b>	<b>4,035</b>	<b>14,860</b>
Less called but unpaid	-	-	-	-
Issued paid shares at 30 June	4,974	14,860	4,035	14,860

During the year Waikato Regional Airport Limited repurchased all 939,334 shares of uncalled capital.

All ordinary shares carry equal voting rights and the right to share in any surplus on winding up. None of the shares carry fixed dividend rights.

The shareholding of Waikato Regional Airport Limited as at 30 June 2016 is as follows:

Shareholder	No. of Shares	Percentage
Hamilton City Council	2,486,752	50.0 %
Waipa District Council	777,110	15.6 %
Matamata District Council	777,110	15.6 %
Waikato District Council	777,110	15.6 %
Otorohanga District Council	155,422	3.1 %
	<b>4,973,504</b>	<b>100.0 %</b>

Asset Revaluation Reserve	2016 \$000	2015 \$000
As at 1 July	28,677	28,677
Revaluation gain	6,112	-
Deferred tax on movement	(1,711)	-
<b>As at 30 June</b>	<b>33,078</b>	<b>28,677</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

Asset Revaluation Reserve consists of:	2016 \$000	2015 \$000
Land	14,428	14,428
Buildings	4,092	2,885
Fencing	232	352
Reticulated systems	777	700
Runway, apron & taxiways	12,388	9,463
Other paved areas	1,161	849
<b>As at 30 June</b>	<b>33,078</b>	<b>28,677</b>

Retained Earnings	2016 \$000	2015 \$000
As at 1 July	16,132	15,963
Surplus for the year	336	169
<b>As at 30 June</b>	<b>16,468</b>	<b>16,123</b>

## 12. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year.

### Shareholders

During the financial year the Group received payments from the following shareholders:

- Hamilton City Council, a total of \$585,000 (excl GST) for regional tourism funding under a service level agreement and regional campaigns (2015: \$392,483).
- Waipa District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Waikato District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Matamata-Piako District Council, a total of \$150,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$100,000).
- Otorohanga District Council, a total of \$60,000 (excl GST) for regional tourism funding under a service level agreement (2015: \$40,000).





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## Subsidiaries

Hamilton & Waikato Tourism Limited, a wholly owned subsidiary of the Company, made the following transactions with the Company during the year:

Related Party	Nature of transactions	Relationship with company	2016 \$000		2015 \$000	
			Transaction	Outstanding balance as at 30/06/16	Transaction	Outstanding balance as at 30/06/15
Hamilton & Waikato Tourism Limited	Contribution to marketing	Subsidiary	-	-	11	-
Hamilton & Waikato Tourism Limited	Receipt of insurance contribution	Subsidiary	-	-	-	-
Hamilton & Waikato Tourism Limited	Provision of services under a service level agreement	Subsidiary	40	-	40	-
Hamilton & Waikato Tourism Limited	Receipt of services under a service level agreement	Subsidiary	(49)	-	(49)	(9)
			(9)	-	2	(9)

## Subsidiaries

Titanium Park Limited, a wholly owned subsidiary of Waikato Regional Airport Limited, made the following transactions with the Company during the year:

Related Party	Nature of transactions	Relationship with company	2016 \$000		2015 \$000	
			Transaction	Year End	Transaction	Year End
Titanium Park Limited	Cash advances to facilitate funding for the Joint Venture operations	Subsidiary	(1157)	3,195	48	4,352
Titanium Park Limited	Cash advance to facilitate funding for 188 Narrows Road	Subsidiary	-	2,919	-	2,919
Titanium Park Limited	Interest charged on advances	Subsidiary	-	2,507	480	2,507
			(1,157)	8,621	528	9,778

Key Management Personnel Compensation	2016 \$000	2015 \$000
Salaries and other short-term employee benefits	798	688
<b>Total Key Management Personnel Compensation</b>	<b>798</b>	<b>688</b>

Key management personnel comprises directors and the Group's management team.

There were no other material related party transactions during the year other than those already disclosed in the notes to these financial statements.

## 13. EVENTS OCCURRING AFTER BALANCE DATE

Nil.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 14. OPERATING REVENUE

	2016 \$000	2015 \$000
<b>Exchange Revenue</b>		
Car park	1,591	1,473
Landing charges and departure charges	2,258	2,189
Rentals and concessions	1,566	1,612
Shop trading & other	363	367
<b>Non-exchange revenue</b>		
Other	1,650	1,214
<b>Total Operating Revenue</b>	<b>7,428</b>	<b>6,855</b>

## 15. OTHER GAINS

Other gains	2016 \$000	2015 \$000
Gain on disposal of PPE	-	6
Gain on changes in fair value of investment property (note 25)	20	10
<b>Total Other Gains</b>	<b>20</b>	<b>16</b>

Other losses	2016 \$000	2015 \$000
Loss on sale of property, plant and equipment	2	-
Loss on fair value adjustment – interest rate swaps (note 23)	21	202
<b>Total Other Losses</b>	<b>23</b>	<b>202</b>

## 16. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

Risk management is carried out by the Company's Board of Directors. The Board identifies and evaluates financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as interest-rate risk, credit risk, and investing excess liquidity.

	2016 \$000	2015 \$000
Financial Assets at Fair Value through Statement of Comprehensive Revenue and Expense		(611)
Financial Assets at Fair Value through Other Comprehensive Revenue and Expense	-	25
Loans and Receivables	1,154	1,129
Financial Liabilities Measured at Amortised Cost	7,383	10,661



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 17. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FROM OPERATING ACTIVITIES

	2016 \$000	2015 \$000
<b>Surplus/(deficit) after tax Add/(deduct) non cash items</b>	336	169
Depreciation & amortisation	2,278	2,101
Deferred taxation	(244)	(466)
(Gains)/losses in fair value of investment property	(20)	10
Net interest rate swap (gains)/losses	21	202
<b>Add/(deduct) items classified as investing or financing activities</b>		
(Gains)/losses on disposal of property, plant & equipment	2	(6)
<b>Add/(deduct) movements in working capital</b>		
Trade & other receivables	(89)	106
Prepayments	(1)	99
Payables & accruals	518	(104)
Employee entitlements	79	(1)
Income in advance	(134)	(5)
Goods and services taxation	43	63
Inventories	14	18
Development property	66	414
Other assets allocation	10	8
Income tax payable	(108)	231
<b>Net Cash from Operating Activities</b>	<b>2,771</b>	<b>2,809</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 18. DEPRECIATION & AMORTISATION OF ASSETS BY CLASS

	2016 \$000	2015 \$000
Buildings	572	571
Vehicles	89	89
Runways, apron & taxiways	966	960
Other paved areas	189	188
Plant & equipment	101	99
Computer equipment	38	35
Furniture & fittings	90	84
Fencing	32	32
Reticulated systems	37	36
	<b>2,114</b>	<b>2,094</b>
Intangible assets – runway designation	162	-
– computer software	2	7
<b>Total Depreciation &amp; Amortisation of Assets</b>	<b>2,278</b>	<b>2,101</b>

## 19. INCOME TAXATION

	2016 \$000	2015 \$000
Current year	398	544
Prior period adjustment	-	36
Movement in temporary differences	(244)	(460)
	<b>154</b>	<b>120</b>

Reconciliation of Effective Tax Rate	%	2016 \$000	%	2015 \$000
Surplus for the period excluding income tax		490		289
Prima facie income tax based on domestic tax rate	28.0%	137	28.0%	80
Effect of non-deductible expenses	3.42%	17	8.17%	24
Effect of tax exempt income	0.0%	-	0.0%	-
Prior period adjustment	0.0%	-	12.36%	36
Effect of tax rate change from 30% to 28%	0.0%	-	(6.96%)	(20)
Capital gain on sale	0.0%	-	0.0%	-
	<b>31.42%</b>	<b>154</b>	<b>41.57%</b>	<b>120</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 20. DEFERRED TAX LIABILITIES

### Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

\$000	Property plant and equipment	Financial assets	Employee entitlements	Other	Total
<b>Balance as at 30 June 2014</b>	<b>7,360</b>	<b>(115)</b>	<b>(23)</b>	<b>(85)</b>	<b>7,137</b>
Charged to profit and loss	(401)	(56)	-	(3)	(460)
Tax loss recognised	-	-	-	(6)	(6)
Charged to equity	-	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>6,959</b>	<b>(171)</b>	<b>(23)</b>	<b>(94)</b>	<b>6,671</b>
Charged to profit and loss	(496)	171	(2)	77	(250)
Tax loss recognised	-	-	-	6	6
Charged to equity	1,711	-	-	-	1,711
<b>Balance as at 30 June 2016</b>	<b>8,174</b>	<b>-</b>	<b>(25)</b>	<b>(11)</b>	<b>8,138</b>

## 21. OTHER ASSETS

	2016 \$000	2015 \$000
CTC apron costs (amortise over lease period)	84	93
<b>Total Other Assets</b>	<b>84</b>	<b>93</b>

### Operating Lease Incentive

During the year ended 30 June 2005 the Company leased land to CTC Aviation Training (NZ) Limited for the purpose of establishing a flight training school. As an incentive to attract CTC to enter the lease, the Company agreed to pay 50% of the costs of constructing an apron.

As this payment is considered to be an operating lease incentive, the cost to the Company has been separately identified and will be amortised over the period of the 20 year lease as a reduction in lease income.

## 22. EMPLOYEE ENTITLEMENTS

	2016 \$000	2015 \$000
Annual leave	102	85
Accrued salary and wages	150	88
<b>Total Employee Benefit Liabilities</b>	<b>252</b>	<b>173</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

There were no derivative financial instruments in place at year end.

	2016 \$000	2015 \$000
Fair value of interest rate swaps – 1 July	(611)	(409)
Gain/(Loss) during year	(21)	(202)
Swap closed out during year	632	
<b>Fair Value of Interest Rate Swaps</b>	<b>-</b>	<b>(611)</b>

## 24. OTHER FINANCIAL ASSETS

	2016 \$000	2015 \$000
Shares – Paper Plus	25	25
Shares – Paper Plus Sold	(25)	
<b>Total Other Financial Assets</b>	<b>-</b>	<b>25</b>

There were no impairment provisions for other financial assets.

## 25. INVESTMENT PROPERTY

The Company has identified three classifications of land as strategically important holdings as they relate directly to the aviation operations and related activities, or are considered in the airport's long term strategy of facilitating future growth in the aeronautical capability of the airport.

The Company's criteria for identifying property as of strategic importance is:

- Land areas on which runways, taxiways, aprons, terminal and apron servicing areas as currently placed or anticipated in the Airport Master Plan.
- Land areas abutting the land areas described above.
- Other land that is reserved for aviation related activities.

Land that does not meet the criteria above or that is not property available for sale is classified as investment property.

The Company's investment properties are valued annually at fair value effective 30 June. All investment properties were valued on open market evidence and conditions that prevailed as at 30 June 2016. The valuation was performed by Mairi MacDonald, Registered Valuer, ANZIV, SPINZ, an independent valuer from Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types of investment properties owned by the Company.

	2016 \$000	2015 \$000
Opening balance	3,730	3,720
Transfer from property, plant & equipment	-	-
Fair value gain on valuation	20	10
<b>Closing Balance</b>	<b>3,750</b>	<b>3,730</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 26. INTANGIBLE ASSETS

	2016 \$000	2015 \$000
<b>Acquired Assets</b>		
Balance at 1 July	107	107
Additions	107	-
Disposals	(108)	-
Transfers	1,286	-
<b>Balance at 30 June</b>	<b>1,392</b>	<b>107</b>
<b>Accumulated Amortisation &amp; Impairment Losses</b>		
Balance at 1 July	107	100
Amortisation expense	167	7
Disposal	(109)	-
<b>Balance at 30 June</b>	<b>165</b>	<b>107</b>
<b>Carrying Amounts</b>		
Balance at 1 July	-	7
<b>Balance at 30 June</b>	<b>1,227</b>	<b>-</b>

## 27. ASSET IMPAIRMENT

There has been no impairment of assets recognised in 2016 (2015: nil).

## 28. DIRECTORS' FEES

	2016 \$000	2015 \$000
Waikato Regional Airport Limited – Board of Directors	104	104
Hamilton & Waikato Tourism Limited – Board of Directors	30	33
Titanium Park Limited	36	36
<b>Total Directors' Fees</b>	<b>170</b>	<b>173</b>

The Board of Titanium Park Joint Venture no longer has an independent Chairman. Fees paid to the independent Chairman are \$0 for the year. The Group's one half share of those fees is \$0 (2015: \$5,406).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## 29. AUDIT FEES

The Parent audit fees per the Audit Proposal Letter is \$62,126 (2015: \$60,416).

## 30. DONATIONS

During the year the Company made donations to charities totaling \$261 (2015: \$895).

## 31. PERFORMANCE TARGETS AND RESULTS

The Company prepares an annual Statement of Corporate Intent, which is approved by Shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the Company's actual results for the year, excluding Titanium Park land sales and excluding revaluation gains, are shown below against forecast.

The Group has achieved all finance performance targets for 2016 year (2015: Achieved)

Performance targets and results for Group	Actual 2016	Target Statement of Corporate Intent	Met	Comment	Actual 2015	Target Statement of Corporate Intent
Net surplus / (deficit) after tax (total comprehensive revenue and expense)	(\$282,000)	<b>(\$421,000)</b>	Y	Favourable by \$139,000 compared to target. The 2015/2016 year target excludes TPL land sales.	\$169,000	\$111,000
Net profit/(loss) after tax to average shareholder funds	0.54%	<b>(1%)</b>	Y	Percentage is better than planned.	0.28%	0.0%
Net profit/(loss) after tax to total assets	0.41%	<b>(1%)</b>	Y	Percentage is better than planned.	0.22%	0.0%
Percentage of non-landing charges revenue	81%	<b>64%</b>	Y	The percentage of non-landing charges revenue ratio is higher than the target due to increased passenger numbers, car park revenue and tourism funding.	81.03%	64.4%
Earnings before interest, taxation and depreciation	\$2,585,000	<b>\$2,061,000</b>		The 2015/2016 year target excludes TPL land sales.	\$3,294,000	\$2,880,000
Net cash flow (operating and investing)	\$2,789,000	<b>(\$632,000)</b>	Y	Actual result is better than planned.	\$2,225,000	(\$375,000)
Total liabilities/shareholders' funds: debt/equity ratio	21:79	<b>25:75</b>	Y	The ratio is more favorable than planned.	24:76	26:74
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	5.81	<b>2.86</b>	Y	The ratio is more favorable than planned.	3.38	2.91





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

## Non - Financial Performance targets and results (Group)

2016 Target	Comment	Met	2015 Target	Comment
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Health and Safety meetings are undertaken on monthly basis.	Y		New target for 2016
Zero Work Safe notifiable accidents/injuries.	There was one notifiable incident.	N		New target for 2016
Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance.	An independent review was undertaken and recommendations completed. Enhancing of existing tenant and contractors H&S control procedures were implemented. All existing H&S frameworks have been updated to include the provisions of the Health and Safety at Work Act 2015 requirements.	Y		New target for 2016
To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	Two audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.	Y	To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	No audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)	There have no incidences of scheduled flights being operationally impacted by controllable events.	Y		New target for 2016
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan	Regular meetings have been facilitated every 4 months.	Y		New target for 2016
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	During the period 1 July 2015 to 30 June 2016, customer feedback cards were positioned in the terminal with 19 cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.	Y	Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2014 to 30 June 2015 there were 32 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.

