

Agenda for a meeting of the Strategy & Finance Committee to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 22 MARCH 2017** commencing at **9.00am**.

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

I. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

3. DISCLOSURES OF INTEREST

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6. EXCLUSION OF THE PUBLIC

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GJ Ion
CHIEF EXECUTIVE
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Open Meeting

To Strategy & Finance Committee

From Gavin Ion

Chief Executive

Date 24 February 2017

Prepared by Lynette Wainwright

Committee Secretary

Chief Executive Approved Y

Reference # GOVI301

Report Title | Confirmation of Minutes

I. EXECUTIVE SUMMARY

To confirm the minutes of the Strategy & Finance Committee meeting held on Wednesday 22 February 2017.

2. RECOMMENDATION

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

3. ATTACHMENTS

S&F Minutes 22 February 2017



MINUTES for a meeting of the Strategy & Finance Committee of the Waikato District Council held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY 22 FEBRUARY 2017** commencing at **9.06am**.

Present:

Cr JM Gibb (Chairperson)

His Worship the Mayor Mr AM Sanson [until 9.15am and from 9.20am]

Cr A Bech

Cr JA Church

Cr DW Fulton

Cr S Henderson

Cr SD Lynch

Cr RC McGuire

Cr FM McInally

Cr BL Main

Cr EM Patterson

Cr JD Sedgwick

Cr NMD Smith [until 9.32am and from 9.45am until 9.50am and from 9.58am]

Cr LR Thomson [from 9.08am]

Attending:

Mr T Whittaker (General Manager Strategy & Support)

Ms S Duignan (General Manager Customer Support)

Mrs LM Wainwright (Committee Secretary)

Ms K Bredenbeck (Huntly i-Site)

Ms D Dalbeth (Business Analyst)

Mr G Boundy (Senior Environmental Planner)

Ms A Diaz (Finance Manager)

Mr C Morgan (Economic Development Manager)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Church/Bech)

THAT an apology for lateness be received from Cr Thomson.

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CARRIED on the voices

S&F1702/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Crs Sedgwick/Patterson)

THAT the agenda for a meeting of the Strategy & Finance Committee held on Wednesday 22 February 2017 be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 7 which shall be considered with the public excluded.

CARRIED on the voices

S&F1702/02

DISCLOSURES OF INTEREST

There were no disclosures of interest.

CONFIRMATION OF MINUTES

Resolved: (Crs Sedgwick/McGuire)

THAT the minutes of a meeting of the Strategy & Finance Committee held on Tuesday 22 November 2016 be confirmed as a true and correct record of that meeting.

CARRIED on the voices

S&F1702/03

Minutes: 22 February 2017

RECEIPT OF SUBCOMMITTEE MINUTES

Resolved: (His Worship the Mayor/Cr Sedgwick)

THAT the minutes of a meeting of the Audit & Risk Subcommittee held on Monday 19 December 2016 be received and that the following resolutions be adopted by the Strategy & Finance Committee:

Internal Audit Programme - A&R1612/04/6

THAT the Strategy & Finance Committee support focus on resolving existing audit recommendations rather than progressing additional internal audit activity at this stage;

AND THAT an allocation of internal audit funding be used to progress the recommendations from the Risk Maturity Assessment;

AND FURTHER THAT the updated Strategic Risk Register be used to formulate a new list of internal audit activity.

Strategic Risk Update - A&R1612/04/10

THAT the revised Strategic Risk Register be provided to Council for information.

CARRIED on the voices

S&F1702/04

Cr Thomson entered the meeting at 9.08am during discussion on the above item and was present when voting took place.

REPORTS

Waikato Enterprise Agency Agenda Item 6.1

This item was further considered later in the meeting.

Resolved: (Crs Lynch/Sedgwick)

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

CARRIED on the voices

S&F1702/05

2016-2017 Second Quarter Non-Financial Performance Report Agenda Item 6.2

Resolved: (Crs Sedgwick/Thomson)

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

CARRIED on the voices

S&F1702/06

Minutes: 22 February 2017

His Worship the Mayor withdrew from the meeting at 9.15am during discussion on the above item and re-entered the meeting at 9.20am and was present when voting took place.

Cr Smith withdrew from the meeting at 9.32am during discussion on the above item and was not present when voting took place.

Waikato Enterprise Agency

Agenda Item 6.1

This item was previously considered in the meeting (Res.S&F1702/05 refers). Ms Bredenbeck presented a powerpoint presentation and answered questions of the committee.

Cr Smith re-entered the meeting at 9.45am during the presentation.

Cr Smith withdrew from the meeting at 9.50am during the presentation.

Hauraki Gulf Forum Minutes

Agenda Item 6.3

Resolved: (Crs McGuire/Church)

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

CARRIED on the voices

S&F1702/07

Cr Smith re-entered the meeting at 9.58am during discussion on the above item and was present when voting took place.

<u>Hauraki Gulf Marine Spatial Plan – Sea Change - Tai Pari Tai Timu</u> Agenda Item 6.4

Resolved: (Crs Fulton/McGuire)

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

CARRIED on the voices

S&F1702/08

Financial Review of Key Projects

Agenda Item 6.5

Resolved: (Crs Bech/Lynch)

THAT the report from the Chief Executive be received.

CARRIED on the voices

S&F1702/09

<u>Update on the budget expenditure for the Tuakau and the Ngaruawahia & Surrounds Structure Plan Projects</u>

Agenda Item 6.6

Resolved: (Crs Church/Patterson)

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

CARRIED on the voices

S&F1702/10

<u>Lake Hakanoa Motor Caravan Park Six Month Report</u> Agenda Item 6.7

Resolved: (Crs Lynch/Sedgwick)

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

CARRIED on the voices

S&F1702/11

Waikato District Community Wellbeing Trust Draft Statement of Intent for the year ended 30 June 2018
Agenda Item 6.8

Resolved: (Crs McGuire/Lynch)

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

AND THAT the Strategy & Finance Committee provides support or suggested changes to the trustees.

CARRIED on the voices

S&F1702/12

His Worship the Mayor and Cr Church requested their abstentions be recorded.

Waikato District Council Community Wellbeing Trust – Interim Performance Report for the 6 months ended 31 December 2016
Agenda Item 6.9

Resolved: (Crs Main/McInally)

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

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

CARRIED on the voices

S&F1702/13

Cr Church requested her abstention be recorded.

Treasury Report at 31 December 2016 Agenda Item 6.10

Resolved: (Crs Thomson/Patterson)

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

CARRIED on the voices

S&F1702/14

Summary of Movements in Discretionary Funds to 13 February 2017 Agenda Item 6.11

Resolved: (Crs Sedgwick/Lynch)

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

CARRIED on the voices

S&F1702/15

The meeting adjourned at 10.29am and resumed at 10.57am.

Economic Development Update

Agenda Item 6.12

Resolved: (Crs Sedgwick/Church)

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

CARRIED on the voices

S&F1702/16

The meeting adjourned at 11.20am and resumed at 11.46am.

EXCLUSION OF THE PUBLIC

Agenda Item 7

Resolved: (Crs Thomson/Henderson)

THAT the report of the Chief Executive be received;

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

Confirmation of Minutes dated Tuesday 22 November 2016

Receipt of Minutes:

• Audit & Risk Committee dated Monday 19 December 2016

REPORTS

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

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

Section 48(1)(a)(d)

CARRIED on the voices

S&F1702/17

Resolutions S&F1702/18 — S&F1702/21 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 12.01pm.

Minutes approved and confirmed this

day of

2017.

JM Gibb

CHAIRPERSON



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 9 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOVI318

Report Title | Local Government Funding Agency six monthly

report

I. EXECUTIVE SUMMARY

The attached interim report for the Local Government Funding Agency provides an update on the agencies performance over the past six months and summarises key outputs for the period.

2. RECOMMENDATION

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

3. ATTACHMENTS

New Zealand Local Government Funding Agency half year report

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DECEMBER



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Cover: Opening Day, Ashley Bridge (Cones Rd, Rangiora). The old bridge which has since been deconstructed is in the foreground. The bridge connects the Township of Rangiora directly with Ashley and Loburn. Waimakariri District Council. Photo: Aaron Campbell.

Left: A family ride along the new Matai Street cycleway, part of the Uni-Cycle Major Cycle Route which links the University to the city. Christchurch City Council.

CHAIRMAN'S REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

"LGFA continues to provide attractive borrowing terms to council members while providing a highly rated, liquid NZD fixed income instrument for investors."

Craig Stobo, Chairman LGFA Board



Directors would like to highlight the following developments at LGFA for the six-month period to December 2016:

Strong Financial and Operational Performance in line with the Statement of Intent (SOI) forecasts

LGFA total interest income for the six-month period of \$155.711 million was a 16.0% increase over the 2015-16 comparable period of \$134.217 million while Net Operating Profit of \$5.312 million was a 11.4% increase on the 2015-16 comparable period of \$4.769 million.

The financial strength of LGFA was reaffirmed by credit rating agencies Standard & Poor's and Fitch Ratings who maintained our credit rating at AA+. Our credit rating is the same as the NZ Government.

In October 2016, LGFA announced a bond lending programme where it would lend bonds to bank pricemakers assisting with deepening secondary market liquidity by facilitating tighter bid/offer spreads in LGFA bonds. In the first two months of this facility, LGFA has lent bonds on twelve transactions.

Borrowing activity

Over the past six months, LGFA has issued \$595 million of long-dated bonds. While this is in line with SOI forecast, it is one of the lowest issuance amounts over a six-month period, reflecting reduced borrowing demand from our council members.

LGFA has now issued \$6.815 billion of bonds on behalf of its council members across seven maturities from 2017 to 2027. LGFA is one of the largest issuers of NZD securities after the NZ Government and our bonds are amongst the largest and most liquid NZD debt instruments available for investors.

Lending to the sector

LGFA was established in late 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. It is pleasing to note the following achievements over the past six months:

We admitted Central Hawkes Bay District Council as a new member, bringing total membership to fifty-one councils.

- Bespoke lending continues to be popular for councils in that it provides flexibility as to maturity
 dates of borrowing and the date of drawdown. LGFA lent \$190 million on a bespoke basis
 for the six-month period. This was approximately 36% of our total lending over that period.
 Bespoke loans outstanding are now \$676 million or 10% of our total loan book.
- Short-dated lending (less than 365 day terms) to councils, introduced in November 2015, has been very successful with outstandings now at \$240 million lent to seventeen councils. This compares to \$44 million lent to three councils as at December 2015.
- Credit quality of the sector continues to improve with all councils remaining compliant with the LGFA lending covenants and three councils in 2016 either receiving an upgrade to their credit ratings or a positive outlook change to their rating.

Finally, at this time I would like to acknowledge the support of Local Government New Zealand (LGNZ) and its chief executive Malcolm Alexander who has helped LGFA continue to provide highly valued services to the sector despite our Wellington offices being closed as a result of the Kaikoura earthquakes in November 2016. The LGFA Wellington based team are currently working from the LGNZ offices until we can safely return to our previous location.

On behalf of my fellow directors I am pleased to be part of the continued success of this organisation and wish to thank our council shareholders, guarantors and borrowers as well as our financial intermediaries and investors for their continued support.

Craig Stobo Chairman, LGFA Board

Rauparaha Street Pump Station upgrade. Kapiti Coast District Council.





A stormwater mixing chamber is lowered into place as part of a comprehensive upgrade on the Little Go Stream. Nelson City Council.

Performance Against Objectives and Performance Targets

PRIMARY OBJECTIVES

LGFA operates with two primary objectives

- 1. Optimising the debt funding terms and conditions for participating local authorities.
- 2. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector:
- 1.1 Optimising the debt funding terms and conditions for participating local authorities
- (i) Providing savings in annual interest costs for all participating local authority's on a relative basis to other sources of financing

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

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

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

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

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

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

Over the course of the six-month period to 31 December 2016:

- LGFA margins to NZGB widened between 1 basis points (bps) (2021s) and 4 bps (2017s) but also narrowed between 10 bps (2023s) and 17 bps (2027s).
- LGFA margins to swap widened 2 bps on all LGFA maturities except for 2019s (unchanged) and 2017s (3 bps tighter).

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

MARGINS – 15 DECEMBER 2017	017 As at 30 June 2016 (bps)		Pricing movement
LGFA margin to NZ Government Bonds	40	44	4
NZGB margin to swap	(19)	(26)	(7)
LGFA margin to swap	21	18	(3)

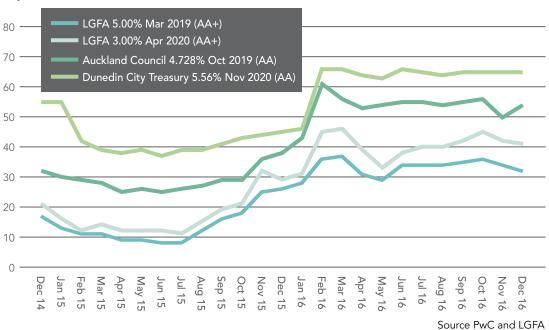
MARGINS – 15 MARCH 2019	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	54	58	4
NZGB margin to swap	(21)	(25)	(4)
LGFA margin to swap	33	33	-
MARGINS – 15 APRIL 2020	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	61	69	8
NZGB margin to swap	(23)	(29)	(6)
LGFA margin to swap	38	40	2
MARGINS – 15 MAY 2021	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
LGFA margin to NZ Government Bonds	72	73	1
NZGB margin to swap	(29)	(28)	1
LGFA margin to swap	43	45	2
MARGINS – 15 APRIL 2023	As at 30 June 2016 (bps)	As at 31 Dec 2016 (bps)	Pricing movement
MARGINS – 15 APRIL 2023	2016 (bps)	2016 (bps)	movement
MARGINS – 15 APRIL 2023 LGFA margin to NZ Government Bonds	2016 (bps) 89	2016 (bps) 79	movement (10)
MARGINS – 15 APRIL 2023 LGFA margin to NZ Government Bonds NZGB margin to swap	2016 (bps) 89 (39)	2016 (bps) 79 (27)	(10) 12
MARGINS – 15 APRIL 2023 LGFA margin to NZ Government Bonds NZGB margin to swap LGFA margin to swap	2016 (bps) 89 (39) 50 As at 30 June	2016 (bps) 79 (27) 52 As at 31 Dec	(10) 12 2 Pricing
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The movement in LGFA bond spreads to NZGB has been largely driven by the movements in swap spreads to NZGB. Swap spreads to NZGB have been volatile and influenced by the amount of corporate fixed rate hedging and bank hedging of mortgage books over the past six months. Short-dated swap spreads have widened as banks hedge their mortgage books while the absence of corporate borrowing in the long end combined with ongoing longdated NZ Government bond issuance has led to a contraction in long-dated swap spreads. LGFA bonds have outperformed NZGBs in the longer end of the curve and underperformed in the shorter end.

LGFA bonds have slightly widened to swap as credit spreads in general have moved slightly wider over the past six months.

LGFA continues to provide savings in borrowing cost for councils relative to other sources of borrowing. We compare our secondary market spreads on LGFA bonds to those of Auckland Council and Dunedin City Treasury. The implied pricing advantage of LGFA based upon this measure has reduced by between 1 bps (2017s) and 11 bps (2025s) over the past six months. This measure can be volatile given that it is based upon secondary market pricing estimates and LGFA is a regular issuer of bonds in the primary market whereas both Auckland and Dunedin Councils are infrequent borrowers.

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



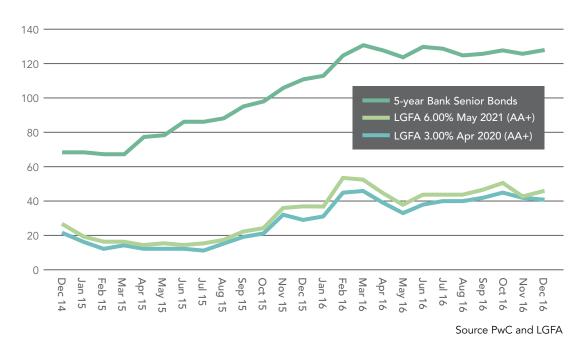
From the table below we estimate that as at 31 December 2016, LGFA was saving AA-rated councils between 15 bps for a 2019 (two and half year) maturity and 25 bps for a 2021 (five year) maturity.