# STATUTORY INFORMATION

For the Year Ended 30 June 2016

## Dividend

The Directors recommend that no dividend be declared.

## Directors' Interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of him being a director, partner, trustee or officer of those entities.

Director	Entity	Interest	Director	Entity	Interest
<b>J Spencer</b>	Advisory Board for Iron Duke Limited	Chair		Fisher & Paykel Finance Holdings Limited	Director
	Derby Street Limited	Director		Fisher & Paykel Finance Limited	Chair
	Kiwirail Holdings Limited	Chair		Gardon Limited	Director
	Mitre 10 (New Zealand) Limited	Director		Guarda Trust	Trustee
	Mitre 10 Holdings Limited	Director		Homeopathic Trust	Trustee
	Mitre 10 Imports Limited	Director		IT Partners Group Limited	Director
	Mitre 10 Retail Limited	Director		IT Partners Limited	Director
	Raukawa Iwi Development Limited	Chair		Jarvis Trading Limited	Director
	Taupo Mega Limited	Director		Larsen Family Trust	Trustee
	Te Awamutu Mega Limited	Director		Lightwire Limited	Director
	Tertiary Education Commission	Chair		MCC Properties Limited	Director
	Wellington Mega Limited	Director		Milk Management Company Limited	Director
<b>C da Silva</b>	Andrew Johnson Business Trust	Trustee		Ocean Sands Trust	Trustee
	Ata Rangi Pastoral Limited	Director		Retail Financial Services Limited	Director
	Certus Group Limited	Director		Te Maunga Trust	Trustee
	Columbus Financial Services Limited	Director		Titanium Park Limited	Director
	Consumer Finance Limited	Director		Trelise Cooper Group Limited	Director
	Consumer Insurance Services Limited	Director		Trelise Cooper Properties Limited	Director
	Coromandel Trust	Trustee		Waikato Rental Trust	Trustee
	Da Silva Advisory Limited	Director			
	Fisher & Paykel Financial Services Limited	Director			

Continued on following page



# STATUTORY INFORMATION

For the Year Ended 30 June 2016

Director	Entity	Interest	Director	Entity	Interest
<b>A Cotton</b>	Access IR Group Limited	Director		National Council Representative Institute of Directors New Zealand Incorporated	Member
	Australasian Investor Relations Association Pty Limited	Director		National Infrastructure Advisory Board	Member
	Donny Trust	Trustee		Titanium Park Limited	Chair
	External Reporting Board	Member		Waikato District Council Audit & Risk Committee	Chair
	Merlin Consulting Limited	Director		Waikato Institute of Directors	Chair
	Merlin Group Limited	Director		Waikato Plan Joint Committee	Chair
<b>M Devlin</b>	City Care Limited	Director		Waikato University Risk Management Committee	Member
	Harrison Grierson Consultants Limited	Chair		WEL Networks Limited	Chair
	Harrison Grierson Holdings Limited	Director		Digilife	Member of Advisory Board
	IT Partners Group	Director		Pegasi Limited	Director
	Institute of Directors New Zealand Incorporated	Chartered Fellow		AQM Limited	Investor Director
	Institute of Directors Professional Committee	Member		J H Yearsley	Owner and Managing Director
	Meteorological Services of New Zealand Limited	Director			

## Use of Company Information

No notices were received from Directors requesting use of Company information received in their capacity as Directors that would not have been otherwise available to them.

## Share Dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

## Directors' Remuneration

Director remuneration paid during the year was as follows:

		2016 \$000
<b>J Spencer</b>	WRAL Chair	35
<b>M Devlin</b>	WRAL Director, TPL Chair	39
<b>C da Silva</b>	WRAL Director, TPL Director	39
<b>A Cotton</b>	WRAL Director, Audit & Risk Chair	23
<b>G Dwyer</b>	TPL Director	4
<b>G Osbourne</b>	HWTL Chair	10
<b>S Douglas</b>	HWTL Director	7
<b>D Scarlet</b>	HWTL Director	7
<b>R Weir</b>	(Resigned February 2016)	5
<b>A Bounds</b>	(Resigned July 2015)	1
<b>J Yearsley</b>	Emerging Director	-

No other remuneration or benefits have been paid or given to Company's directors.

# STATUTORY INFORMATION

*For the Year Ended 30 June 2016*

## Insurance

Directors' and Officers' liability insurance is with Vero Liability Insurance Ltd, with the policy for the parent Company extending to the Company.

## Remuneration of Employees

Directors' and Officers' liability insurance is with Vero Liability Insurance Ltd, with the policy for the parent Company extending to the Company.

Amount of Remuneration	Employees
\$220,000 - \$229,999	1
\$180,000 - \$189,999	1
\$160,000 - \$169,999	1

*Remuneration includes salary, performance bonuses and motor vehicle allowances received in their capacity as employees.*



# AUDIT REPORT

*For the Year Ended 30 June 2016*

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

## **Independent Auditor's Report**

### **To the readers of Waikato Regional Airport Limited Group's financial statements and performance information for the year ended 30 June 2016**

The Auditor-General is the auditor of Waikato Regional Airport Limited Group (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, consisting of Waikato Regional Airport Limited and its subsidiaries and other controlled entities, on her behalf.

#### **Opinion on the financial statements and the performance information**

We have audited:

- the financial statements of the Group on pages 10 to 35, that comprise the balance sheet as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 35 to 36.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives, for the year ended 30 June 2016.

Our audit was completed on 1 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

# AUDIT REPORT

*For the Year Ended 30 June 2016*

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the Group.



# AUDIT REPORT

*For the Year Ended 30 June 2016*

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Group.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

# FIVE YEAR REVIEW

For the Year Ended 30 June 2016

	2016 \$000's	2015 \$000's	2014 \$000's	2013 \$000's	2012 \$000's
Revenue	8,079	7,765	7,022	7,225	7,984
Increase/-Decrease	4%	11%	(3%)	(10%)	13%
Expenditure	7,589	7,476	7,274	7,475	7,514
Increase/-Decrease	2%	3%	(3%)	0%	7%
<b>Operating Surplus before Abnormal Item* and Taxation</b>	470	273	(245)	(245)	345
Increase/-Decrease	72%	211%	(0%)	(171%)	236%
<b>Operating Surplus before Tax Item</b>	490	289	(252)	(250)	470
<b>PERFORMANCE INDICATORS</b>					
<b>Operating Surplus (after abnormal item and taxation) to Average Shareholder's Equity</b>	0.54%	0.28%	(0.4%)	(0.4%)	0.4%
<b>Percentage of Non-Landing Charges Revenue to Total Revenue</b>	85%	81%	82%	81%	82%
Total Equity	64,405	59,669	59,500	59,732	59,162
Total Liabilities	17,899	18,874	20,937	19,967	19,074
Total Assets	82,304	78,543	80,437	79,699	78,235
Net Asset Backing per Share	\$15.96	\$14.79	\$14.75	\$14.80	\$14.67
Shareholders' Equity Ratio	78%	76%	74%	75%	76%
<b>Passengers</b>					
- Domestic	303,135	291,385	294,396	294,512	315,662
- International	-	-	-	11,384	38,406
- Total	303,135	291,385	294,396	305,896	354,068

\* Abnormal item includes gains/losses on sale of property, plant and equipment.





# CORPORATE DIRECTORY

*For the Year Ended 30 June 2016*

<b>Board of Directors</b>	John Spencer
	Carlos da Silva
	Annabel Cotton
	Margaret Devlin
<b>Chief Executive Officer</b>	Mark Morgan
<b>General Manager Operations</b>	Simon Hollinger
<b>Finance Manager</b>	Nikki Orange
<b>Registered Office</b>	Hamilton Airport Terminal Building
	Hamilton Airport
	Airport Road, R D 2
	Hamilton 3282
<b>Telephone</b>	07 848 9027
<b>Facsimile</b>	07 843 3627
<b>E-mail</b>	wral@hamiltonairport.co.nz
<b>Web Site</b>	www.hamiltonairport.co.nz
<b>Bankers</b>	Bank of New Zealand
<b>Solicitors</b>	Tompkins Wake, Hamilton
<b>Auditors</b>	Audit New Zealand, Hamilton on behalf of the Controller and Auditor-General

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	16 September 2016
<b>Prepared by</b>	Clive Morgan Economic Development Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1607544
<b>Report Title</b>	Economic Development Update

## **I. EXECUTIVE SUMMARY**

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The purpose of this report is to update Council on the various economic development projects and other economic development activity:

- Lot 12 at Northgate Business Park has been purchased by a manufacturer of small prefabricated cabins.
- A fibre network company are preparing a feasibility study and business case to assess a fibre network in Matangi and Tamahere.
- Ports of Auckland and Open Waikato collaborated on a promotional campaign to lift awareness of the Waikato Freight Hub.
- Council has applied for funding through the Mid-sized Regional Tourism Facilities Grant Fund for infrastructure projects in Raglan.
- Smart Waikato held a Futureforce Action Network event in Huntly to build confidence in employers and educators to employ local youth.
- Economic Development Strategy Work Programme is underway with two projects now completed.
- Open Waikato's new Marketing Officer commenced 22 August.

## **2. RECOMMENDATION**

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

### **3. REPORT**

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#### **Background**

The purpose of this report is to update Council on the various economic development projects and other economic development activity.

#### **Economic Development Strategy work programme**

The Economic Development Strategy (“EDS”) and associated Implementation Plan were adopted by Council in December 2015 and March 2016 respectively.

The implementation work programme prioritises projects to commence in 2016.

The EDS actions sit under seven strategic focus areas:

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

A work programme status report is attached (Appendix I).

#### **Open Waikato**

New staff member, Karen Cousins joined the economic development team in August. Karen as Marketing Officer, will focus on driving the performance of Open Waikato to attract greater levels of online enquiry and engagement. Karen is experienced in communications and marketing with a particular interest in digital marketing. Karen will also manage the visitor sector and support the economic development work programme. Her understanding of the ‘customer voice’ and customer engagement will be a real asset to us as we work towards achieving our 2020 challenge.

## Website statistics September 2016:

Measure	Nov' 2014	February 2015	May 2015	August 2015	Nov' 2015	February 2016	May 2016	August 2016
<b>Sessions</b>	794	368	1224	780	1,830	21,904	2043	1987
<b>Users</b>	511	300	1159	700	1,378	21,109	1666	1712
<b>New Visitors</b>	53.3%	73.9%	93.5%	90.4%	80.7%	96.2%	78.7%	83.6%
<b>Average Session Duration</b>	00:05:05	00:02:05	00:00:44	00:00:59	00:01:15	00:00:20	00:01:48	00:01:145
<b>Bounce Rate*</b>	45.84%	67.12%	82.76%	81.41%	78.80%	84.53%	69.90%	67.89%

\*This refers to percentage of visits that go to only one page before exiting the site.

When comparing the period ending August 2016 to the same period last year, the number of sessions increased by 154% from 780 to 1987, August also saw an improvement in the average session duration from 00:59 to 01:45 (Minutes:Seconds). The bounce rate has fallen from 81.41% to 67.89% which means more users are staying on the site and viewing more than one page. New visitors have fallen from 90.4% to 83.6% and more users are revisiting the site and staying longer.

Waikato Innovation Park (“WIP”) has been offering business support services from the Tuakau service centre for the last two months. WIP is the lead agency for government funding through New Zealand Trade and Enterprise and Callaghan Innovation. Businesses can access funding for such things as capacity building, research and development, marketing and business planning, export market development, and product development and testing. WIP also facilitates business mentoring services. WIP has committed to offering this service because of the business growth occurring in the north of the district.

A joint WIP and Open Waikato campaign is underway to promote this service in the local area. Results have been promising with a dozen enquiries being generated directly from advertising. From these contacts WIP’s Business Growth Advisor is currently working with four local businesses and is delighted with the results.

## **Growth**

### **Pokeno**

Demand for residential lots continues to be strong. Approximately a third of sales are direct to home owners and two thirds to builders. Gateway the industrial park is also seeing strong demand with a number of logistics and food related companies showing interest.

### **Northgate Business Park**

### **Ports of Auckland**

Ports of Auckland (“PoAL”) have signed an unconditional agreement to purchase 33 hectares of land at Northgate Business Park for development as a freight hub.

Council staff are awaiting lodgement of the Indicative Development Plan and the associated consent application.

PoAL and Open Waikato collaborated on an National Business Review feature in August. This campaign will be followed up with ongoing media timed with key milestones of the Ports of Auckland’s Waikato freight hub development .

**WAIKATO WELCOMES PORTS OF AUCKLAND... WHEN IS YOUR BUSINESS COMING?**

— Ports of Auckland recognise the opportunities and are developing a Waikato freight hub at Northgate Business Park just north of Hamilton — **FIND OUT MORE** —

Explore the Open **WAIKATO** DISTRICT

**WAIKATO WELCOMES PORTS OF AUCKLAND... WHEN IS YOUR BUSINESS COMING?**

**THE WAIKATO DISTRICT IS BOOMING!**

Ports of Auckland recognise the opportunities and are developing a Waikato freight hub at Northgate Business Park just north of Hamilton.

The Waikato district offers major transport links both road and rail, and sits strategically between Auckland and Tauranga and New Zealand’s busiest international airport. Rich in natural resources and with vital infrastructure in place, we offer a lifestyle second to none, including competitive land and housing prices.

**WAIKATO IS OPEN FOR BUSINESS**

For information on opportunities for your business in the Waikato call Open Waikato on 0800 492 452 [www.openwaikato.co.nz](http://www.openwaikato.co.nz)

Universal Precast a concrete pre-casting company has completed earthworks on a Iha site and intend to install its plant and equipment over the next 4 to 6 months. Building consents have been issued for the next stage including an office facility.

Waikato Chocolates is progressing with its construction with the tilt slabs and structural steel in place and the roof being prepared for installation.

*Lot 12 has been purchased by a manufacturer of small prefabricated buildings suitable for use as granny flats and small annex type uses. A large shed suitable to house the prefabricated construction is to be erected.*

### Ultrafast Broadband

As a key part of Government's strategy to enhance connectivity in New Zealand and narrow the digital divide, the government is extending the Ultrafast Broadband ("UFB") and Rural Broadband Initiative ("RBI") programmes and established a Mobile Black Spot Fund.

Council has been advised that the commercial negotiation between Crown Fibre Holdings and the preferred Local Fibre Companies has concluded. However no announcement has been made confirming where the extended services will be deployed.

The Tamahere and Matangi ultrafast broadband survey report is now available on the Waikato District Council website.