30 June 2016	Auckland 2019	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils margin to swap	47	60	70	74	87
Less LGFA margin to swap	(33)	(40)	(45)	(49)	(66)
LGFA Gross Funding Advantage	14	20	25	25	21
Less LGFA Base Margin	(9)	(10)	(10)	(10.5)	(11)
LGFA Net Funding Advantage	5	10	15	14.5	10
Add 'LGFA Effect' *	10	10	10	10	10
Total Saving	15 bps	20 bps	25 bps	24.5 bps	20 bps

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

LGFA remains the cheapest source of borrowing for the sector as illustrated in the chart below which shows the widening borrowing cost for banks

LGFA and bank secondary market margins over swap



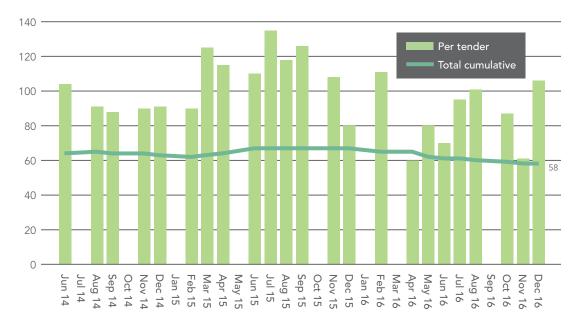
(ii) Making longer-term borrowings available to participating local authorities

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

- 15 April 2023 bond (six and half years) and this maturity has comprised 7.6% of total issuance in the six-month period to 31 December 2016
- 15 April 2025 bond (seven and half years) and this maturity has comprised 54.6% of total issuance in the six-month period to 31 December 2016, and
- 15 April 2027 (nine and half years) and this maturity comprised 17.6% of our issuance in the six-month period to 31 December 2016.

The following chart shows the average term of lending to councils by LGFA at each tender, and the average term for all LGFA long-dated lending at each tender date. Over the past six months the average term of council lending has shortened by three months to 58 months but this must be considered in the context of a natural six month shortening in time over that period.

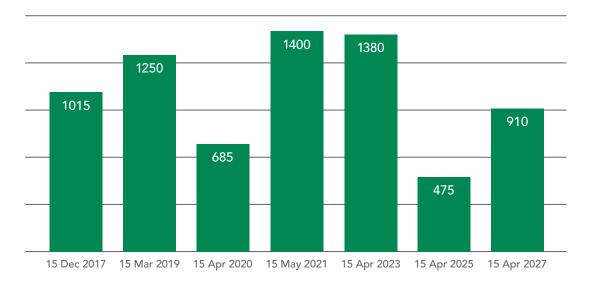
Average total months to maturity – On-lending to councils



The average term of borrowing by Councils from LGFA was 7.56 years for the six-month period to 31 December 2016. This is shorter than the 8.08 years' average term for the 2015-16 year but reflects the current wider borrowing margins, higher yields and most councils had lengthened the duration of their borrowing in the prior year.

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

LGFA bonds outstandings as at 31 December 2016 (\$ million) Includes \$300m treasury stock



Over the six-month period to 31 December 2016, LGFA issued \$595 million of bonds with an average term of 7.61 years. The amount of issuance is in line with the full year SOI forecast of \$1.2 billion but less than the \$710 million of issuance in the first six months of 2015-16.

2016-17 financial year issuance

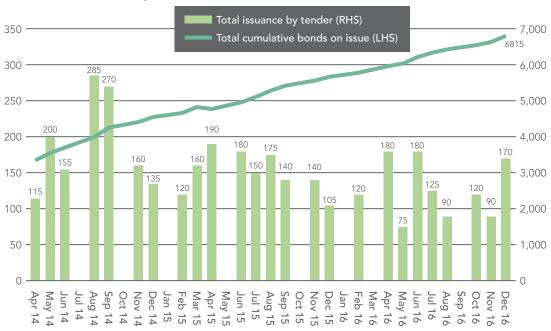
Dec-17	Mar-19	Apr-20	May-21	Apr-23	Apr-25	Apr-27	Total
	\$20 million	\$70 million	\$30 million	\$45 million	\$325 million	\$105 million	\$595 million
-	3.4%	11.8%	5.0%	7.6%	54.6%	17.6%	100%

(iii) Enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice

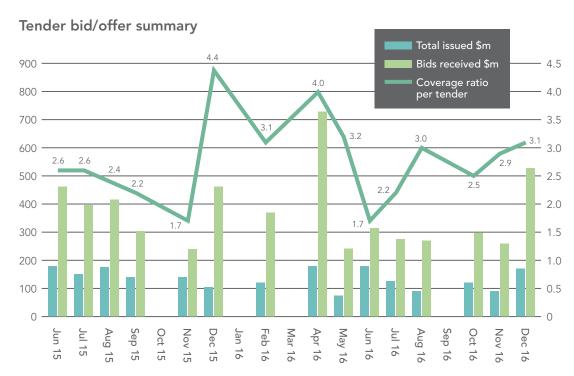
LGFA held five tenders during the six-month period to 31 December 2016, with an average tender volume of \$119 million (compared to the average tender size for 2015-16 of \$141 million). The volume offered at each tender ranged from \$90 million to \$170 million and all tenders were successful and fully subscribed. Total issuance during the six-month period of \$595 million resulted in outstandings of LGFA bonds of \$6.815 billion as at 31 December 2016. This excludes the \$300 million of treasury stock held by LGFA to facilitate stock lending to banks.

LGFA bond issuance by tender (\$ million)

Excludes issuance of treasury stock



Over the six-month period, total bids received across the five tenders was \$1.43 billion for the \$595 million of LGFA bonds offered resulting in a coverage ratio of 2.4 times. This coverage ratio is less than the 2.74 times coverage ratio for the 2015-16 year. The LGFA cover ratio for each tender and the cumulative ratio for tenders over the past two years is shown in the following chart.



While the coverage ratio for the past six months is lower than the average coverage ratio of 3.1 times since LGFA first commenced issuing in February 2012, this is not surprising given the longer duration of LGFA bonds being currently tendered, the smaller tranche sizes being offered, relatively tight spreads to both NZGB and swap and low outright yields. Furthermore, offshore investor demand for LGFA securities has been noted in the secondary market rather than at LGFA tenders.

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

Improved certainty of access for councils was achieved through both bespoke lending and short-dated lending (less than one year terms).

(iv) Offering more flexible lending terms to participating local authorities

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

LGFA first offered bespoke lending in February 2015 where council borrowers could select their preferred borrowing maturity date and their preferred date of borrowing drawdown. In the six-month period to 31 December 2016 LGFA lent \$190 million on a bespoke basis for 14 transactions. Total bespoke lending outstanding as at 31 December 2016 was \$676 million to twenty-three councils or 10% of our loans outstanding.

LGFA first offered short-dated lending to councils in November 2015 and as at 31 December 2016 there were loans of \$240 million to seventeen councils. Councils can now borrow on attractive terms out to 364 days where previously the shortest borrowing maturity was to December 2017.

- 1.2 LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each participating local authority's financial position and the general issues confronting the Local Government sector. This includes:
- (i) LGFA will review each participating local authority's financial position, its financial headroom under LGFA policies and visit each participating local authority on an annual basis

LGFA undertakes a detailed financial assessment on each of its borrowers and meets with all member councils on an annual basis while monitoring council performance throughout the year. LGFA reviews the Annual and Long Term Plans for each council and the annual financial statements. LGFA assigns an internal credit rating to each of its council members as part of the review exercise. All council members were compliant with LGFA covenants at June 2016.

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

LGFA reviews the financial position of each council on a Group basis where appropriate, eq. where council services are delivered through subsidiaries or holds substantial investments

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

LGFA staff and directors have met with the OAG during the past twelve months and staff have met with DIA. LGFA has presented at all LGNZ quarterly media briefings during the six-month period.

ADDITIONAL OBJECTIVES

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

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

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

With lending volumes and financial outcomes for the six-month period close to SOI forecast, we expect profitability to be sufficient to make a dividend payment for the full year. This remains at the Board's discretion.

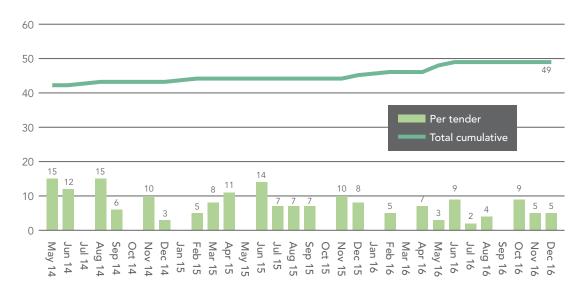
The impact from a lower interest rate environment is that LGFA has a lower cost of funds than previous years. Our cost of funds for the six-month period to 31 December 2016 is 3.31% compared to 3.57% for the 2015-16 year. While council borrowers benefit from lower borrowing costs, the dividend payment if calculated on the above cost of funds would be lower than previous years.

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

Central Hawkes Bay District Council joined as a non-quarantor in the past six months bringing the total number of council members to 51. Councils have strongly supported LGFA and by 31 December 2016, 49 participating councils have borrowed from LGFA.

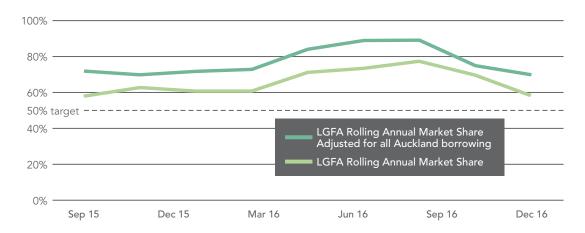
The strong council support for LGFA is demonstrated in the following chart which shows the progression of council participation

Participating councils



The following chart shows LGFA's share of new local government debt issuance and is derived from data provided by PwC. Our share of long-term borrowing by the sector including non-members of LGFA was 58% for the twelve-month period to 30 September 2016. The market share is influenced by the amount of debt issued by the sector's largest borrower, Auckland Council in its own name in the domestic market. If we exclude Auckland Council external borrowing from the data, then our estimated market share for the twelve-month period to 30 June 2016 was 69.6%.

LGFA Market Share - rolling one-year average (excluding short-term lending)



2.3 Issue a new long-dated LGFA bond (should one not be issued in the 2015/16 year)

The 2016-17 SOI was finalised before the issuance of a new April 2025 bond maturity in June 2016. Given our forecast borrowing programme we will consider issuing a further new long-dated bond maturity in the 2017 calendar year. The timing of issuance and the bond maturity will depend upon both council borrowing intentions and investor demand.

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

Issuance and Operating Expenses for the six-month period to 31 December 2016 were \$3.199 million compared to a full year SOI budget of \$6.580 million. Management forecast for the six-month period was \$3.125 million.

Issuance and on-lending costs were slightly higher than budget (by \$51k) due to higher NZX listing costs relating to additional bond issuance associated with the introduction of the bond lending facility. Approved Issuer Levy (AIL) costs were slightly below budget (by \$26k). Operating costs were \$50k above budget, reflecting slightly higher treasury system and personnel costs.

2.5 Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015

In the past six months, LGFA established a Health and Safety Staff Committee and reporting on health and safety issues is made to the LGFA Board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the six-month period.

The Kaikoura earthquake in November impacted buildings in the Wellington CBD. While the building that LGFA occupied was not structurally affected by the earthquakes, an asbestos contamination problem was discovered. As a result, staff are currently working from the Local Government New Zealand offices until it is safe to return to the LGFA offices.

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

LGFA met with both Standard & Poor's (S&P) and Fitch rating agencies in September 2016 as part of their annual review processes. S&P subsequently affirmed the long-term rating of LGFA at AA+ (stable outlook) on 20 October 2016 and Fitch affirmed the AA+ (stable outlook) on 15 November 2016.

Both the S&P and Fitch ratings reports are available on our website (lgfa.co.nz).

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

2.7 Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4 of the Statement of Intent

LGFA's financial results for key items set out in section 4 of the SOI for the six-month period to 31 December 2016 are:

In \$ million	31 Dec 2016 Six months actual	30 June 2017 SOI forecast
Net interest revenue	8.51	16.58
Issuance and operating expenses	(3.20)	(6.58)
Net Profit	5.31	10.00

Net interest revenue for the six month period is \$314k above management forecast due to timing issues and the early repayment of a December 2017 loan by a council borrower.

Issuance and operating expenses for the period are \$74k above management forecast.

2.8 Meet or exceed the Performance Targets outlined in section 5

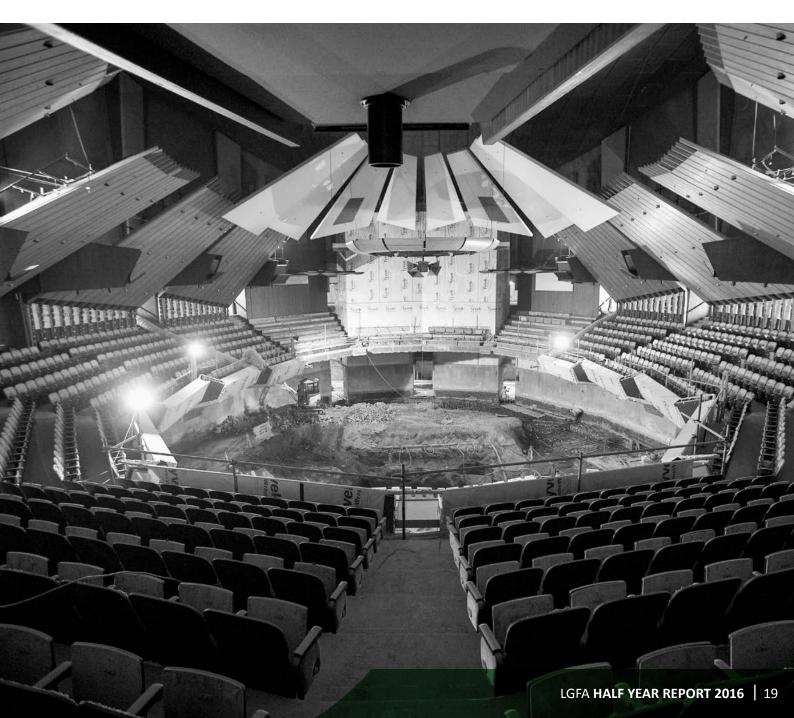
Cu	irrent performance targets	Target	Result as at half year	Outcome
1	Average cost of funds on debt issued relative to New Zealand Government Securities for the 12-month period	≤0.50%	0.74%	No (i)
2	Average base on-lending margin above LGFA's cost of funds	≤0.10%	0.098%	Yes
3	Annualised issuance and operating expenses	≤\$4.80 million	\$2.260 million	Yes
4	Lending to participating councils	≥\$7,341 million	\$7,016 million	On track
5	Savings to council borrowers relative to other sources of financing and compared to previous years	Improvement	No additional savings in borrowing costs from June 2016 levels	No

(i) The average cost of funds of all issuance for the twelve-month period ending 31 December 2016 relative to NZGS was 0.74%. This compares to a spread of 0.74% for the twelve-month period to 30 June 2016.

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

LGFA was compliant at all times with the Treasury Policy for the six-month period ending 31 December 2016.

Christchurch Town Hall restoration project, scheduled for completion mid-2018. Christchurch City Council.





The new library and community hub opened in Greerton last year. It is twice the size of the old library and is a modern, engaging and vibrant facility for the Greerton community.

Tauranga City Council.

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In the opinion of the directors of the New Zealand Local Government Funding Agency Limited, the financial statements and notes on pages 24 to 38:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 December 2016, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.
- The directors believe that proper accounting records have been kept which enables, with reasonable accuracy, the determination of the financial positon of the Company and facilitates the compliance of the financial statements with the Financial Reporting Act 1993.