Close to 1,400 surveys were distributed from which 500 responses were received. The respondents were overwhelmingly in favour of having a fibre-based service and the majority indicated that they were willing to pay a one off contribution to help fund the infrastructure.

Staff were asked to meet with a network company to discuss the survey results. The network company has commenced a feasibility study and will be preparing a business case which they will share with Council.

### Tourism

#### Hamilton & Waikato Tourism

Hamilton & Waikato Tourism's ("HWT") new Chief Executive Jason Dawson will be introducing himself to Council when he verbally provides an update report to the Strategy and Finance Committee meeting in September.

#### Mid-sized Regional Tourism Facilities Grant Fund

A new Ministry of Business, Innovation and Employment Regional Mid-sized Tourism Facilities Grant Fund ("the Fund") of \$12 million over four years was established at Budget 2016 for small infrastructure projects that deliver facilities utilised by visitors, enhance the visitor experience and help communities maximise their tourism growth potential.

Council has made an application to the Fund for visitor related projects in Raglan that Council would not otherwise be able to deliver.

A requirement of the Fund includes Council making a financial contribution to the maximum extent possible. Council's contribution is unbudgeted. However, the opportunity to leverage Council's contribution with the Fund provides an opportunity to bring forward projects that meet the Fund's criteria and will enhance Raglan's visitor experience and benefit the local community.

Total cost of the applied for projects is \$420,000 of which Councils commitment is for up to \$120,000 which would require the Fund to contribute \$300,000.

Council submitted an application on the closing date of 15 September 2016.

This funding is contestable and focuses on the following:

- Mid-sized infrastructure projects to deliver facilities utilised by visitors and locals, contributing to a positive impact for the local community and region;
- Districts with low ratepayer bases and funding constraints, that are experiencing high or increasing levels of visitor numbers; and
- Enhancing visitor experience, by delivering facilities that are useful and relevant to visitor needs.

A decision is expected prior to the end of October 2016.

Staff considered a number of possible projects to apply for funding. Based on the Fund criteria the following projects in Raglan are considered most suited the Fund's intended purpose and most likely to successfully attract funding:

Raglan Tourist Enhancements (Improved accessibility to town centre, and mountain bike trails and coastal beaches).

- Sub-project 1: Upgrade Wainui Rd. walkway/cycleway beside road, through high speed area to turn-off to mountain bike trails/coastal beach.
- Sub-project 2: Improve pedestrian linkage between Raglan Sports Reserve carpark and coastal-road route to town centre and install wayfinding signage.

Project 1 will deliver improved connectivity between Raglan's CBD and Wainui Reserve for both pedestrians and cyclists through a high speed road section that currently links the town centre and the peninsular campground/airfield to the visitor attractions on the coast (i.e. mountain bike trails, reserve land and beaches).

Project 2 will provide a direct pathway to Puriri Street from the Sports Reserve carpark as well as improved wayfinding signage between the CBD and the Sports Reserve carpark.

## **Other Activity**

### **Smart Waikato Huntly & Ngaruawahia Youth Strategy**

Smart Waikato, a charitable trust that provides programmes and resources to improve employment outcomes for youth has secured funding to develop a programme based in Huntly and Ngaruawahia.

Following a successful youth employment hui held in Huntly on 13<sup>th</sup> of March, Smart Waikato held a Futureforce Action Network ("FAN") event at the Huntly Power Station on the 14<sup>th</sup> of September. This event brought local employers and educators together to learn about best practice approaches to youth employment and training and to provide an opportunities to establish a network to support youth employment in the district.

The next step is to hold a FAN Activate workshop in October at which an implementation plan will be developed to help establish the network and monitor future outcomes.

#### **4. ATTACHMENTS**

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Appendix I: Economic Development Strategy work programme 2016/17



## Economic Development Strategy Work Programme 2016/17

The table below summarises the priority projects and activities for the 2016/17 financial year

Strategy	Theme	Action	Budget	Completed By	Progress	Status
<b>Sector Development</b>	Freight & logistics sector development	1. Develop online and printed prospectus to outline the freight and logistics sector value proposition	\$5,000	01/12/16	10%	Commenced 01/7/16. Ports of Auckland engaged to assist development of a prospectus Next steps: Prospectus design and research. Expenditure to date: NIL.
		2. Promote the opportunities presented by the Ports of Auckland Waikato freight hub	\$5,000	30/06/17	20%	Commenced 1/7/16. Ports of Auckland and Open Waikato advertised in the National Business Review July 2016 Waikato feature to promote the Waikato Freight hub. Expenditure to date: \$3,500. Next Step: Scoping of future campaign.
<b>Business Retention, Attraction</b>	Business funding and support programmes	3. Establish Waikato Innovation Park service in Tuakau, Pokeno and Te Kauwhata	\$4,000	31/10/16	100%	Waikato Innovation Park (WIP) is now offering a 1 day a month regular service in the Tuakau Service Centre. Open Waikato advertising in July resulted in eight enquiries leading to five meetings and three businesses taking up programmes. Expenditure to date: \$2,000. Next step: Further promotion (refer item 9).
	Customer Relationship Management	4. Establish processes and culture to foster high value key relationships	Nil	30/06/17	Reported separately	Primarily delivered through support of 2016/17 Our Plan organisational development programme objectives. Reported separately.
		5. Review large development project support processes	\$10,000	31/05/17	0%	Starting February 2017.
	Attract new property development	6. Promote development opportunities resulting from District Plan review and structure plans	\$10,000	On hold	N/A	Awaiting conclusion of District Plan review.

Strategy	Theme	Action	Budget	Completed By	Progress	Status
	International Connections	7. Support the regional Waikato Means Business 'Waikato Story' development	Nil	To be confirmed	N/A	Led by the Waikato Regional Council. Supported development through attending workshops and provision of information as required. Awaiting update on the website development and 'go live' date and discussions regarding ongoing support.
		8. Develop a business and political delegations engagement plan	\$2,000	30/06/17	0%	Starting 01/11/16.
	Business start up	9. Build awareness of innovation support services available to assist new businesses	\$2,000	30/06/17	20%	Ongoing promotion of the new Waikato Innovation Park (WIP) service. Expenditure to date: Refer item 3. Next Steps: Additional advertising and promotion plan to be agreed with WIP. Next meeting to be scheduled with WIP Business Growth Advisor prior to end of September.
		10. Establish an innovation network throughout the district	\$3,000	30/06/17	30%	Established new WIP service based in Tuakau. Expenditure to date: NIL. Next Step: Initiate discussions on expansion of offer to include business incubator services.
		11. Establish a new service to assist small businesses engagement with Council	\$8,000	30/06/17	0%	Starting 01/10/16.
<b>Spend Attraction</b>		12. Support the Waikato regional tourism organisation, Hamilton & Waikato Tourism (HWT) and support the delivery of the HWT Visitor Strategy and Tourism Opportunities Plan	\$150,000	30/06/17	15%	HWT's strategic plan is underway and will report to Council's Strategy and Finance Committee in September. Expenditure to date: \$75,000 (Invoiced six monthly).
		13. Identification of the preferred location for the Huntly i-Site	\$0	30/06/17	N/A	Led by Service Delivery and forms part of a Northern Facilities study. Next Steps: Ongoing analysis and research. Reported and funded separately.