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

For and on behalf of the Board of Directors

C. Stobo, Director

24 February 2017

A. Foote, Director 24 February 2017

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	2016 Unaudited	2015 Unaudited
Interest income from			
Cash and cash equivalents		272	635
Loans to local government		109,752	108,035
Marketable securities		1,304	598
Deposits		1,548	2,037
Derivatives		42,835	22,912
Fair value hedge ineffectiveness	2	-	-
Total interest income		155,711	134,217
Interest expense on			
Bills		2,582	542
Bonds		142,988	124,476
Borrower notes		1,584	1,606
Bond repurchases		46	-
Total interest expense		147,200	126,624
Net interest income		8,511	7,593
Operating Expenses			
Issuance and on-lending expenses	3	1,764	1,556
Operating expenses	4	1,435	1,268
Total expenses		3,199	2,824
Net operating profit		5,312	4,769
Total comprehensive income for the ye	ear	5,312	4,769

For the six months ended 31 December 2016 (unaudited) in \$000s

	Note	Share capital	Retained Earnings	Total equity
Equity as at 30 June 2016	11	25,000	19,224	44,224
Net operating profit			5,312	5,312
Total comprehensive income for the year			5,312	5,312
Transactions with owners			-	-
Dividend paid on 15 October 2016			(1,392)	(1,392)
Equity as at 31 December 2016	11	25,000	23,144	48,144

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

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

As at 31 December 2016 (unaudited) in \$000s

Note	31 December 2016 Unaudited	30 June 2016
Assets		
Financial assets		
Cash and bank balances	22,186	37,084
Borrower notes receivable	-	800
Loans to local government 5	7,064,966	6,451,332
Marketable securities	86,714	139,339
Deposits	103,745	89,828
Derivatives in gain	354,074	537,379
Non-financial assets		
Prepayments	827	535
Other assets 6	886	955
Total assets	7,633,398	7,257,252
Equity		
Share capital	25,000	25,000
Retained earnings	17,832	19,224
Total comprehensive income/ (deficit) for the period	5,312	-
Total equity	48,144	44,224
Liabilities		
Financial Liabilities		
Trade and other payables	241	182
Loans to local government not yet advanced	-	50,000
Accrued expenses	535	593
Bills	224,041	223,916
Bonds 7, 9	7,196,452	6,819,658
Borrower notes 8	118,487	108,415
Bond repurchases 9	3,714	-
Derivatives in loss	41,784	10,264
Total liabilities	7,585,254	7,213,028
Total equity and liabilities	7,633,398	7,257,252

For the six months ended 31 December 2016 (unaudited) in \$000s

Note	2016 Unaudited	2015 Unaudited
Cash flow from operating activities		
Cash applied to loans to local government	(662,866)	(746,138)
Interest paid on bonds issued	(166,281)	(134,839)
Interest paid on bills issued	2,582	542
Interest paid on borrower notes	-	(57)
Interest paid on loans	-	(26)
Interest paid on bond repurchases	(44)	-
Interest received from cash & cash equivalents	271	635
Interest received from loans to local government	108,984	108,270
Interest received from marketable securities	1,142	756
Interest received from deposits	1,630	1,966
Net interest on derivatives	63,224	32,147
Payments to suppliers and employees	(3,488)	(3,051)
Net cash flow from operating activities 10	(654,846)	(739,795)
Cash flow from investing activities		
Purchase of marketable securities	52,787	(89,745)
Purchase of deposits	(14,000)	(35,000)
Purchase of plant and equipment	69	(4)
Net cash flow from investing activities	38,856	(124,749)
Cash flow from financing activities		
Diviends paid	(1,392)	(1,608)
Cash proceeds from borrower notes	9,288	11,200
Cash proceeds from bonds issued	603,386	744,807
Cash proceeds from bills issued	(5,040)	147,868
Cash applied to bond repurchases	3,712	-
Cash applied to derivatives	(8,862)	(27,022)
Net cash flow from financing activities	601,092	875,245
Net (decrease) / increase in cash	(14,898)	10,701
Cash, cash equivalents and bank overdraft at beginning of year	37,084	31,708
Cash, cash equivalents and bank overdraft at end of year	22,186	42,409

1 Statement of accounting policies

REPORTING ENTITY

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

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

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

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

The financial statements are for the six-month period ended 31 December 2016.

These financial statements were authorised for issue by the Directors on 24 February 2017.

BASIS OF PREPARATION

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

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

Standards not yet adopted

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

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

C FINANCIAL INSTRUMENTS

Financial assets

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

D OTHER ASSETS

Property, plant and equipment (PPE)

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

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

OTHER LIABILITIES

Employee entitlements

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

REVENUE AND EXPENSES

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

G LEASE PAYMENTS

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

H SEGMENT REPORTING

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

JUDGEMENTS AND ESTIMATIONS

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

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

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

2 Hedge accounting

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

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

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Hedging instruments – interest rate swaps	134,733	127,024
Hedged items attributable to the hedged risk – fixed rate bonds	(134,733)	(127,024)
Ineffectiveness recognised in profit or loss from fair value hedges	-	-

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

3 Issuance and on-lending expenses

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

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
NZDMO facility fee	200	200
NZX	237	56
Rating agency fees	267	255
Legal fees for issuance	62	171
Regulatory, registry, other fees	18	14
Trustee fees	50	50
Approved issuer levy	865	751
Information services	65	59
	1,764	1,556

4 Operating expenses

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

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Consultants	78	75
Directors' fees	174	144
Insurance	30	31
Legal fees	23	19
Other expenses	362	360
Auditor's remuneration		
Statutory audit	46	21
Advisory	4	-
Personnel	718	617
	1,435	1,268

5 Loans to local government

Includes loans and short-term loans to local government.

		31 December 2016 Unaudited		2016
in \$000s	Short-term loans	Loans	Short-term loans	Loans
Ashburton District Council	10,008	15,756	10,006	15,820
Auckland Council	-	2,382,378	-	2,158,614
Buller District Council	_	20,003	_	20,002
Canterbury Regional Council	_	25,090	_	25,036
Christchurch City Council	71,187	1,254,483	65,177	1,209,669
Far North District Council	-	20,112	-	10,040
Gisborne District Council	4,974	17,056	4,970	17,060
Gore District Council	6,025	6,037	6,026	6,042
Greater Wellington Regional Council	-	255,741		255,660
Grey District Council		20,606		20,655
Hamilton City Council		260,765		230,663
Hastings District Council	4,976	50,164		50,175
Hauraki District Council		34,124		34,133
Horizons Regional Council		10,014	_	10,015
Horowhenua District Council	10,011	52,894	7,007	47,870
Hurunui District Council	10,011	19,068		17,069
Hutt City Council		79,653	-	
	4.074			79,711
Kaipara District Council	4,974	43,182	-	35,156
Kapiti Coast District Council	-	190,582	-	150,471
Manawatu District Council	-	51,059	-	51,035
Marlborough District Council	20,836	63,206		28,067
Masterton District Council	2,005	44,158	3,002	44,169
Matamata-Piako District Council	-	24,568	-	24,573
Nelson City Council	-	45,193	10,007	35,171
New Plymouth District Council	-	61,180	-	61,193
Opotiki District Council	-	5,196	-	5,210
Otorohanga District Council	-	9,214	-	9,246
Palmerston North City Council	-	77,276	-	77,295
Porirua City Council	9,982	23,611	9,982	23,621
Queenstown Lakes District Council	7,074	76,277	-	76,371
Rotorua District Council	-	104,991	-	100,025
Selwyn District Council	-	35,054	-	35,056
South Taranaki District Council	-	62,218	9,989	62,234
South Wairarapa District Council	-	7,537	-	7,536
Tararua District Council	1,004	10,035	-	9,033
Tasman District Council	-	90,293	-	90,314
Taupo District Council	-	125,399	-	125,431
Tauranga City Council	39,807	307,035	-	277,009
Thames-Coromandel District Council	-	35,065	-	35,069
Timaru District Council	5,106	51,312	9,737	51,325
Upper Hutt City Council	-	29,629	-	24,591
Waikato District Council	-	70,250	-	60,212
Waimakariri District Council	10,010	75,816	10,005	75,861
Waipa District Council	21,673	13,017	-	13,018
Wellington City Council	-	278,930	-	233,884
Western Bay of Plenty District Council	-	70,219	-	70,233
Whakatane District Council	-	31,093	3,015	28,076
Whanganui District Council	-	66,283		41,162
Whangarei District Council	9,972	122,519	9,968	122,558
	239,624	6,825,342	158,891	6,292,441

6 Other assets

in \$000s	31 December 2016 Unaudited	30 June 2016
Property, plant and equipment	50	50
Intangible assets	836	961
Total other assets	886	1,011

7 Bonds issued

As at 31 December 2 Unaudited in \$000s	2016	Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 December 2017	6% coupon	1,200,000	24,917	17,900		1,242,817
15 March 2019	5% coupon	635,000	(15,668)	4,082		623,414
15 April 2020	3% coupon	1,330,000	72,688	15,675		1,418,363
15 May 2021	6% coupon	425,000	(19,380)	2,504		408,124
15 April 2023	5.5% coupon	860,000	30,039	8,293		898,332
15 April 2025	2.75% coupon	1,350,000	76,246	10,517		1,436,763
15 April 2027	4.5% coupon	1,015,000	16,062	2,844		1,033,906
Fair value hedge ac	ljustment				134,733	134,733
Total		6,815,000	184,903	61,816	134,733	7,196,452

As at 30 June 2016 in \$000s		Face Value	Unamortised Premium	Accrued Interest	Fair Value Hedge Adjustment	Total
15 December 2017	6% coupon	1,015,000	24,292	2,662		
15 March 2019	5% coupon	1,180,000	29,129	17,315		
15 April 2020	3% coupon	565,000	(18,322)	3,566		
15 May 2021	6% coupon	1,320,000	79,629	10,115		
15 April 2023	5.5% coupon	1,285,000	70,428	14,869		
15 April 2025	2.75% coupon	100,000	(3,157)	579		
15 April 2027	4.5% coupon	755,000	23,373	7,148		
Fair value hedge ac	ljustment				338,032	
Total		6,220,000	205,372	56,254	338,032	6,819,658

8 Borrower notes

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

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

9 Treasury stock and bond repurchase transactions

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

LGFA notifies the market on a monthly basis the amount of outstanding repurchase transactions and LGFA bonds held as treasury stock.

		31 December 2016 Unaudited		30 June	2016
in \$000s		Treasury stock	Bond repurchase trades	Treasury stock	Bond repurchase trades
15 March 2019	5% coupon	46,500	3,714	-	-
15 April 2020	3% coupon	50,000	-	-	-
15 May 2021	6% coupon	50,000	-	-	-
15 April 2023	5.5% coupon	50,000	-	-	-
15 April 2025	2.75% coupon	50,000	-	-	-
15 April 2027	4.5% coupon	50,000	-	-	-
		296,500	3,714	-	-

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

Six months ended in \$000s	31 December 2016 Unaudited	31 December 2015 Unaudited
Net profit/(loss) for the period	5,312	4,769
Cash applied to loans to local government	(662,866)	(746,139)
Non-cash adjustments		
Amortisation and depreciation	2,999	1,261
Working capital movements		
Net change in trade debtors and receivables	59	51
Net change in prepayments	(292)	(481)
Net change in accruals	(58)	202
Net Cash From Operating Activities	(654,846)	(740,337)

11 Share capital

As at 31 December 2016 LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. All ordinary shares rank equally with one vote attached to each ordinary share. As at 31 December 2016, the shareholding of the New Zealand Government had been fully paid up. For all other shareholders, 50% of the shareholding had been called.

in \$000s	31 Decembe	er 2016	30 June 2	2016
New Zealand Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,960	8.3%	3,731,960	8.3%
Greater Wellington Regional Council	3,731,960	8.3%	3,731,960	8.3%
Tasman District Council	3,731,960	8.3%	3,731,960	8.3%
Tauranga City Council	3,731,960	8.3%	3,731,960	8.3%
Wellington City Council	3,731,960	8.3%	3,731,960	8.3%
Western Bay of Plenty District Council	3,731,960	8.3%	3,731,960	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Wanganui District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
	45,000,000	100%	45,000,000	100%

12 Related parties

Identity of related parties

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

The Company operates under a Statement of Intent with the respective local authorities that requires the Company to optimise the debt funding terms and conditions for participating local authorities.

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

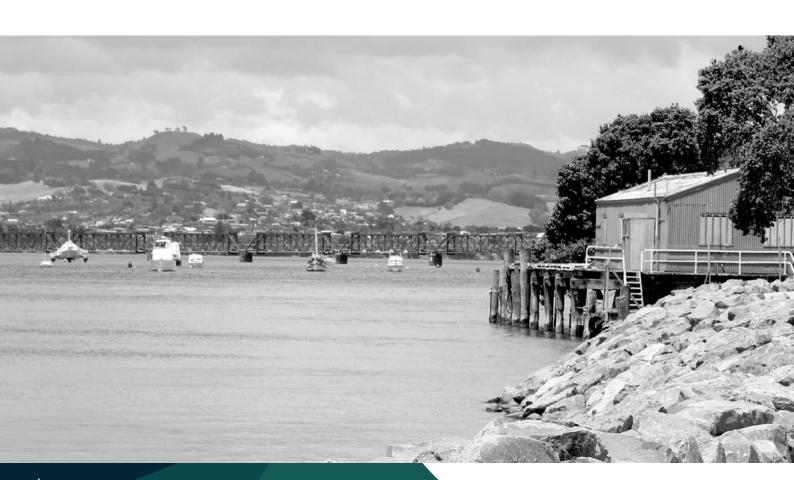
Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating councils. The lending to individual councils is disclosed in note 5, and interest income recognised on this lending is shown in the Statement of Comprehensive Income. The requirement for participating councils to subscribe to LGFA borrower notes is disclosed in note 8, and the interest expense on these is shown in the Statement of comprehensive income.

13 Subsequent events

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

Subsequent to balance date, LGFA has issued \$160 million in bonds through a tender on 15 February 2017



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Below: The Dive Crescent project, to replace a dilapidated seawall, also gave Council the opportunity to include a three-metre wide shared pedestrian/cycle path as part of the overall design. Tauranga City Council.

Back cover: Major capital projects for Christchurch in 2016 included the completion of many new community centres, such as the Governors Bay Community Centre. Christchurch City Council.











Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 9 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOVI318

Report Title Local Government Funding Agency draft Statement of

Intent 2017/18

I. EXECUTIVE SUMMARY

The New Zealand Local Government Funding Agency ("LGFA") draft Statement of Intent ("SOI") for 2017/18 is presented to the Strategy & Finance Committee for information purposes only.

This is the first time the SOI has been distributed to Council as a guaranteeing local authority. No analysis has been provided on the draft SOI, as there is no comparative information to work with, but if LGFA continue to distribute the SOI more broadly, analysis could be undertaken.

Shareholders have the ability to provide feedback on the SOI.

2. RECOMMENDATION

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

3. ATTACHMENTS

New Zealand Local Government Funding Agency draft Statement of Intent 2017/18

Page I Version 2



Draft Statement of Intent 2017/18

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

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

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and visit each Participating Local Authority on an annual basis;
- LGFA will analyse finances at the Council group level where appropriate
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues.

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
- Meet or exceed the Performance Targets outlined in section 5; and
- Comply with its Treasury Policy, as approved by the Board.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2020 are:

FINANCIAL YEAR (\$M)

Comprehensive income	Jun-18	Jun-19	Jun-20
Interest income	240.60	251.22	258.46
Interest expense	223.18	233.93	243.16
Net Interest income	17.43	17.29	15.30
Issuance and on-lending costs	2.29	2.32	2.35
Approved Issuer Levy	1.84	1.57	1.17
Operating expenses	2.97	3.06	3.15
Issuance and operating expenses	7.10	6.96	6.67
P&L	10.33	10.34	8.63

Financial position (\$m)	Jun-18	Jun-19	Jun-20
Capital	25.00	25.00	25.00
Retained earnings	36.57	45.41	52.53
Total equity	61.57	70.41	77.53
Dividend provision	1.50	1.50	1.50
Total assets (nominal)	8,131.17	8,189.67	8,308.17
Total LG loans - short term (nominal)	260.00	260.00	260.00
Total LG loans (nominal)	7,604.00	7,653.00	7,805.00
Total bills (nominal)	350.00	350.00	350.00
Total bonds (nominal)	7,585.00	7,635.00	7,745.00
Total borrower notes (nominal)	121.66	122.45	124.88

Note that there is some forecast uncertainty around the timing of Net Interest Revenue, Net Profit, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their March 2019 and April 2020 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:
 - 30 June 2018 will be no more than 0.10%.
 - 30 June 2019 will be no more than 0.10%.
 - 30 June 2020 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2018 will be less than \$5.26 million.
 - 30 June 2019 will be less than \$5.39 million.
 - 30 June 2020 will be less than \$5.50 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2018 will be at least \$7,864 million.
 - 30 June 2019 will be at least \$7,913 million.
 - 30 June 2020 will be at least \$8,065 million.
- Savings on borrowing costs for council borrowers:
 - LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

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¹ Subject to the forecasting uncertainty noted previously

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board will comprise between four and seven directors with a majority of independent directors.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no less than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring

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² Best practice as per NZX and Institute of Directors guidelines

their approval.

• Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly

Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2015-2016 (updated where necessary).

ATTACHMENT: Statement of accounting policies

a. Reporting Entity

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

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

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

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

The financial statements are as at and for the year ended 30 June 2016.

These financial statements were authorised for issue by the Directors on 20 September 2016.

b. Statement of Compliance

LGFA is an issuer in terms of the Financial Reporting Act 1993. The financial statements comply with the Financial Reporting Act 1993, in accordance with the transitional provisions under Section 55 of the

Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

c. Basis of Preparation

Measurement base

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

The financial statements are prepared on an accrual basis.

Functional and presentation currency

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

Foreign currency conversions

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

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

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

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows: NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments

Financial assets

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

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

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

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

Financial liabilities

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

Derivatives

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

Fair value hedge

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

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

e. Other assets

Property, plant and equipment (PPE)

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

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

Intangible Assets

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

f) Other liabilities

Employee entitlements

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

g) Revenue and expenses

Revenue

Interest income

Interest income is accrued using the effective interest rate method.

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

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Income tax

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

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

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

i. Segment reporting

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

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

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

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



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 9 March 2017

Prepared by | Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOVI318

Report Title | Waikato Regional Airport Limited Draft Statement of

Intent 2017/18

I. EXECUTIVE SUMMARY

The Waikato Regional Airport Limited ("WRAL") Draft Statement of Intent for 2017/18 is attached for the consideration of the Strategy & Finance Committee ("the Committee"). The Committee is responsible for monitoring WRAL's operations and making recommendations to Council for any proposed amendments to their activities.

The Council has two months within which it can provide feedback or request changes to the Statement of Intent as a shareholder, with the final Statement of Intent due on or before the 30 June 2017.

2. RECOMMENDATION

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

AND THAT pursuant to section 64 of the Local Government Act 2002 the Strategy & Finance Committee will provide feedback on the Waikato Regional Airport Limited draft Statement of Intent for 2017/18 no later than 30 April 2017.

3. BACKGROUND

WRAL met with shareholders on 02 March to present their six monthly results and the draft Statement of Intent ("SOI"). Mayor Sanson and Economic Development Manager, Clive Morgan, attended on behalf of Council. The SOI is attached and sets out the Boards intentions for the company for 2017/18, 2018/19 and 2019/20.

Page I Version 2

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

The strategic activities of the Airport will differ from the 2016/17 position in terms of debt repayment being a key strategic activity. In the last 12 months \$2.7 million of debt was repaid (as per the interim report), however, moving forward the implementation of the property business plan will require debt funding. This will increase the leverage above what was indicated previously. The dividend policy has also changed in that shareholders are expected to be paid a dividend in 2017/18.

4.2 OPTIONS

The Committee can:

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

Any feedback must be provided to WRAL before 30 April.

5. CONSIDERATION

5.1 FINANCIAL

The financial performance targets take into account the upwards trend in passenger numbers despite the removal of the Auckland connection, the implementation of the property business plan, diversification of revenue and drive for operational efficiencies. The targets exclude any Titanium Park land sales. The comparative position between the 2016/17 SOI and the draft 2017/18 SOI is presented in the table below:

Targete	2016/17 SOI		2017/18 draft SOI			
Targets	2018	2019	2018	2019	2020	
Earnings before interest, taxation and depreciation (EBITDA)	\$2.374m	\$2.413m	\$2.374m	\$2.495m	\$2.550m	
Net surplus after tax	\$-350k	\$-336k	\$-366 k	\$-342k	\$-350k	
Net profit after tax to average shareholders' funds	-1%	-1%	-1%	-1%	-1%	
Net profit after tax to total assets	0%	0%	0%	0%	0%	
Net cashflow (operating and investing)	\$10k	\$438k	\$200k	\$830k	\$250k	
Total liabilities/shareholders' funds (debt/equity ratio)	26:74	25:75	35:65	35:65	35:65	
Percentage of non-landing charges revenue	76%	74%	76%	74%	74%	
Interest cover	6.65	6.92	6.00	6.00	6.00	

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5.2 Non-Financial

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

5.3 LEGAL

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

6. CONCLUSION

Council has an opportunity to provide feedback on the SOI before the end of April. Once all shareholders have provided feedback a final SOI will be issued (or the draft confirmed as final).

7. ATTACHMENTS

Waikato Regional Airport Limited draft Statement of Intent 2017/18

Page 3 Version 4.0



2017/2018

Waikato Regional Airport Limited Statement of Intent June 2017

Hamilton Airport



1.0 Introduction

This statement is presented by the Directors in accordance with s.64 (1) Local Government Act 2002 and sets out the Board's intentions for the Company for the year ending 30 June 2018 and succeeding two financial years.

2.0 Strategic Intent

The Airport has identified its core purpose and key objectives that recognise the strategic intent of the business:

Core Purpose

- 1. Enabler of air services to the region
- 2. Operate a first class, safe and compliant regional airport
- 3. Strategic positioning of the business to enhance capital value

Key Objectives

- 1. Operate an efficient and compliant airport
- 2. Enhance the traveller experience
- 3. Maintain a viable aeronautical business
- 4. Maximise revenue diversification through non-aeronautical business opportunities

3.0 In Pursuing its Goals the Company will:

- At all times behave in a professional and ethical manner in all its business dealings with its customers and stakeholders
- Be a good employer
- Ensure a safe and healthy work place environment that complies with government legislation
- Identify and recognise Shareholders' expectations, within the bounds of corporate prudence

4.0 Nature and Scope of Activities to be Undertaken

(4.1) Operate an efficient and compliant airport

Operate a safe, secure and compliant airport by providing for essential projects together with any compliance expenditure warranted

(4.2) Enhance the traveller experience

Maximise traveller satisfaction and airport experience



(4.3)Maintain a viable aeronautical business

Identify opportunities to develop new, and expand existing, domestic passenger services

Promote development and growth of the general aviation sector

To allow the main runway to be extended when supported by an appropriate business case

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

(4.4)Maximise revenue diversification through non-aeronautical business opportunities

Support the development of land within the bounds of a sound strategic approach to long-term planning for the airport precinct by its subsidiary Titanium Park Limited.

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

(4.5)Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

Knowledgeable and capable, high performing and appropriately resourced management team to ensure sound reporting and accountability, and delivery of the strategic plan

(4.6)**Capital Expenditure**

Planned major capital expenditure included in the three year forecast is:

2018 \$1,254k

2019 \$970k

2020 \$1,500k

(4.7)**Strategic Activities**

Key activities for the 2017/18 year are:

- Optimise domestic passenger services and the customer experience
- Maximise property lease income
- Implement the comprehensive property business plan that will address development and investment opportunities to grow long term property income for the Group.

5.0 **Shareholders' Funds to Total Assets**

Years ending 30 June	2018	2019	2020
Shareholders' funds to total assets	76%	76%	76%

Definitions:

Shareholders' funds Total assets less the total liabilities.

Total assets The value of all assets reported in the Company's statement of

financial position at the end of each reporting period.



6.0 Statement of Accounting Policies

The accounting policies adopted by the Group for the year ending 30 June 2018 and succeeding 2 years are those as adopted in the 2016 Annual Report prepared under Tier 2 of the Public Sector Public Benefit Framework (NZ IFRS RDR).

7.0 Performance Targets

The following annual performance targets exclude any Titanium Park land sales.

		Year Ended 30 June		
Based on consolidated company forecasts		2018	2019	2020
7.1	Earnings before interest, taxation & depreciation (EBITDA)	\$2,374,000	\$2,495,000	\$2,550,000
7.2	Net deficit after tax	(\$366,000)	(\$342,000)	(\$350,000)
7.3	Net profit after tax to average shareholders' funds	-1%	-1%	-1%
7.4	Net profit after tax to total assets	0%	0%	0%
7.5	Net cash flow (operating & investing)			
	Net operating cash flow Net investing cash flow Funding Titanium Park Limited Total net cash flow (operating & investing) Net debt	\$1,700,000 (\$1,500,000) (\$0) \$200,000 \$12,000,000	\$1,800,000 (\$970,000) (\$0) \$830,000 \$11,170,000	\$1,750,000 (\$1,500,000) (\$0) \$250,000 \$10,920,000
7.6	Total liabilities/shareholders' funds (debt/equity ratio) a maximum of	35:65	35:65	35:65
Applicable to parent company operations only		2018	2019	2020
7.7	Percentage of non-landing charges Revenue	76%	74%	74%
7.8	Interest cover	6.0x	6.0x	6.0x

The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt

Non-financial performance targets

7.9 Health & Safety

- 7.9.1 Facilitate Health & Safety meetings every 2 months with representatives from each company department
- 7.9.2 Zero Work Safe notifiable accidents/injuries



7.9.3 Implement the company's Health & Safety framework to align with the requirements of the Health and Safety at Work Act 2015 and independently review and audit the system each year.

7.10 Operational Compliance

- 7.10.1 To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports
- 7.10.2 Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)
- 7.10.3 Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan

7.11 Customer Satisfaction

7.11.1 Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon

8.0 Dividend Policy

WRAL will endeavor to review paying an ordinary annual dividend based on the forecast Cash Flow for the year 2017–18 and propose to make a decision in the last quarter of the financial year ended 2017-18.

9.0 Information to be provided to Shareholders

- 9.1 The Annual Report of the Company
- 9.2 An Interim Report circulated to Shareholders each half-year
- 9.3 Shareholder Briefings

10.0 Future Investment Proposals

If the Company wishes to subscribe for, purchase, or otherwise acquire shares in any other company or any other organisation it can do so only after first obtaining approval from the majority of shareholders at either a General Meeting or at a Special Meeting convened for that purpose.

11.0 Commercial Value of the Shareholders Investment

No valuation of shares has been completed.

The consolidated balance sheet of WRAL as at 30 June 2016 shows shareholder equity of \$64.4m. Company Property, Plant & Equipment is based upon a 2016 valuation except for land which was revalued as at 30 June 2013. Company assets such as runways, aprons, taxiways and the terminal building are based upon depreciated replacement cost.

12.0 Compensation from Local Authorities

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



13.0 Major Transactions

Shareholders approve major transactions via a special resolution. A major transaction is defined as:

- the acquisition of, or an agreement to acquire (whether contingent or not), assets the value of which is more than 10% of the value of the company's assets before the acquisition; or
- (b) the disposition of, or an agreement to dispose of (whether contingent or not), assets the value of which is more than 10% of the value of the company's assets before the disposition; or
- (c) a transaction which has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities, the value of which is more than 10% of the value of the company's assets before the transaction;

but does not include:

(d) any transaction entered into by a receiver appointed pursuant to a security over all or substantially all of the property of the company.

Nothing in paragraph (c) of this definition applies by reason only of the company giving, or entering into an agreement to give, a floating charge secured over assets of the company the value of which is more than 10% of the value of the company's assets for the purpose of securing the repayment of money or the performance of an obligation.

There are no major transactions planned during the period.

14.0 Health and Safety

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



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 8 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOVI318

Report Title | Waikato Regional Airport interim report

I. EXECUTIVE SUMMARY

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

The attached report indicates that the performance measures stipulated within WRAL's Statement of Intent ("SOI") for 2016/17 are likely to be met and in most instances exceeded for the year. When compared against prior period results, performance has been reasonably stable, with an operating surplus increase of \$10,000. The groups net cashflow and total liabilities to shareholder funds forecasts are significantly different to that presented in the SOI due to loan funding the purchase of 40 hectares of land.

Air New Zealand's introduction of larger aircraft has supported continued growth in passenger numbers for the Palmerston North, Wellington and Christchurch routes. Carpark revenue has also increased. Operating expenses are \$8,000 lower than the prior year and term loans have been reduced by \$2.7 million over the last 12 months. There has been increased interest in land around the airport since the middle of last year, and the board with management are developing a business case for future land use owned by WRAL and Titanium Park Limited.

2. RECOMMENDATION

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

3. ATTACHMENTS

Waikato Regional Airport Limited interim report for the six months ended 31 December 2016

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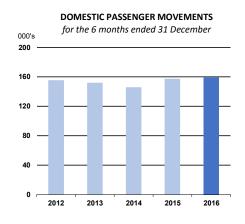
Interim Report

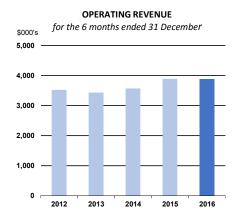
For the six months ended 31 December 2016

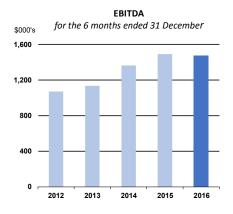
Domestic Passenger Numbers	159,000
up on prior period by 1,600 or 1%	
Air Movements	65,000
up on prior period by 3,000 or 5%	
Operating Revenue	\$3,877,000
down on prior period by \$9k or (0.23%)	
Operating Expenses	\$1,215,000
down on prior period by \$8k or (0.57%)	
Earnings before Interest, Tax, Depreciation and Amortisation	\$1,475,000
down on prior period by \$17k or (1%)	
Operating Surplus After Tax	\$112,000
up on prior period by \$10k or (10%)	

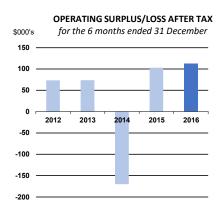
Note: Results are rounded to the closest thousand and compared to the six months ended 31 December 2015 unless otherwise stated

The financial results shown above are "normalised" and exclude the prior year's revenue from the NZTA compulsory acquisition of land.









OVERVIEW OF THE HALF YEAR

The first six months trading delivered a solid financial performance, assisted by revenue growth from increased passenger numbers, including carpark growth and lower operating costs when compared to budget. The primary focus of the management team has been on the efficiencies of the airport operation coupled with improving the customer's experience.

In addition, there has been significant work on Titanium Park Limited. This has been to ensure that the key actions due to the joint venture dissolution are completed and there has also been a strong emphasis on managing land sales enquiries and optimising lease and concession income.

Customer experience has been enhanced by the completion and opening of the new Air New Zealand Regional Lounge in May 2016. The lounge has provided Air New Zealand valued customers with the latest regional lounge design, interior fit out and technology enhancements. In addition, we were delighted to welcome Mavis & Co to the Airport opening the latest of their Waikato Cafes, Mavis Lounge. The Café has provided a much-improved quality of food and beverage and has enhanced the ambiance of the mezzanine floor of the terminal.