Strategy	Theme	Action	Budget	Completed By	Progress	Status
		14. Raglan Focus Develop a Raglan visitor infrastructure strategy to support the timely provision of future infrastructure to enhance Raglans tourism proposition	\$10,000	30/06/17	2%	Starting 15/02/16. Initial discussions with Hamilton & Waikato Tourism have commenced. Expenditure to date: NIL. Next Step: Meet with HWT to identify synergies with the Tourism Opportunities plan.
		15. Tourism Growth Partnership. Apply for funding from the recently established Regional Mid-Sized Tourism Facilities Grant Fund (New Government applications opened August 2016)	\$0	15/09/16	100%	An application to the fund was submitted 15 September. The projects put forward enhance the visitor experience in Raglan. The application process is being managed by the Ministry of Business Innovation and Employment. Expenditure to date: NIL. Next Step: Decision expected in October 2016.
<b>Population Attraction</b>		16. Promote Waikato's towns lifestyle proposition to support Councils investment in planning and infrastructure	\$20,000	30/06/17	0%	Starting 01/12/16.
		17. Huntly Focus Develop a location marketing and development strategy to promote Huntly as a place to live, work and play	\$17,000	30/06/17	0%	Starting 01/12/16.

Strategy	Theme	Action	Budget	Completed By	Progress	Status
		18. Strategic cross-boundary advocacy. Support Council cross-boundary collaboration and advocacy for effective growth and development policy and planning and future transport infrastructure	\$0	Ongoing	0%	Led by the Planning and Strategy team. Initial engagement with Franklin Local board last year has led to ongoing discussions with Auckland Council and key stakeholders. A Political workshop convened by the Waikato Regional Council took place 19 July involving Mayor Allan Sanson, Chairperson Paula Southgate, Mayor Len Brown, Julie Hardaker and senior staff from respective councils, including Watercare Ltd, Auckland Transport and NZTA. Next Step: Action points have been identified to be further worked on by staff from their respective councils and agencies.
<b>Build Skills</b>		19. Education to Employment. Support Smart Waikato Trust to develop and implement strategies to improve employment outcomes for local youth.	\$5,000	30/10/17	\$0	Smart Waikato, following a hui held on 13 March, has developed a Huntly & Ngaruawahia Collaborative Youth Strategy. Next Steps: A Future Action Network event planned for mid-September which aims to motivate and equip local employers to employ and train more local youth. Council is supporting this event as an employer and a sponsor.
		20. Labour Market demand trends. Identify emerging demand for skills and occupations in the district to inform education providers in the region	\$2,000	30/6/17		Starting 1/05/17.
<b>Excellence in Council Service Delivery and Core Activity</b>		21. Assess Council's business friendly performance. Participate in the Waikato Means Business, Business Friendly Councils survey.	\$2,000	01/07/16	100%	Survey of 10 councils has been completed. Expenditure: \$2,000. Next steps: A report is expected to be available in September.

Strategy	Theme	Action	Budget	Completed By	Progress	Status
		22. District Plan Review Support the review project to ensure appropriate business rules are considered and included in the revised plan.	\$0	On going	N/A	Led by the Planning and Strategy Team. Economic Development Manager engaged in project and supporting economic analysis and sector engagement. Next Steps: Further engagement to assist in the development of required s.32. Economic analysis tools.
		23. Marketing and Information. Drafting of Open Waikato Marketing and communications plan to support the work programme	\$0	Project carried over from 2015/16 20/09/16	95%	Drafting completed. Expenditure: NIL. Next steps: Draft to be reviewed by management team.
		24. Digital Enablement – Government led. Support the Government funded roll-out of Ultrafast Fibre and Rural Broadband	\$100,000	To be confirmed	0%	Awaiting governments announcement confirming the UFB2 and RBI2 programme.
		25. Digital Enablement – Tamahere and Matangi community led advocacy for a fibre optic level of service solution	\$0	30/06/17	50%	A survey of the area to assess the level of support for a fibre optic service has been completed. WEL has subsequently advised that they are interested in the opportunity and will work with council to develop a business case. Expenditure: NIL. Next steps: WEL is working up detailed modelling for a business case and is thinking through how council could provide support to assist with an efficient deployment of infrastructure.
		26. Open Waikato maintenance and enrichment. Continuous development of Open Waikato to attract new business, residents and visitors to the district	\$20,000	30/06/17	10%	Refresh of website content is underway. Expenditure: NIL. Next steps: New Marketing Officer will drive Open Waikato digital channels development including new content, utilisation improvement's increased enquiry generation.

### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	TG Whittaker General Manager Strategy & Support
<b>Date</b>	19 September 2016
<b>Prepared by</b>	A Diaz Finance Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	I608008
<b>Report Title</b>	Financial performance summary for the period ending 31 August 2016

## **I. EXECUTIVE SUMMARY**

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This report presents year-to-date financial performance against the 2016/17 Annual Plan and those budgets carried forward from the 2015/16 financial year.

The report provides a summary of revenue and expenses, capital expenditure, summary treasury risk management policy compliance, and key reserve balances. This month two additional graphs show the aging of Council's sundry debt (non-regulatory, non-rates related debtors) and the number of rates rebates processed year-to-date relative to 2015/16 and prior years.

## **2. RECOMMENDATION**

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

## **3. ATTACHMENTS**

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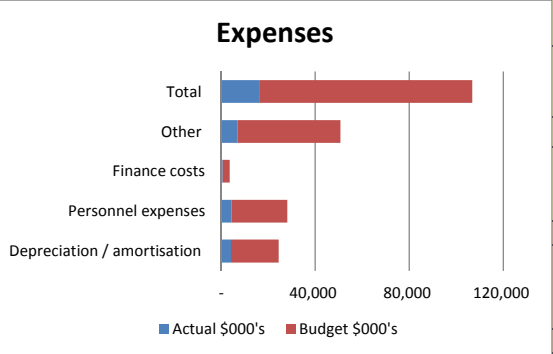
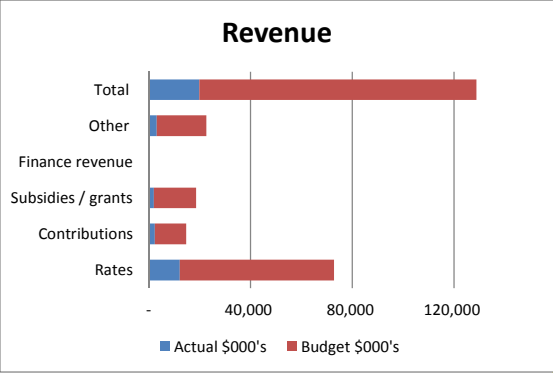
Financial Performance Summary

AT A GLANCE

Council are tracking well against year-to-date expectations. General rate income is \$363,000 above budgeted levels as a result of valuation activity undertaken in June 2016 for newly created properties (subdivision) and new homes. These funds have been transferred to the General Accounting Reserve fund. Council will consider a \$120,000 to \$150,000 contribution from this fund to secure mid-size tourism infrastructure project funding. Adjustments are to be made to water revenue budgets, see more detail in the Watch Points section of this report.