In December 2016, the Airport also launched new conferencing facilities (in what was the old international terminal space) and marketing these will be a strong focus in 2017. Initial feedback has been very positive and will be further supported by the Mavis Café.

At the half year, 159,000 passengers have used the airport which is a 1% increase on the same period last year. However, it is important to note that the prior year numbers still have a significant number of passengers from the discontinued Auckland service. If we compare the current services of Palmerston North, Wellington and Christchurch on a comparative basis, we have seen growth of 7%.

From October 2016, there has been a significant change to the Air New Zealand schedule and an increase in seat capacity due to the larger aircraft type. This is particularly evident on the Palmerston North route where we are seeing year on year passenger growth of between 80% and 125%.

Capital works this financial year have been focused on maintaining operational improvements and general maintenance to the aerodrome. In February 2017, there will be significant overlay works on the Terminal apron and taxiway to the runway.

There continues to be a major focus on Health & Safety. Independent expertise has been engaged to oversee Health and Safety compliance for the company ensuring obligations are met in relation to the new legislation that came into effect on the 4th April 2016. In addition, an independent audit was conducted in October 2016 which has reinforced that the company's existing framework meets the current act requirements.

FINANCIAL RESULTS

The operating surplus after tax for the Group (inclusive of Titanium Park Limited and Hamilton & Waikato Tourism Limited) for the six months ended 31st December 2016 is \$112,000.

Revenue for the Group of \$3.8m is consistent with the prior year showing a slight decrease of \$9k. Following the trend, operating expenses of \$1.3m are down on prior year by \$8k.

Term loans reduced by \$2.684m in the last 12 months.

OPERATIONS

Operations continue to be conducted in accordance with Civil Aviation Authority's (CAA) regulatory compliance. Total air movements are slightly ahead of the same period in 2015. airfield capital works forecast to be undertaken in February 2017 and include budgeted asphalt overlay works of the terminal apron and taxiway areas (\$600k). Budgeted pavement maintenance works (\$100k) are also planned to be undertaken concurrently with the overlay works.

Consistent with similar airport reviews and outcomes, the CAA have designated to reduce the aerodrome control zone from its previous dimensions established in the mid-1960s. Lead by CAA, the change was effected following safety assessment and lengthy consultation process involving the operators and users of Hamilton Airport. The reduction in controlled airspace aligns with the need to ensure the control zone is as small as practicable whilst protecting the flight paths of commercial aircraft flying in all weather conditions arriving and departing the airport. The changes became effective November 2016.

TITANIUM PARK LIMITED (TPL)

Since the dissolution of the joint venture at 31st March 2016, the Board's key priorities have been to ensure that all contractual matters relating to the dissolution are progressed and completing a review of the group property portfolio to optimise value and lease income.

There has been increased interest in land around the airport since the middle of 2016. TPL has achieved two land sales of approximately 3,500m2 per sale. In addition, the Montgomerie Farm (Northern Precinct) property was purchased from Titanium Park Development Limited (TPDL) and contemporaneously TPL sold its land on the Western Precinct to TPDL. The purchase and sale went unconditional on the 22nd December 2016.

Graham Dwyer joined the TPL Board in May 2016 bringing an extensive background in property sales and development. The Board and Management are developing a business case for the future land use owned by TPL and WRAL.

HAMILTON & WAIKATO TOURISM LIMITED (HWT)

New Zealand's tourism industry is experiencing exponential growth with international visitor arrivals and expenditure at its highest level ever. The Hamilton and Waikato region has shared in this significant growth. Recent data released by the Ministry for Business, Innovation and Employment (MBIE) show the region's visitor expenditure for the year ended November 2016 has climbed to an estimated \$1.373 billion, an 8.6% increase on the previous year. Hamilton and Waikato is the fifth largest region by expenditure behind Auckland, Christchurch, Queenstown and Wellington.

International visitors contributed \$325 million to the region, while domestic spend delivered \$1.047 billion of economic benefit (year ended November 2016).

Jason Dawson was appointed Chief Executive of HWT in August 2016.

Graeme Osborne retired from the HWT Board and Annabel Cotton was appointed Chair in November 2016.

OUTLOOK

The ongoing focus for the Board and Management during the second half of the financial year will be to prudently control operating expenses, begin implementation of the key initiatives from the Titanium Park business plan and to remain responsive to land sale and development opportunities.

John Spencer

Chair

GROUP \$000

	7-	
	2016	2015
Revenue		
Operating revenue	3,877	3,886
Other revenue	-	-
TOTAL REVENUE	3,877	3,886
Expenses		
Operating expenses	1,215	1,350
Employee benefit expenses	1,050	924
Depreciation and amortisation	1,180	1,051
Directors' fees	96	81
Interest	143	258
Remuneration of auditor	41	40
Other losses	(4)	23
TOTAL EXPENSES	3,721	3,727
Operating surplus before taxation	156	159
Taxation	44	57
OPERATING SURPLUS AFTER TAXATION	112	102
NZTA compulsory acquisition of land (net of tax)	-	562
SURPLUS AFTER TAXATION	112	664

The above results have not been audited.

™ CONSOLIDATED BALANCE SHEET

As at 31 December 2016

GROUP \$000

	ŞU	00
	2016	2015
Equity		
Share capital	14,860	14,860
Asset revaluation reserve	33,078	28,677
Retained earnings	15,856	16,987
Total Equity	63,794	60,524
Current Assets		
Cash and cash equivalents	118	1,501
Trade and other receivables	515	677
Prepayments	114	84
Inventories	88	91
Development property	10,620	11,298
	11,456	13,651
Current Liabilities		
Payables and accruals	1,100	963
Employee entitlements	274	207
Income in advance	205	208
	1,579	1,378
Working Capital	9,877	12,273
Non-Current Assets		
Property, plant and equipment	63,982	60,890
Investment property	3,750	3,730
Other financial assets	-	25
Intangible assets	1,145	9
Other assets	78	88
	68,955	64,742
Non-Current Liabilities		
Term loans	7,049	9,733
Deferred taxation	7,989	6,758
	15,038	16,491
Net Assets	63,794	60,524

The above results have not been audited.

■ FINANCIAL PERFORMANCE TARGETS

For the Six Months Ended 31 December 2016

		Group	
	Actual	Forecast	SOI
	31/12/2016	30/06/2017	30/06/2017
MEASURES (GROUP)			
Earnings before interest, taxation & depreciation (EBITDA)	\$1.475m	\$2.626m	\$2.279m
Net surplus/(deficit) after tax	\$112k	\$638k	-\$366k
Net profit after tax to average shareholders' funds	0%	1%	-1%
Net profit after tax to total assets	0%	1%	0%
Net cash flow (operating & investing)	\$13k	-\$5.426m	-\$451k
Total liabilities to shareholder funds	21:79	35:65	26:74
MEASURES (Parent)			
Percentage of non-landing charges revenue to total revenue	81%	80%	76%
Interest cover (Banking covenant requirement 1.50)	8.23	7.97	6.56

The above results have not been audited.

᠍ CORPORATE DIRECTORY

For the Six Months Ended 31 December 2016

Board of Directors John Spencer CNZM (Chair)

Annabel Cotton Margaret Devlin Carlos da Silva

Chief Executive Mark Morgan

General Manager - Operations Simon Hollinger

Finance Manager Nikki Orange

Registered Office Hamilton Airport Terminal Building

Hamilton Airport Airport Road, R D 2 Hamilton 3282

Telephone 07 848 9027

E-mail wral@hamiltonairport.co.nz

Web Site www.hamiltonairport.co.nz

Bank of New Zealand

Solicitors Tompkins Wake, Hamilton

Ellice Tanner Hart, Hamilton

Audit New Zealand, Hamilton on

behalf of the Controller and

Auditor-General



Open Meeting

To | Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 8 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved Y

Reference # | GOV1318 / 1691812

Report Title | Waikato Local Authority Shared Services Limited

six monthly report

I. EXECUTIVE SUMMARY

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

WLASS has made sound progress against stipulated Statement of Intent targets in the first half of the financial year. Of the 33 non-financial measures agreed, 17 have been achieved (52%), 7 are in progress, partly achieved or on track (21%), with I target relating to quality assurance for building consents not delivered (3%). The remaining targets are either on an annual measurement basis or are not applicable at this time.

Both revenue and expenditure are higher than anticipated for the period mainly attributed to letting the Waikato Regional Aerial Photography tender (extra costs and revenue), additional costs for population forecast revisions and the Waikato Plan, release of accumulated funds in excess of expectations for both Future Proof and the Waikato Building Consent Group and revenue from Road Asset Technical Accord above budgeted levels. The net impact of these movements is approximately \$983,000 more favourable than the budgeted position. This is simply a timing difference.

2. RECOMMENDATION

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

3. ATTACHMENTS

Waikato Local Authority Shared Services Limited six monthly report to shareholders

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SIX MONTHLY REPORT TO SHAREHOLDERS

1 July 2016 to 31 December 2016

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Waikato Local Authority Shared Services Limited – 6 Monthly Report

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS) on the 4th day of April 2016. Each of the 12 Waikato councils owns an equal number of shares in WLASS and as such has an equal say in its development. This report covers the 6-month period from 1 July to 31 December 2016, as required by Section 66 of the Local Government Act 2002.

Objectives of WLASS

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

The objectives of WLASS are:

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

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

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

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

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

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

Nature and Scope of Current Activities

Services and Performance

There are currently nine major initiatives operating under the WLASS umbrella, plus a number of Working Parties investigating new opportunities, and a support role for the collaborative work streams of the Waikato Mayoral Forum.

Shared Valuation Data Service (SVDS). This system continues to operate effectively, providing timely and accurate property valuation data to the 10 member Councils and shareholders at a reducing cost. Current members are: Waikato Regional, Hamilton City, Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils.

Two new data sales contracts have been signed in the past six months, which have further reduced costs to the participating councils. External sales revenue now exceeds \$350,000 per annum.

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

- competition in the Waikato valuation market, with a resultant improved level of service
- significantly improved data quality, and a minimum of errors
- standardised information and the removal of processing inefficiencies
- quicker and more efficient access to data
- improved collaboration between the user Local Authorities.
- 2. Road Asset Technical Accord (RATA). RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

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

3. Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. It provides accurate information to Councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessments in relation to the development of Ruakura.

This activity is fully funded by the seven participating councils, and operates as a separate cost centre. Current members are: Waikato Regional, Hamilton City, Matamata Piako, Taupo, Thames Coromandel, Waikato, and Waipa District Councils, and the NZ Transport Agency. The model has been managed by RATA since 1 July 2016.

4. Waikato Building Consent Group (WBCG). The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The Group has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG members), and managing the employment agreements/relationships with the two staff members. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.

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

The accommodation, overheads and employment arrangements of the Future Proof Co-Ordinator are managed by Hamilton City Council. This activity is fully funded by the participating councils, and transferred to WLASS on 1 July 2016.

6. Energy Management. WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement will bring \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the 10 participating councils (Matamata Piako is not eligible, as it has previously received EECA funding, and Thames Coromandel is not participating), and the activity operates as a separate cost centre.

A WLASS Energy Management Plan and Policy have been prepared and both were approved by the Board in August 2016. It is anticipated that the Energy Policy will now be adopted by each council. Energy monitoring software has been installed at each participating council and staff training has been completed. The data now available has identified a number of areas where cost savings can be made (e.g. ensuring that electricity connections are being billed with correct tariffs). Audits have been completed and/or are in progress at a number of council sites to evaluate the cost/benefit of a variety of projects, including street and building lighting, aquatic and events centre operations, and water and wastewater operations. These audits each attract a subsidy of up to \$2K from EECA.

7. Joint Procurement Initiatives. WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services; Laboratory Services).

Over the past 6 months, new contracts have been put in place for an IT Professional Services Panel and Internal Audit Services. A syndicated contract has also been made available to all shareholders for library book buying. A report on each shareholding

councils' use of the All of Government (AoG) suite of contracts for 2015/16 was sent to each council, and opportunities for further cost savings identified. The availability and benefits of AoG contracts for transactional banking services was actively promoted. It is now up to each council to take advantage of these AoG contracts, with support available from members of the Procurement Working Party. Further procurement opportunities continue to be identified.

- 8. Historic Aerial Photos. In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed in 2018.
- 9. Waikato Regional Aerial Photography Service (WRAPS). WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been four WRAPS contracts 2002, 2007, 2012, and the 2016 contract that is currently in progress. Consideration is currently being given to changing the frequency of flying to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the 12 participating councils, including \$84,000 from external partners.

Other Initiatives

Contractor Health & Safety Pre-qualification Scheme

In a great example of inter-council and inter-regional co-operation, staff from WLASS and BOPLASS have worked together over the past year to develop and implement an online contractor health and quality pre-qualification scheme that uses simple software to capture contractors' health and safety management systems and insurance details.

This is a new shared service that is now being offered nationally as part of a drive to better manage councils' contractors in the new health and safety environment. It will also save councils considerable time and money, as the scheme is fully managed by the software provider.

The prequalification scheme has been developed over the past 12 months specifically for use by local government, and is now in use by most of the councils across the Waikato and Bay of Plenty. Other councils from throughout New Zealand have indicated that they are also keen to participate and will join as soon as the scheme is made available nationally, in March 2017.

For contractors, the new scheme will make them compliant to work for all councils participating in the scheme, and remove the need for them to supply separate details to each council or for each contract sought. In essence, it allows contractors to "do it once and do it right". Contractors simply need to complete an on-line questionnaire and provide their health and safety documentation to show that they understand and comply with the Health and Safety at Work Act 2015 and any associated Regulations. The portal can be accessed at: https://payments.sheassure.net/ and a link is available on every participating council's website.

The project team involved in developing the scheme intend to apply for a Safeguard Award in early 2017, and for a SOLGM Business Excellence award in 2018, once the scheme is more fully implemented and measures of its success are available.

Collaboration Portal

Over the past six months, implementation of the Local Government Collaboration Portal at each of the shareholding councils has been completed (www.collaborate.org.nz). The Portal is an initiative instigated by BOPLASS, with the intention of accelerating the growth of shared service strategies and projects throughout local government. The Portal consists of:

- A public site, open to everyone, where success stories can be communicated
- A secure area for sharing information and opportunities among councils
- A project area, for collaborative projects.

Councils from the Waikato, Bay of Plenty, Hawkes Bay and Northland are already using the Portal, and the intention is to extend the Portal nationally.

Several of the WLASS Working Parties have already set up "Project Rooms" on the portal. WLASS has recently published a story about its contractor health and safety pre-qualification scheme on the public area, and the WLASS document "Collaboration in Action" can also be found on the site (www.collaborate.org.nz then click on Collaborative Groups/Shared Services Publications). Work is currently in progress to publish a range of the successful Waikato Mayoral Forum initiatives on the site (e.g. Waikato Means Business, The Waikato Plan, the reduction in the number of policies in the Waikato, The Waikato Story etc.).

Working Parties

The WLASS Chief Executive co-ordinates and facilitates a number of Working Parties of council staff. The standing Working Parties are:

- Shared Services Working Party, which comprises the GM Corporate (or equivalent) from all of the shareholding councils, and which considers and evaluates new shared services opportunities and makes recommendations to the WLASS Board.
- Waikato IT Managers' Working Party, which comprises the IT Managers from all of the shareholding councils, and which investigates collaboration opportunities in the technology space.
- Procurement Managers' Working Party, which comprises the Procurement Managers from Hamilton City, Waikato Regional and Waikato District councils, and which manages procurement initiatives on behalf of WLASS.
- Health & Safety Working Party, which comprises the H&S managers (or equivalent) from all of the shareholding council, and which identifies issues arising from the new Health and Safety legislation which need to be addressed by the participating councils; identifies areas where Health and Safety policy, procedures and guidelines need to be developed (which are applicable to all of the councils); develops standard reporting measures for health and safety; develops regional Health and Safety policies, procedures and guidelines; and makes recommendations to the WLASS Board.
- Asset Valuation Working Party, which comprises representatives from a number of shareholding councils, and which is developing a regional asset valuation template and recommendations for transitioning to standard or consistent asset lives, where appropriate.
- **S17a Review Team**, of which oversight by WLASS commenced this financial year. The group consists of representatives from all of the shareholding councils and meets quarterly to update each other on progress with the s17a reviews being undertaken at each council and to identify potential collaborative opportunities.

• **Insurance Advisory Group**, which manages the procurement of insurance for all shareholding Councils on a collective basis to achieve best value for money, and also manages the insurance broker's contract performance.

Over the past 6 months, the **Shared Services Working Party** has been focused on identifying and evaluating new shared services opportunities. Five potential opportunities have emerged from this work: Procurement, Aligned Planning, GIS, the development of a Digital Strategy, and extension of the existing Building Control activity. Business cases to assess whether or not to progress any or all of these initiatives are currently being worked on.

The primary focus of the **Waikato IT Managers' Working Party** over the past six months has been the development of a GIS Data Portal, which will provide easy, secure access to spatial tools, information and data, and provide a map viewer for the whole of the Waikato region. The potential to include a link to Civil Defence and Emergency Management information is also being assessed. A new WLASS website is under development as part of the implementation of the portal.

Representatives from the **IT Managers' Working Party** are also involved with the Waikato Regional Aerial Photography Syndicate (WRAPS). The 2016 WRAPS contract was tendered in May 2016, and the successful contractor was Aerial Surveys Ltd. Flying of urban and rural imagery is now in progress.

Current projects being led by representatives of the **Procurement Managers' Working Party** include a Fleet Management review, a review of regional procurement processes, secondary procurement of multi-function devices (photocopiers) (jointly with BOPLASS), extension of the Infometrics contract for one year, and reviews of the existing Professional Services Panel and Dataprint contracts, to determine whether or not to exercise their contract extension provisions.

The Health and Safety Working Party has completed the development of an on-line contractor health and safety pre-qualification scheme (as noted above), and is currently implementing it across councils in the Waikato and Bay of Plenty. Articles on the scheme have been published in the Local Government and NZ Contractor magazines. Collective training in health and safety leadership for managers was organised, with 29 attendees from across the region. Further shared training initiatives are being investigated. Regional Terms of Reference for Health and Safety Committees, Terms of Reference for cross-council auditing, and a regional template addressing health and safety considerations when procuring machinery have been developed. A joint approach with BOPLASS to the provider of a widely used electronic health and safety recording system has resulted in an improved level of service and a better understanding by the vendor of local government's needs. BOPLASS also joined WLASS to obtain a legal opinion on the health and safety risks associated with community events, which has been shared with all councils.

The **Asset Valuation Working Party** held a very successful workshop with infrastructure asset managers and finance staff from across the region in August. Based on the feedback gathered at the workshop, the Working Party are now preparing a draft Asset Revaluation Template, which it is hoped will be adopted regionally.

Over the past 6-months, the **S17a Review Team** has developed a draft set of principles for regional collaborative reviews, and a spreadsheet which will assist in the identification of future shared services reviews (as contracts come up for renewal at each council). This tool is currently being implemented and will aid in the development of a regional 6-year rolling programme of reviews.

Most of the work of the **Insurance Advisory Group** has focused on the 31 October insurance programme renewal. Sending a WLASS representative to present directly to the UK underwriters, together with AON, has proved very beneficial. Based on the recommendation of AON, WLASS has signed up to a two year agreement with the programme underwriters. The renewal outcomes for the major insurance policy classes under the WLASS Insurance Programme are summarised below:

Infrastructure

The combined declared values have increased from \$3.2 billion to \$3.7 billion, a 15% increase. Following the recommendations from the loss modelling work completed for Hamilton City, Waikato Regional, Waipa and Waikato District Councils, the programme loss limits have increased from \$120M to \$300M, yet overall, there was a \$6,914 premium reduction. Given the asset value and loss limit increases, this represents an effective 30% saving on premium rates.

Material Damage and Business Interruption

While the combined total declared values have increased from \$2,006,586,944 to \$2,096,409,570 (an increase of \$89,822,626), a rate reduction of 6.45% has been achieved.

Future Fire Service Levies

Changes are being implemented to the way that Fire Service levies are calculated. This does not impact on the current renewal, but it will have an impact on the value of Fire Service Levies applicable at the 2017 renewal. The full impact is not currently known as the proposed changes are still going through a consultation process.

Motor Vehicles

Vehicle insurance premiums are driven by claims experience. The loss ratio for the group since 2014 is 90.86, and the insurers have increased the underlying rate by 2.5%. The programme was re-marketed and alternative quotations sought. The current premium is \$313,208 for the group, with the alternative quotations ranging from \$369,500 to \$374,511. Therefore the current insurers were retained, as they are still the most competitive.

Statutory and Employers Liability

With increased exposures under the new Health and Safety legislation, the limits of Indemnity under these policies have been increased from \$1,000,000 to \$2,000,000.

Ancillary Lines

The other insurances bought by individual shareholding councils (such as Personal Accident, Travel Standing Timber and Fine Arts Cover) have largely remained static from a premium perspective.

Other

Work is continuing on the stage 2 loss modelling work for Thames Coromandel District and Waikato Regional Council's infrastructure assets. A working party has been set up to develop guidelines to assist in determining appropriate levels of contractor professional indemnity and public liability insurance.

Waikato Mayoral Forum

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

The governance work stream is in abeyance. The Waikato Plan work stream is now governed by a Joint Committee, which was established in July 2015, and is expected to complete its work in 2017. The two waters project is now being run by a consortium comprising Hamilton City, Waikato and Waipa District Councils, who are investigating a future delivery model for water services across the three councils.

As noted above, the roading work stream (now called RATA) transferred into WLASS on 1 July 2016.

The Policy and Bylaws work stream has evolved into four parts: Policy reviews and consolidation (completed); Bylaw consolidation (yet to commence); s17a reviews (ongoing); and the development of a Regional Infrastructure Technical Specification (in progress, and due for completion in the first half of 2017).

Finally, the Economic Development work stream has developed a strategy, and implementation of the "Waikato Means Business" plan was devolved to an independent Steering Group in July 2015.

WLASS provides administrative support to the Mayoral Forum, and also administers the collective funding for each of these work streams, invoicing each of the participating councils and paying all of the approved invoices for each work stream. The WLASS CEO is no longer responsible for co-ordinating reporting on projects to the Mayoral Forum, as this is the responsibility of the project sponsors.

Proposed New Services

An assessment is currently being undertaken to determine whether or not there is benefit in establishing a new Learning and Development Working Party. A business case will be considered by the Board in the third quarter of this financial year.

As noted above under the work of the Shared Services Working Party, investigations are currently underway into new opportunities associated with Regional Procurement, Aligned Planning, GIS, the development of a Digital Strategy, and extension of the existing Building Control activity. Business cases to assess whether or not to progress any or all of these initiatives are currently being worked on, and will be presented to the WLASS Board over the coming six months.

Performance Measures

The following performance measures were included in the Statement of Intent for the 2016/17 financial year. An update on their status as at 31 December 2016 is shown in the table below.

TARGET	METHOD	MEASURE	ACTUAL OUTCOME	
Procurement Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	A minimum of three new procurement initiatives investigated per annum and business cases developed if considered	Achieved. An RFP for the supply of Multifunction Devices is currently at the tender evaluation stage.	
		appropriate.	Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified.	
		Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.	Achieved. A syndicated clause in a tendered Hamilton City Council contract enables all shareholders to access a library book buying contract at 37% discount on the RRP. Details about how to participate have been provided to all shareholders.	
		New suppliers are awarded contracts through a competitive tender process.	N/A No new suppliers have been engaged.	

Collaborative				
Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum.	In progress. Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and Development, and Building Services) are currently under investigation.	
		If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	In progress. Business cases are currently being prepared for Aligned Planning and a new Learning and Development Working Party.	
Existing WLASS Contracts Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed.	Achieved. Contracts Register is up-to-date.	
	Silarenoideis.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	In progress. Infometrics contract is currently under review. Reviews of Dataprint and the Professional Services Panel contracts are scheduled over the next 6 months.	
Cashflow The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly. The WLASS Board reviews the financial statements quarterly.	Monthly financial statements show a positive cashflow position.	Achieved. Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October and 2 December 2016.	

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Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The WLASS Board reviews the financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved. Administration expenditure showed a positive variance of \$29,161 as at 31 December 2016.	
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the Shareholders every six months.	Achieved. This is the 6-monthly report.	
	One 6-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of WLASS are being adhered to.	Achieved. An audited copy of the 2015/16 Annual Report was sent to shareholders on 3 October 2016.	
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.	Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive. Mayoral Forum projects shall be managed financially through WLASS. Note: The current	The Mayoral Forum is regularly updated on the progress of each approved work stream.	Not Applicable. The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.	•
	approved work streams are: Regulatory Bylaws and Policies Waikato Plan	Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.	Partly Achieved. All approved invoices, except for one, were paid by the 20 th of the month following their receipt.	

Object 137 1	Г			1
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99% of normal working hours.	Achieved. SVDS was available to users for 99.1% of normal working hours.	
	The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.	All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	N/A. There has been no capital enhancement work over the last 6 months.	
		The SVDS Advisory Group meets at least 6-monthly.	AchievedThe Group met on 1 September and 17 November 2016.	
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	N/A. Shareholders' survey is scheduled for May 2017.	
		The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	N/A. Shareholders' survey is scheduled for May 2017.	
RATA All stakeholders are kept informed about RATA's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved. 6-monthly report presented to Board meeting on 2 December 2016 and circulated to stakeholders on 19 December.	
		Reports include a	Achieved.	

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		summary of savings achieved.	Summaries of savings are presented to the RATA Advisory Group, which met on 25 August and 22 November 2016.	
	Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff	All RATA councils participate in the tour.	Achieved. All councils participated in the tour in October 2016.	
	to share their knowledge and experience	Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.	Not Achieved. Report delayed until February 2017 (individual councils will receive their reports in January).	
Sub-regional data collection contracts deliver good quality data on roading assets.	Data collection contracts (minimum of two across the region) are managed in accordance with best practice.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	N/A. No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016.	
	Data supplied by contractors is of good quality and meets all councils' requirements.	Any data issues are identified and resolved, with any incidents reported to stakeholders.	Achieved. Asset Information Engineer identifies and resolves all issues.	
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved. Model Supplier reported quarterly on service performance (reports received 15 August and 18 November 2016).	
	RATA reports quarterly to the WRTM Project Advisory Group.	A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every	Achieved. Report presented to Board in December 2016.	

		six months.		
		The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	On track. Peer review has been completed on base year model, but is yet to commence for future years, due to a delay in receiving population projection data.	
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.	Internal audits completed annually for each Group member.	In Progress. Three of the eight audits scheduled for the year have only been partially completed due to a lack of staff resources to assist.	•
		Provide Group members with a joint quality assurance system that meets statutory compliance.	Not Achieved. The Regulations require an annual audit (for compliance) and a review (for continuous improvement), as well as the immediate integration of any legislative changes. Significant changes will be required to the QA and auditing systems to meet the new BCA performance requirements (due to be released in mid-February 2017).	
		Report at least six monthly to the WLASS Board on the Group's activities.	On track. 6-monthly report will be presented to the 3 February Board meeting. Interim reports	

			were provided in July and October 2016.	
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved. 6-monthly report presented to the Board on 2 December 2016.	
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	N/A Shareholders' survey is scheduled for May 2017.	
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved. Information is included in this report.	

WLASS Financial Position

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

The WLASS Company expenditure for this period was \$1,897,962, against a budget of \$1,767,486. The variance is due to three main factors:

- 1) Procurement The Waikato Regional Aerial Photography (WRAPS) project had a budget of \$84,000 in the SOI, with a note indicating that the tender had yet to be let, and that the total costs were yet to be finalised. The tender has now been let, and the forecast budget is now \$577,155, which will be funded from additional revenue. Total costs year to date are \$169,061.
- 2) <u>Mayoral Forum</u> The Waikato Plan has a total expenditure year to date of \$187,711, which has been funded from previous years' contributions. Additional revenue of 150,000 was invoiced to all participating Councils in December.
- 3) <u>Future Proof</u> The need to revise the Waikato population projections (NIDEA and WISE refinements) has resulted in the budget being exceeded by \$66,108, which is being funded from previous years' contributions.

Revenue has also exceeded budget at \$3,298,819, compared to a budget of \$2,213,533. The main contributors were:

- 1) <u>RATA</u> revenue to date has increased by \$182,596, as the SOI budget was based on the previous year's figures. Actual commitments are now in place and the participating Councils have agreed on a total increase of \$208,000 for Data Collection.
- 2) <u>Procurement</u> revenue has increased by \$510,204, mostly due to the WRAPS project (as noted above).
- 3) <u>Future Proof</u> the accumulated funds actually transferred from Hamilton City Council to WLASS for Future Proof on 1 July 2016 were \$265,225, which exceeded the budget of \$120,990.
- 4) <u>Waikato Building Consent Group</u> the accumulated funds actually transferred from Waikato District Council to WLASS for Building on 1 July 2016 were \$98,105, which exceeded the budget of \$45,144.

Overall, revenue exceeded expenditure by \$1,400,858, compared with a budget of revenue exceeding expenditure by \$418,074.

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

Outcome of 2016 Audit

Audit New Zealand issued an unmodified audit opinion on 19 September 2016. Three minor issues were raised by the auditor, which have all been addressed.

Directors

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

Director	Position	Director Appointed By			
Gavin Ion (Chair)	Chief Executive, Waikato	Waikato District Council			
	District Council				
Richard Briggs	Chief Executive, Hamilton City	Hamilton City Council			
	Council				
Langley Cavers	Chief Executive, Hauraki District	Hauraki District Council			
	Council				
Don McLeod	Chief Executive, Matamata-	Matamata-Piako District			
	Piako District Council	Council			
Dave Clibbery	Chief Executive, Otorohanga	Otorohanga District Council			
	District Council				
Geoffrey Williams	Chief Executive, Rotorua District	Rotorua District Council			
	Council				
Craig Hobbs	Chief Executive, South Waikato	South Waikato District			
	District Council	Council			
Gareth Green ¹	Chief Executive, Taupo District	Taupo District Council			
	Council	·			
Rob Williams ²	Chief Executive, Thames-	Thames-Coromandel District			
	Coromandel District Council	Council			
Vaughan Payne	Chief Executive, Waikato	Waikato Regional Council			
	Regional Council				
Garry Dyet	Chief Executive, Waipa District	Waipa District Council			
_	Council				
Chris Ryan	Chief Executive, Waitomo	Waitomo District Council			
	District Council				

¹Gareth Green was appointed as Taupo District Council's Chief Executive on 20 July 2016 and was confirmed as a WLASS Director on 5 August 2016.

²Rob Williams was appointed as Thames Coromandel District Council's Chief Executive on 16 May and was confirmed as a WLASS Director on 5 August 2016.