Reserve Balances Summary	\$000's
Restricted reserves	175
Council reserves	22,010
Development contributions	(34,786)
Replacement funds	14,615
Targeted rate reserves	(3,204)
Total	(1,190)

Key reserves (included in balances above)	
Disaster recovery	1,311
Hamilton East Property proceeds	2,308
LTCCP Contribution reserve	2,776
Structure plan non-growth reserve	632
Northgate development area	(3,156)
Pokeno Structure plan	(9,177)
Tamahere Structure plan	(2,085)
DW water targeted rate	(3,335)
DW wastewater targeted rate	(3,703)



FINANCIAL PERFORMANCE SUMMARY

For the period ending 31 August 2016

	Actual \$000's	Budget \$000's	% usage	YTD Variance \$000's	Ref.
Revenue					
Rates	12,232	72,802	17%	(98)	1
Development and financial contributions	2,364	14,765	16%	97	
Subsidies and grants	2,038	18,563	11%	1,056	2
Finance revenue	12	100	12%	5	
Other revenue	3,183	22,644	14%	591	3
Total revenue	19,829	128,874	15%	1,650	
Expense					
Depreciation and amortisation expense	4,077	24,462	17%	-	
Personnel expenses	4,434	28,093	16%	248	4
Finance costs	574	3,589	16%	24	
Other expenses	7,002	50,753	14%	1,457	5
Total operating expenses	16,087	106,897	15%	1,729	
Surplus (deficit) before tax	3,742	21,977	17%	(79)	

- Year-to-date net operating surplus of \$3.7 million is as expected.
- Items to note are as follows:
- Income
- 1 Favourable - Approx. \$363,000 of general rate and uniform annual general charge income from the 2016/17 strike (31% of YTD variance). Rates penalties on arrears from the 2015/16 year contribute the majority of the remaining variance. These reduce during the year as individuals commit to payment plans, end position difficult to determine.
  - 2 Unfavourable - Subsidy income is approx. \$1.1 million behind year-to-date expectations (timing variance only on capex)
  - 3 Unfavourable - Relates to timing of recoveries from other parties. Current timing variances relate to Waikato Alliance, Elections, Te Awa partners and Kopua Camp.
  - Expense
  - 4 Favourable - Remuneration changes from 2015/16 are yet to be processed. There are 7 staff vacancies where recruitment is underway.
  - 5 Favourable - Operational expenditure is below budgeted levels due to the relative timing of physical work programmes. Expenditure on consultants and legal costs are also lower than year to date expectations.

**Watch Points**

- Budget for water consumption is overstated. Adjustments for non-chargeable consumption will be advised once the work is complete.
- There is a differential between the amount being charged by Watercare for water development contributions and what council is passing on to developers. This is due to the underlying household equivalent unit measures and will amount to approx. \$80,000 per annum if not rectified.

Some of this variance relates to an increase in the charge from Watercare and staff will be looking at whether council can pre-purchase capacity similar to the arrangement for wastewater treatment.

- A 'both sides of the road' collection is expected to increase the Metrowaste contract amount.

Net Operating Surplus (Deficit) Breakdown	Actual \$000's	Budget \$000's	YTD Variance \$000's	Favourable / Unfavourable
Roading	864	14,338	1,526	U - Subsidy linked to timing of works
Water	974	6,320	79	U - Timing
Wastewater	420	(3,505)	(1,004)	F - Activity expenditure low
Stormwater	422	172	(393)	F - Activity expenditure low
Sustainable Communities				U - Contributions and subsidy income below expectations
Sustainable Environment				F - Timing of health license renewal and (257) dog registrations.
Governance	66	284	(19)	F - Timing
Organisational Support				U - Interest and Internal overhead recoveries are lower than budgeted (F - lower costs across council)
Total Group of Activities	2,216	21,977	1,447	
General rate usage	1,526			F - There is a general rate surplus from activities in the first two months. This is a timing variance.
Surplus (deficit)	3,742	21,977	(79)	

Treasury Policy compliance

Prudential limits

Percentage of net external debt to annual revenue <150%  
Net interest expense on net external debt as a percentage of total annual revenue <20%  
Net interest expense on net external debt as a percentage of annual rates <25%

Interest rate risk controls limits (interest rate exposure)

Fixed interest proportion 50%-100%

Liquidity/funding risk (access to funds)

Liquidity >110%

Broken down:

0-3 years 15%-60%

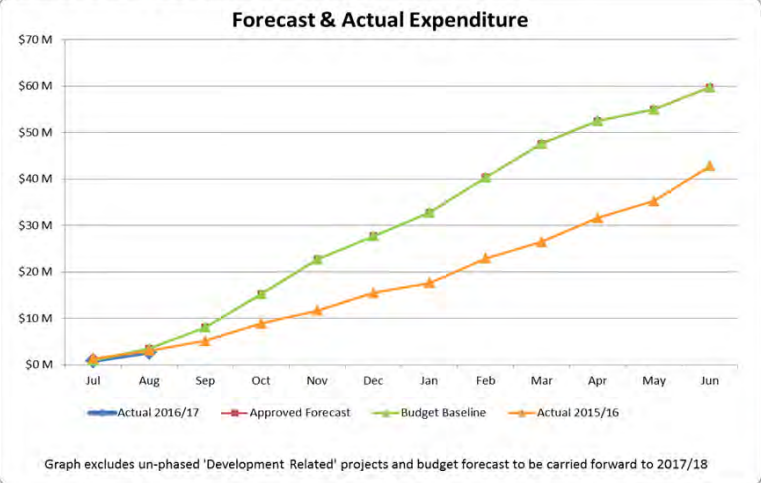
3-5 years 15%-60%

5 years plus 10%-40%

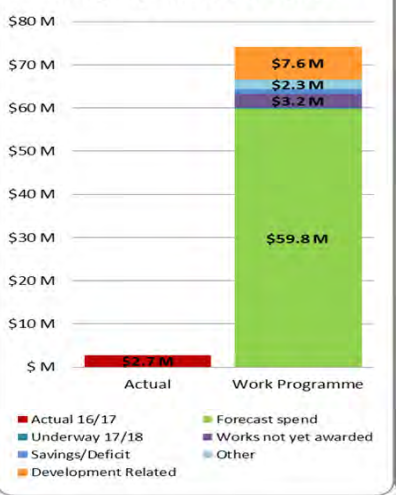
Capital expenditure	Actual \$000's	Budget \$000's	% usage
Roading	1,462	29,330	5%
Water	(33)	17,120	0%
Wastewater	759	10,235	7%
Stormwater	6	4,693	0%
Sustainable Communities (P&R, halls, pools, toilets, walkways)	475	10,206	5%
Sustainable Environment (landfills)	11	1,080	1%
Governance	-	52	0%
Organisational Support (plant, offices/libraries & IM)	69	3,944	2%
Total Group of Activities	2,749	76,660	4%

Phasing was completed during August to set in place a budget baseline.

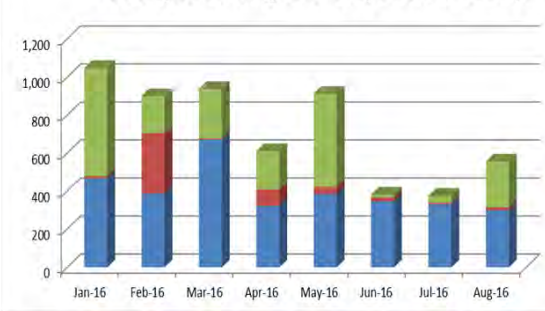
Capital expenditure will increase as the year progresses



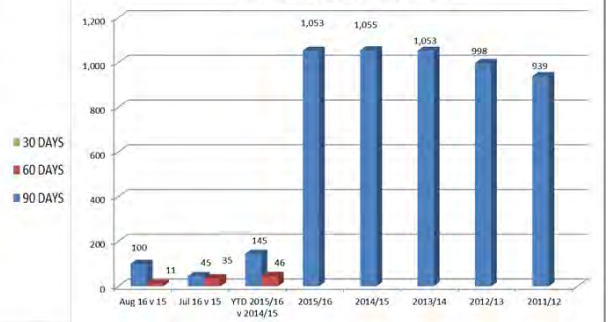
Budget/Forecast Totals



Sundry Debtors Aged Debt by Month > 30 Days



Number of rebates processed





### **Open Meeting**

<b>To</b>	Strategy & Finance Committee
<b>From</b>	Margaret Devlin Chair Audit & Risk Committee
<b>Date</b>	14 September 2016
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	1608485
<b>Report Title</b>	Audit & Risk Committee Key Achievements

## **I. EXECUTIVE SUMMARY**

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The objective of the Audit & Risk Committee (“the Committee”) is to provide independent assurance and assistance on Council’s risk, control and compliance framework, and it’s external accountability responsibilities.