Appendix 1

Management Accounts for period ended 31 December 2016

Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Company Summary



		,	Year to Date		Full Year	
	Not∈ Actual YTD	Budget	Variance	Budget	Forecast	Last Year
income						
Company Administration	238,438	240,334	(1,896)	271,117	271,117	243,76
Procurement	908,251	398,047	510,204	442,593	952,797	352,44
Information Technology	53,600	53,600	0	53,600	53,600	22,33
Energy Management	82,270	106,500	(24,230)	213,000	213,000	39,68
Shared Valuation Data Service (SVDS)	379,623	326,415	53,208	584,557	684,557	604,45
Road Asset Technical Accord (RATA)	653,596	471,000	182,596	914,000	1,153,733	618,42
Waikato Regional Transport Model (WRTM)	63,399	56,917	6,482	113,834	113,834	168,00
Waikato Building Consent Group	230,833	157,872	72,961	270,600	368,705	
Future Proof	430,225	348,490	81,735	575,990	595,225	
Waikato Mayoral Forum	258,584	57,000	201,584	71,000	288,711	1,154,80
Total Income	3,298,819	2,216,175	1,082,645	3,510,291	4,695,279	3,203,90
O						
Operating Expenditure Company Administration	110,566	139,727	29,161	271,117	284,823	189,110
Procurement	333,569	246,500	(87,069)	442,593	973.307	325,44
Information Technology	37,027	44,300	7,273	53,600	80,079	12,61
Energy Management	44,154	106,500	62,346	213,000	213,000	39,68
Shared Valuation Data Service (SVDS)	287,759	287,934	175	574,367	623,357	566,47
Road Asset Technical Accord (RATA)	375,116 51,846	457,000	81,884 5,721	914,000	1,146,430 113,834	618,420 214,63
Walkata Ryllding Canaget Crays		57,567		113,834		
Waikato Building Consent Group	124,015	136,100	12,085	270,600	278,780	(
Future Proof	275,326	237,500	(37,826)	455,000	521,108	
Waikato Mayoral Forum Total Operating Expenditure	258,584 1,897,962	57,000 1,770,128	(201,584) (127,834)	71,000	288,711 4,523,429	1,154,804 3,121,19
	1,097,902	1,770,126	(127,034)	3,379,111	4,523,429	3,121,19
Earnings before interest, tax and depreciation/	1,400,858	446,047	954,811	131,180	171,850	82,713
amortisation (EBITA)	1,400,636	440,047	934,611	131,100	171,630	02,71
Non-Cash Operating Expenditure						
Company Admin Non-Cash Expenditure	86	86	0	171	171	17
SVDS Non-Cash Expenditure	45,611	48,528	2,917	97,055	91,222	91,21
WRTM Non-Cash Expenditure	36,458	36,458	1	72,916	72,916	328,122
Total Non-Cash Operating Expenditure	82,155	85,071	2,918	170,142	164,309	419,50
Earnings before interest and tax	1,318,703	360,976	957,728	(38,962)	7,541	(336,794
Net Surplus (Deficit) before tax	1,318,703	360,976	957,728	(38,962)	7,541	(336,794)
CA Net Surplus (Deficit) before tax	127,787	100,521	27,266	(171)	(13,877)	54,478
Procurement Net Surplus (Deficit) before tax	574,682	151,547	423,136	0	(20,510)	27,00
IT Net Surplus (Deficit) before tax	16,573	9,300	7,273	0	(26,479)	9,72
Energy Mgmt. Net Surplus (Deficit) before tax	38.116	9,300	38.116	0	(20,479)	7,12
SVDS Net Surplus (Deficit) before tax	46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242
RATA Net Surplus (Deficit) before tax	278,480	14,000	264,480	(80,803)	7,303	(33,242
					7,303 (72,916)	
WRTM Net Surplus (Deficit) before tax	(24,905)	(37,108)	12,203	(72,916)		(374,754
WBCG Net Surplus (Deficit) before tax	106,818	21,772	85,046	120,000	89,925	
Future Proof Net Surplus (Deficit) before tax	154,899	110,990	43,909	120,990	74,117	
MF Net Surplus (Deficit) before tax	1,318,703	360,976	957,728	(38,962)	7,541	(336,794
Net Surplus (Deficit) before tax	1,318,703	300,976	337,728	(30,902)	7,541	(330,/94
Capital Expenditure						
SVDS Enhancements	0	0	0	10,190	10,190	
Total Cash Expenditure (Opex, Interest & Capital)	0	0	0	10,190	10,190	(

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Company Admin



		Υ	ear to Date	Full Y			
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Yea
Income							
Company Administration Member Charges		209,550	209,550	0	209,550	209,550	169,55
Recovery of Admin Costs		27,534	27,534	0	55,067	55,067	62,68
Interest Received CA		1,354	3,250	(1,896)	6,500	6,500	11,52
Total Income		238,438	240,334	(1,896)	271,117	271,117	243,76
Expenses							
Accounting/ Financial Services	1	16,459	13,750	(2,709)	27,500	36,521	29,29
External Accounting/ Financial Services		2,550	2,500	(50)	5,000	5,000	4,8
Audit Fees		10,566	10,426	(140)	15,349	15,349	15,3
IT Services		0	46	46	92	92	
Recruitment Fees		0	0	0	0	0	
Professional Fees		0	1,250	1,250	2,500	2,500	
Bank Charges		198	250	52	500	500	3
Legal Fees		0	1.250	1,250	2,500	2,500	1
Value Financials Licence Fee		1,320	1,320	0	2,341	2,341	2,1
Sundry Expenses		765	650	(115)	1,300	1,300	1,0
Insurance		2,720	2,535	(185)	2,535	2,720	2,5
Shared Services Contractors		66,091	98,000	31,909	196,000	181,000	122,1
Digital Strategy	2	0	0	0	0	15,000	
Building Group - Facilitator	2	0	0	0	0	3,000	
Company Secretary Services		3,582	2,750	(832)	5,500	7,000	1,6
Mileage Costs		6,315	5,000	(1,315)	10,000	10,000	9,7
Write Offs		0	0	0	0	0	(5
Total Expenses		110,566	139,727	29,161	271,117	284,823	189,1
Earnings before interest, tax and depreciation/		127,872	100,607	27,265	0	(13,706)	54,6
amortisation (EBITA)		127,072	100,007	27,203	<u> </u>	(13,700)	34,0
Non-Cash Expenses Depreciation		86	86	0	171	171	1
Earnings before interest and tax		127,787	100,521	27,266	(171)	(13,877)	54,4
Net Surplus (Deficit) before tax		127,787	100,521	27,266	(171)	(13,877)	54,47
,		, -	,-	,	,	,	,
Cash Surplus		70.400		70.400		70.402	22.
Opening Balance		78,482	0	78,482	0	78,482	31,6
olus /(less) transfers	3	(1,943)	0	(1,943)	0	(1,943)	(7,76
Movement for year		127,872 204,411	100,607	27,266 103,805	0	(13,706)	54,6 78,4
Cash Surplus / (Deficit)						62,834	

Notes

- 1) Financial Services currently above budget due to extra hours worked in August for the Annual Report and complexity of accounts increasing. The forecast has been adjusted accordingly.
- 2) Approved by the Board at their meeting in August 2016.
- 3) \$1,943 transferred toward the Asset Valuation workshop held on 17 August 2016.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Procurement of Shared Services



		Υ	Year to Date		Full Year			
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year	
Income								
Procurement Member Charges		20,000	20,000	0	20,000	20,000	18,000	
N3 Membership Fee Recovery		0	0	0	18,000	18,000	35,86	
Value Financials Fee Recovery		2,147	2,147	0	28,693	28,693	147,50	
Insurance Brokerage Fee Recovery	1	152,586	147,500	5,086	147,500	152,586	62,40	
Infometrics Fee Recovery		69,920	62,400	7,520	62,400	69,920		
Asset Valuation Services	2	1,943	0	1,943	0	1,943		
Health and Safety Working Party		7,500	5,000	2,500	5,000	7,500	11,68	
WRAPS Recovery	3	577,155	84,000	493,155	84,000	577,155		
Historical Aerial Photos Recovery		77,000	77,000	0	77,000	77,000	77,00	
Total Income		908,251	398,047	510,204	442,593	952,797	352,44	
Expenses								
Professional Services		0	10.000	10.000	20.000	20.000		
N3 Membership Fee Recovery		0	0	0	18,000	18,000	18,00	
Value Financial Fees		0	0	0	28,693	28.693	35.86	
Insurance Brokerage Fee Payable	1	152.586	147.500	(5.086)	147,500	152,586	147,50	
Infometrics		0	0	0	62,400	69,920	62,40	
Asset Valuation Services	2	1.943	0	(1,943)	0	1,943		
Health and Safety Working Party		8,010	5.000	(3,010)	5.000	8.010		
WRAPS Services	3	171,030	84.000	(87,030)	84.000	577.155		
Historical Aerial Photos Services		0	0	0	77.000	77.000	50.00	
Procurement Review	4	0	0	0	0	20,000		
Total Expenses		333,569	246,500	(87,069)	442,593	973,307	313,76	
Earnings before interest, tax and depreciation/ amortisation (EBITA)		574,682	151,547	423,135	0	(20,510)	38,68	
Earnings before interest and tax		574,682	151,547	423,135	0	(20,510)	19,82	
Net Surplus (Deficit) before tax		574,682	151,547	423,135	0	(20,510)	19,82	
Cash Surplus								
Opening Balance		24,827	0	24,827	0	24,827		
olus /(less) transfers	2	1,943	0	1,943		0	5,00	
Movement for year		574,682	151,547	423,135	0	(20,510)	19,82	
Cash Surplus / (Deficit)	4	601,452	151,547	449.905	0	4,317	24,82	

Notes

- 1) Additional cost of \$5,086 for UK underwriter visit by WLASS rep. Approved by the Board.
- 2) \$1,943 transferred from Company Admin 2015/16 cash surplus to fund Asset Valuation workshop.
- 3) The budget for this project was not known when the SOI was adopted, as tendering was in progress. The full budget is \$582,186, which will be funded by the participating councils and from external parties. \$577,155 will be expensed by June 2017.
- 4) Approved by Board at their meeting in August 2016. To be funded by cash surplus.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Information Technology (IT)



	Year to Date				Full Y		
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
IT Initiatives Contributions		52,600	52,600	0	52,600	52,600	22,334
Meeting Expenses		1,000	1,000	0	1,000	1,000	0
Total Income		53,600	53,600	0	53,600	53,600	22,334
Expenses							
Meeting Expenses		548	500	(48)	1,000	1,000	830
GIS Shared Data Portal		0	8,800	8,800	17,600	17,600	11,780
Collaboration Portal	1	36,479	35,000	(1,479)	35,000	36,479	0
GIS Regional Review	2	0	0	0	0	25,000	0
Total Expenses		37,027	44,300	7,273	53,600	80,079	12,610
Earnings before interest, tax and depreciation	1/						
amortisation (EBITA)		16,573	9,300	7,273	0	(26,479)	9,724
Earnings before interest and tax		16,573	9,300	7,273	0	(26,479)	9,724
Net Surplus (Deficit) before tax		16,573	9,300	7,273	0	(26,479)	9,724
Cash Surplus							
Opening Balance	11	21,243	0	21,243	0	21,243	11,519
plus /(less) transfers		0	0	0	0	0	0
Movement for year		16,573	9,300	7,273	0	(26, 479)	9,724
Cash Surplus / (Deficit)	2	37,816	9,300	28,516	0	(5,236)	21,243

Notes

- 1) Cost of \$1,479 for roll-out of the Collaboration Portal funded by 2015/16 cash surplus.
- 2) Approved by Board at their meeting in August 2016. To be funded by cash surplus.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Energy Management



	Year to Date				Full Y		
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
EECA Collaboration - Council Contributions		56,316	40,000	16,316	80,000	80,000	C
EECA Revenue	1	25,954	66,500	(40,546)	133,000	133,000	C
Energy Management		0	0	0	0	0	39,685
Total Income		82,270	106,500	(24,230)	213,000	213,000	39,685
Expenses							
EECA Collaboration		44,154	40,000	(4,154)	80,000	80,000	C
Professional Services Costs		0	66,500	66,500	133,000	133,000	C
Energy Management		0	0	0	0	0	39,685
Total Expenses		44,154	106,500	62,346	213,000	213,000	39,685
Earnings before interest, tax and depreciation/ amortisation (EBITA)		38,116	0	38,116	0	0	0
Earnings before interest and tax		38,116	0	38,116	0	0	C
Net Surplus (Deficit) before tax		38,116	0	38,116	0	0	0
Cash Surplus							
Opening Balance		0	0	0	0	0	(
plus /(less) transfers		0	0	0	0	0	C
Movement for year		38,116	0	38,116	0	0	(
Cash Surplus / (Deficit)		38,116	0	38,116	0	0	C

Notes

1) Revenue is lower than budgeted due to delays in implementing the programme in several councils, due to lack of availability of staff.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Shared Valuation Data Service (SVDS)



		Y	ear to Date		Full Y	ear	
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
SVDS Member Charges		133.993	133,993	0	267.985	267,985	290, 293
TA Valuation Services Recovery		78,463	78,463	0	78,463	78,463	78.50
SVDS Enhancements Recovery	1	0	0	0	10,190	10,190	
SVDS Data & Software Sales	2	167.167	113.960	53.208	227,919	327.919	235.65
Total Income		379,623	326,415	53,208	584,557	684,557	604,450
Expenses							
Hosting Contract		24,045	24,334	289	48,667	48,667	47,760
Software Contract		51,750	52,734	984	105,467	105,467	103,500
Management Services		139,531	141,594	2,063	283,187	283,187	276,20
TA Valuation Services		38,499	39,232	733	78,463	78,463	76,99
Consultancy Fees		13,820	8,000	(5,820)	16,000	32,165	21,86
Software Support Contingency		0	3,125	3,125	6,250	36,250	
Security Certificates		0	150	150	300	300	
Insurance	3	4,325	1,500	(2,825)	1,500	4,325	1,35
Legal Fees		329	2,000	1,671	4,000	4,000	4,22
Secretarial Services		1,693	1,500	(193)	3,000	3,000	3,22
Oncharge of LASS Admin Costs		13,767	13,767	(0)	27,533	27,533	31,34
Total Expenses		287,759	287,934	175	574,367	623,357	566,47
Earnings before interest, tax and depreciation/ amortisation (EBITA)		01.964	20.402	F2 202	10.100	61 200	27.07
· · · · · · · · · · · · · · · · · · ·		91,864	38,482	53,382	10,190	61,200	37,972
Non-Cash Expenses Depreciation	4	45,611	48,528	2,917	97,055	91,222	91,21
Earnings before interest and tax		46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242
Net Surplus (Deficit) before tax		46,253	(10,046)	56,299	(86,865)	(30,022)	(53,242
Capital Expenditure							
SVDS Enhancements	1	0	0	0	10,190	10,190	(
Total Cash Expenditure (Opex, Interest & Capital)		287,759	287,934	175	584,557	633,547	566,47
Cash Surplus							
Opening Balance		34,830	0	34,830	0	34,830	(3,142
plus /(less) transfers		0	0	0	0	0	
Movement for year		91,864	38,482	53,382	0	61,200	37,97
Cash Surplus / (Deficit)	5	126,694	38,482	88,212	0	96,030	34,830

Notes

- 1) Enhancement work to be recovered from individual councils.
- 2) New data sales contracts are bringing additional revenue.
- 3) Insurance includes the professional indemnity and technology liability insurance for RVSL .
- 4) SVDS database to be fully depreciated by 30 June 2019.
- 5) Surplus expected to be used for rewriting the front end of the Sales Portal; subject to business case approval.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Road Asset Technical Accord (RATA)



		Y	ear to Date		Full Y	ear	
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Yea
Income							
Councils - Data Collection	1	303,363	157,500	145,863	315,000	523,000	(
Councils - RATA Funding		299,500	285,500	14,000	571,000	571,000	618,420
Councils - Project Funding	1	41,733	28,000	13,733	28,000	41,733	
Project Management (WRTM)	2	9,000	0	9,000	0	18,000	
Total Income		653,596	471,000	182,596	914,000	1,153,733	618,42
Expenses							
Data Collection	1	200,811	157,500	(43,311)	315,000	523,000	
Forward Works Programme Tours		0	2,500	2,500	5,000	5,000	
Asset Managers Forum		0	1,500	1,500	3,000	3,000	
Benchmarking of Reg. Road Outcomes		0	10,000	10,000	20,000	20,000	
Deterioration Modelling		0	23,500	23,500	47,000	47,000	
Staff and Contractor Services		88,750	182,500	93,750	365,000	365,000	
External Contractor (Data Collection)		1,750	3,500	1,750	7,000	7,000	
Overheads	3	59,375	76,000	16,625	152,000	152,000	
Roading (RATA)	4	24,430	0	(24,430)	0	24,430	618,42
Total Expenses		375,116	457,000	81,884	914,000	1,146,430	618,42
Earnings before interest, tax and depreciation/amortisation (EBITA)		278,480	14,000	264,480	0	7,303	
Earnings before interest and tax		278,480	14,000	264,480	0	7,303	
Net Surplus (Deficit) before tax		278,480	14,000	264,480	0	7,303	
Cash Surplus							
Opening Balance	5	151,061	0	151,061	0	151,061	151,06
plus /(less) transfers		0	0	0	0	0	
Movement for year		278,480	14,000	264,480	0	7,303	
Cash Surplus / (Deficit)	4	429,541	14.000	415,541	0	158,364	151.06