This report provides a summary of the key achievements of the Committee in accordance with it’s terms of reference.

## **2. RECOMMENDATION**

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**THAT the report from the Chair Audit & Risk Committee be received.**

## **3. DISCUSSION**

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The following provides a summary of the key achievements of the Committee in accordance with their terms of reference and the work programme established for the year. The Committee’s annual work programme addresses key risk items and planned topics in addition to standing items where updates are provided at each meeting. Those standing items are:

- Strategic Risk Register and action update
- Audit New Zealand Management Report actions
- Health and Safety Dashboard and update
- Policies and Bylaw review
- Internal audit activity

### **Risk Management**

The Committee reviews whether Council has in place a current and comprehensive risk management framework and associated procedures for effective identification and



management of Council's strategic risks. The strategic risks developed and agreed by the Committee are:

- **Business Resilience** - business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.
- **Zero Harm** - Significant harm is caused due to poor or inactive Health and Safety procedures or culture of non-compliance.
- **Asset Management** - failure to provide sustained delivery of core services due to the poor management of assets and inadequate asset management planning.
- **Customer Service** - Customers are disengaged because of poor customer service
- **Economic Development** – Waikato District Council (“WDC”) inhibits economic development in the northern region due to untimely investment in infrastructure, internal capacity and poor engagement with Auckland Council.
- **Regional and National Strategic Planning** - our district is disadvantaged and suffers missed funding opportunities due to poor engagement in Regional and or National strategic planning.
- **Roading Alliance** - Significant disruption to business because of poor communication, loss of staff, knowledge transfer or incompatible systems.
- **Three Waters Study** - Significant temporary disruption to business and service levels resulting from water study decision
- **Community Engagement** - Community and key stakeholders are disengaged due to a lack of opportunity to engage in decision making.
- **Cyber Security** - Unauthorised access and or theft of privileged information, malicious code and viruses introduced due to external cyber-attack and or employee behaviour.

The following outlines the work completed to date by staff and the Committee and the work in progress that is contributing to embedding a risk management culture at Council.

### Completed

- A business continuity framework was created to improve the resilience of Council to an adverse event. A work programme of required business continuity processes is being progressed.
- A review of the Health and Safety (Zero Harm) management framework was undertaken with a number of activities identified for prioritisation. A work programme has been created for improvement and is monitored by the Audit & Risk Committee.
- The annual insurance renewal process was completed in November. This included a review of all current policies. As a result of this review the following policies were cancelled:
  - Civil Defence
  - Machinery Breakdown
  - IT Equipment
 And the introduction of Cyber Security insurance cover.
- A comprehensive insurance loss modelling exercise was undertaken to improve the understanding of the impact on Council assets of specific natural disaster events. This information will be used in business continuity and asset planning.

- The Alliance Risk Framework was monitored during the planning for, establishment and commencement of the Alliance.

### **In Progress**

- Review of strategic risks – The Committee undertook an annual review of the strategic risk register with the support of KPMG. These risks will be presented to the Committee for ratification in September.
- Project management framework – The actions arising from the project management audit will be presented to the Committee in September.
- Organisation Risk Management Awareness project – The project will review, assess and update the existing Risk Management Framework, associated processes and tools and deliver a functional training plan that includes structured support processes to improve Risk Management awareness across the organisation. A key initiative to support is the establishment of a cross organisation Project Management ‘Governance’ team charged with delivering ‘best practice’ project management.
- The Committee has been kept informed of progress towards the establishment of a local government risk agency. Ongoing monitoring of progress in this area is occurring and will be leveraged off to improve WDC frameworks and systems. A key implication of this Government direction is a review of the current 60/40 cost sharing in regard to natural disaster risks.

### **Control Framework**

The Committee has responsibility for reviewing whether management has an effective internal control framework in place. The following summarises key achievements in this area:

- Zero Harm – review of Council’s Health and Safety dashboard progress and performance. This remains a standing item for all Committee meetings.
- Internal Audit – the Committee has developed an internal audit programme, of which two audits are independently undertaken each year. The Cyber Security and Project Management audits were undertaken this year. Staff also has an internal audit programme where key process compliance is audited with results and recommendations for improvement reported to the Committee.
- Policies – A standing item exists for the Committee that identifies the creation of or update of policies created within Council. This provides the Committee an opportunity to input from a risk perspective and to ensure policies are being appropriately reviewed and updated.
- Risk Framework – A risk awareness project has been initiated that will look to increase staff skill, awareness and compliance with the risk management framework. An independent Risk Maturity assessment is being undertaken by KPMG as part of this.
- Business continuity – A business continuity framework has been implemented. Creation of related processes is ongoing.

## External Accountability

The following summarises key achievements in this area:

- A review of the customer service request system was completed. This enabled delivery of full year service request performance of 93 percent by reducing the complexity of the system for the public.
- The Committee reviewed a number of policies and strategies from a risk and control perspective and made recommendations for improvement. Documents reviewed included:
  - Sensitive Expenditure Policy
  - Procurement Policy and manual
  - Draft Anti-Fraud and Corruption Strategy
  - Protected Disclosures (Whistle-blowers) Policy
  - Tax Governance Framework

## Internal Audit

The following summarises key achievements in this area:

- KPMG were appointed as Council's preferred internal audit provider following involvement in a Waikato LASS procurement tender process.
- Two key internal audits, selected based on risk exposure, were undertaken. These audits focused on project management and cyber security. The implementation of actions from these audits is ongoing.
- The Committee was presented with an internal audit and recommendations on cash handling systems and processes.
- The internal audit programme (undertaken by staff) has been reviewed and will be implemented to complement the external internal audit programme. This audit programme is a standing item for all Committee meetings.

## External Audit

The following summarises key achievements in this area:

- Audit NZ is invited to all Committee meetings. Audit NZ and Management have worked together to identify and implement improvements to the external audit review process. The Annual Report audit process continues to improve.
- The Committee meetings incorporate a session with Audit NZ only (excluding management) to provide the opportunity for an open discussion with Audit NZ.

## 4. CONCLUSION

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The Audit & Risk Committee considers that good progress has been made in a number of areas in the 2015/16 financial year. The Committee will continue to monitor progress and implement measures to enhance the control, compliance and risk framework within Council.

**5. ATTACHMENTS**

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NIL

### **Public Excluded**

<b>To</b>	Waikato District Council
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	16 September 2016
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	
<b>Report Title</b>	Exclusion of the Public

## **I. EXECUTIVE SUMMARY**

To ensure that the public are excluded from the meeting during discussion on public excluded items.

## **2. RECOMMENDATION**

**THAT** the report of the Chief Executive – *Exclusion of the Public* – be received;

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

- a. Confirmation of Minutes dated Tuesday 23 August 2016
- b. Receipt of Audit & Risk Subcommittee Minutes dated Wednesday 10 August 2016

### **Reports**

- c. Economic Development Update

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

Reason for passing this resolution	Ground(s) under section 48(1) for the passing of this resolution

<b>7(2)(f)(i)(h)(i)(j)</b>	<b>Section 48(1)(a)(d)</b>
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**d. Development Contributions Deferral Request Subdivision Matangi Farm Lands Ltd**

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

<b>Reason for passing this resolution</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
<b>7(2)(i)</b>	<b>Section 48(1)(d)</b>

### **3. ATTACHMENTS**

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Nil