- Budget based on previous year. Forecast based on commitments made by each of the participating councils.
 Project management of WRTM.
- 3) Waipa District Council provides RATA with full support services, including accommodation, finance, IT, HR, GIS, legal advice, communications and Group Manager support.
- 4) Projects funded from 2015/16 cash surplus. \$24,430 for IDS RATA dTIMS Analysis Stage 1 & 2.
- 5) Opening balance includes \$97,942 transferred from revenue in advance and \$53,119 from 2015/16 invoicing.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Waikato Regional Transport Model (WRTM)



		Y	ear to Date		Full Y	'ear	_
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
WRTM Member Charges		54,010	50,917	3,093	101,834	101,834	156,27
WRTM External Users Recovery		9,389	6,000	3,389	12.000	12,000	11,72
Total Income		63,399	56,917	6,482	113,834	113,834	168,000
Expenses							
WRTM Project Manager		9,000	9,000	0	18,000	18,000	18,000
Minor Model Upgrades		10,303	15,000	4,697	30,000	30,000	42,53
Peer Review		1,201	2,500	1,299	5,000	5,000	27
Annual Scheduling of Works Review		0	2,250	2,250	4,500	4,500	(
WRTM Base Model Testing		0	0	0	0	0	16,50
External User Costs		0	5,000	5,000	10,000	10,000	9,68
Census Update		0	0	0	0	0	30,93
Tendering for WRTM Contract		0	0	0	0	0	19,57
Future Land Use Client Input		0	0	0	0	0	44,43
Future Land Use Update		16,200	7,500	(8,700)	15,000	16,200	
Household Interview Survey (HIS) Scoping		0	1,250	1,250	2,500	2,500	
HIS Input into National Survey		0	0	0	0	0	
Insurance		1,375	1,300	(75)	1,300	1,375	1,35
Oncharge of LASS Admin Costs		13,767	13,767	0	27,534	27,534	31,34
Total Expenses		51,846	57,567	(5,721)	113,834	115,109	214,63
Earnings before interest, tax and depreciation/ amortisation (EBITA)		11,553	(650)	12,203	0	(1,275)	(46,632)
Non-Cash Expenses							
Depreciation		36,458	36,458	0	72,916	72,916	328,122
Earnings before interest and tax		(24,905)	(37,108)	12,203	(72,916)	(74,191)	(374,754)
Net Surplus (Deficit) before tax		(24,905)	(37,108)	12,203	(72,916)	(74,191)	(374,754)
Cash Surplus					-		
Opening Balance		11,815	0	11,815	0	11,815	58,44
plus /(less) transfers		0	0	0	0	0	(
Movement for year		11,553	94,025	(82,472)	0	(1,275)	(46,632
Cash Surplus / (Deficit)		23,368	94,025	(70,657)	0	10.540	11,81

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Waikato Building Consent Group (WBCG)



			ear to Date		Full Y		
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year
Income							
Member Charges	1 & 2	132,728	112,728	20,000	225,456	270,600	0
Accumulated Fund	3	98,105	45,144	52,961	45,144	98,105	0
Total Income		230,833	157,872	72,961	270,600	368,705	0
Expenses							
Salaries		77,540	103,100	25,560	206,200	206,200	0
Vehicle Expenses		6,422	8,850	2,428	17,700	17,700	0
Training / Professional Fees		1,596	1,650	54	3,300	3,300	0
Operating Costs		0	1,500	1,500	3,000	3,000	0
Communications / IT Costs		3,908	2,000	(1,908)	2,000	3,908	0
Annual Subscriptions		0	0	0	400	400	0
Overheads	4	28,639	19,000	(9,639)	38,000	38,000	0
Special Projects	5	5,910	0	(5,910)	0	6,272	0
Total Expenses		124,015	136,100	12,085	270,600	278,780	0
Earnings before interest, tax and depreciation/ amortisation (EBITA)		106,818	21,772	85,046	0	89,925	0
Earnings before interest and tax		106,818	21,772	85,046	0	89,925	0
Net Surplus (Deficit) before tax		106,818	21,772	85,046	0	89,925	0
Cash Surplus							
Opening Balance		0	0	0	0	0	0
plus /(less) transfers		0	0	0	0	0	0
Movement for year		106,818	21,772	85,046	0	89,925	C
Cash Surplus / (Deficit)		106,818	21,772	85,046	0	89,925	0

- 1) MEMBER COUNCILS: Hamilton CC, Hauraki DC, Matamata-Piako DC, Otorohanga DC, Thames-Coromandel DC, Waikato DC, Waipa DC and Waitomo DC.
- 2) MEMBER CHARGES
- Refer to WBCG proposed budget for 2016 2019.
- Advisory Group Resolution 4 July 2016 "Budget will include TCDC from today onwards, please note it will be different during TCDC's transitioning, after which the usual budget process will be followed". Consequently 2016/2017 income includes TCDC contribution of \$40,000 for the first year only, after which the usual contribution formula applies.
- Income is inflation adjusted
- 3) ACCUMULATED FUND: Board Resolution 7 Dec 2015 "The original 5 authority accumulated fund (fund 1) should be ring fenced and use up over next 3 years to offset an increased cost for the LTP".
- 4) OVERHEADS: Walkato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.
- 5) SPECIAL PROJECT: New website, soon to come on line. Funded from the accumulated fund.

Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 **Future Proof**



		Υ	ear to Date		Full Y	ear	
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Yea
Income							
Member Charges		165,000	227.500	(62,500)	455.000	330,000	
Accumulated Fund	1	265,225	120,990	144,235	120,990	265,225	
Total Income		430,225	348,490	81,735	575,990	595,225	
expenses							
Implementation Advice		81,740	55,000	(26,740)	110,000	110,000	
Tangata whenua Implementation Advice		2,682	7,500	4,818	15,000	15,000	
Independent Chair		9,844	12,500	2,656	25,000	25,000	
Tangata Whenua forum		10,219	7,500	(2,719)	15,000	15,000	
Future Proof Co-Ordinator		30,000	32,500	2,500	65,000	65,000	
Waikato DP Review		0	7,500	7,500	15,000	15,000	
Hamilton DP Appeals & Changes		6,600	7,500	900	15,000	15,000	
General Submissions		6,541	7,500	959	15,000	15,000	
Southern Growth Corridor (MOUs)		0	2,500	2,500	5,000	5,000	
Cross-Boundary issues with Auckland Council		0	7,500	7,500	15,000	15,000	
Future Proof Strategy Update		33,803	30,000	(3,803)	60,000	60,000	
Economic Analysis for Strategy Update		0	10,000	10,000	20,000	20,000	
Data Monitoring		0	2,500	2,500	5,000	5,000	
Communications Advice for Strategy Update		0	10,000	10,000	20,000	20,000	
NIDEA and WISE refinements	2	86,108	20,000	(66,108)	20,000	86,108	
Independent Assessment of Growth Projections		0	7,500	7,500	15,000	15,000	
Overheads	3	7,789	10,000	2,211	20,000	20,000	
Total Expenses		275,326	237,500	(37,826)	455,000	521,108	
Earnings before interest, tax and depreciation/ amortisation (EBITA)		154,899	110,990	43,909	120,990	74,117	
Earnings before interest and tax		154,899	110,990	43,909	120,990	74,117	
let Surplus (Deficit) before tax		154,899	110,990	43,909	120,990	74,117	
ash Surplus							
pening Balance		0	0	0	0	0	
lus /(less) transfers		0	0	0	0	0	
Novement for year		154,899	110,990	43,909	120,990	74,117	
Cash Surplus / (Deficit)		154.899	110.990	43,909	120,990	74.117	

- 1) Actual funds transferred from Hamilton City Council when Future Proof transferred into WLASS.
 2) Revision of Walkato Population Projections the University of Walkato.
 3) Hamilton City Council provides support services.

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Waikato Local Authority Shared Services Management Accounts for the Period Ended 31 December 2016 Waikato Mayoral Forum



		Ye	ar to Date		Full Y	ear		Project
	Notes	Actual YTD	Budget	Variance	Budget	Forecast	Last Year	to date
income								
Waikato Plan	1	150,000	0	150,000	0	150,000	0	1,346,240
Policy & Bylaws		0	0	0	0	0	0	86,000
Regional Infrastructure Tech. Specs.	2	68,400	50,000	18,400	50,000	80,000	42,600	111,000
Policy & Bylaws		0	0	0	7,000	7,000	10,000	10,000
Section 17a Review		7,000	7,000	0	7,000	7,000	14,000	24,656
Administration Costs		7,000	7,000	0	7,000	7,000	7,000	19,385
Revenue		232,400	64,000	168,400	71,000	251,000	73,600	1,597,281
Plus / (Less) Revenue in Advance	3	26,184	(7,000)	33,184	0	37,711	462,784	(258,521)
Total Income		258,584	57,000	201,584	71,000	288,711	536,384	1,338,759
Expenses								
Waikato Plan		187,711	0	(187,711)	0	187,711	474,559	1,178,461
Policy & Bylaws		0	0	0	0	0	0	0
Regional Infrastructure Tech. Specs.	2	66,115	50,000	(16,115)	50,000	80,000	25,069	91,184
Policy & Bylaws		0	0	0	7,000	7,000	13,911	37,068
Section 17a Review		3,126	3,500	(374)	7,000	7,000	17,656	20,782
Administration Costs		1,632	3,500	1,868	7,000	7,000	5,189	11,264
Total Expenses		258,584	57,000	(202,332)	71,000	288,711	536,384	1,338,759
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	(748)	0	0	0	0
Earnings before interest and tax		0	0	(748)	0	0	0	
Net Surplus (Deficit) before tax		0	0	(748)	0	0	0	1
					Revenue	Expenditure	Transfers	Available

Notes

- 1) Participating Councils to be invoiced in December 2016.
- Forecast shows additional \$30,000 approved by the Board to complete RITS.
 These amounts have not yet been invoiced.
- 3) Revenue received in advance broken down as follows:

	Revenue	Expenditure	Transfers	Available Funds
Administration	19,385	11,264	-	8,121
Waikato Plan	1,346,240	1,178,461	-	167,779
Policy & Bylaws	96,000	37,068	(19,000)	39,932
Regional Infrastructure Tech. Specs	111,000	91,184	19,000	38,816
Section 17a Review	24,656	20,782	-	3,874
Total for Mayoral Forum Activities				258,522
RATA (Showing in Cash Surplus Openi	ing Balance)			97,942
Historical Aerial Photos (PROCURE)	3,515	3,515	-	3,515
		Revenue in		359.979

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Waikato Local Authority Shared Services

Balance Sheet

As at 31 December 2016



			Year to Date		Full Y	'ear
	Notes	Actual YTD	Budget FY	Variance	Budget	Last Year
CAPITAL						
Shares - SVDS		1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM		1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss		(2,273,720)	(2,328,930)	55,211	(2,328,930)	(1,924,992)
Plus Current Year Operating Surplus/(Deficit)		1,318,704	(38,242)	1,356,947	(38,242)	(348,727)
TOTAL CAPITAL FUNDS		2,001,985	589,829	1,412,157	589,829	683,281
ASSETS						
CURRENT ASSETS						
Prepayments		0	2,692	(2,692)	2,692	148,820
Accounts Receivable	1	1,136,411	3,394	1.133.017	3,394	390,047
Accounts Receivable Accruals		(79,390)	0	(79,390)	0	21,252
Accrued Interest		0	0	0	0	281
RWT On Interest		3,916	1,820	2,096	1,820	3,385
Local Authority Shared Services 00		300,635	0	300,635	0	152,684
Local Authority Shared Services On-Call		765,323	623,031	142,292	623,031	484,588
BNZ - Term Deposit 020		45,770	0	45,770	0	45,402
GST Paid		(43,651)	(48,066)	4,415	(48,066)	33,833
TOTAL CURRENT ASSETS		2,129,014	582,871	1,546,143	582,871	1,280,291
NON-CURRENT ASSETS						
SVDS - Intangible Asset		3,065,316	3,085,506	(20,189)	3,085,506	3,065,316
WRTM - Intangible Asset		2,296,855	2,296,855	(0)	2,296,855	2,296,855
MoneyWorks Software		1,195	1,195	0	1,195	1,195
Accumulated Depreciation	2	(4,954,027)	(5,041,294)	87,267	(5,041,294)	(4,871,872)
TOTAL NON-CURRENT ASSETS		409,340	342,262	67,078	342,262	491,494
NET ASSETS		2,538,353	925,133	1,613,221	925,133	1,771,785
LESS CURRENT LIABILITIES						
Accounts Payable		103.220	323.831	(220 411)	202 001	530,668
Accounts Payable Accounts Payable Accrual		73.052	11.473	(220,611) 61.580	323,831 11.473	27,327
ACC Prepayments		73,052	11,473	01,580	11,473	27,327
RWT On Payments		118	0	118	0	743
Revenue in Advance	3	359,977	0	359,977	0	529,766
TOTAL CURRENT LIABILITIES		536,368	335,304	201.065	335,304	1,088,504
		· · · · · · · · · · · · · · · · · · ·		- ,	·	
NET WORTH		2,001,985	589,829	1,412,157	589,829	683,281

Note

- 1) Outstanding Receivables higher at this time due to annual invoices being sent. No issues to note.
- 2) Accumulated depreciation is lower than budget due to the WRTM asset review extending the life of the asset to June 2019.
- 3) Revenue in advance is not budgeted for as it results from revenue received not yet spent on expenses.

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Waikato Local Authority Shared Services Statement of Cash Flows



As at 31 December 2016

	Actual YTD	Full Year Budget	Last YTD
Cashflows from Operating Activities			
Interest Received	1,635	6,500	16,538
Receipts from Other Revenue	2,454,421	3,503,791	2,280,922
Payments to Suppliers	(2,016,027)	(3,379,111)	(2,101,635)
Taxes Paid	(1,156)	(1,820)	5,330
Goods & Services tax (net)	(9,818)	(25,221)	59,305
Net cash from operating activities	429,055	104,139	260,460
Purchase of Intangible Assets	0	(10,190)	(9,441)
Net cash from investing activities	0	(10,190)	(9,441)
Net increase in cash, cash equivalents and bank accounts	429,055	93,949	251,019
Opening cash and cash equivalents and bank overdrafts	682,673	529,082	442,598
Closing cash, cash equivalents and bank accounts	1,111,728	623,031	693,617
Summary of Bank Accounts			
BNZ - Cheque a/c	300,635	0	29,042
BNZ - Call a/c	765,323	623,031	620,179
Term Deposit	45,770	0	44,396
Closing Balance of Bank	1,111,728	623,031	693,617

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Appendix 2

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

Changes to NZ Accounting Standards

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

Accounting Principles

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

Specific Accounting Principles

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

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

Intangible Assets

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

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

Impairment Testing

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

Inventories

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

Taxation

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

Audit

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

Dividend Payments

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

Consolidated Shareholders' Funds

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

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

Assets

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



Open Meeting

To | Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 8 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOV1318 / 1691811

Report Title | Waikato Local Authority Shared Services Limited

draft Statement of Intent

I. EXECUTIVE SUMMARY

The Waikato Local Authority Shared Services Limited (WLASS) draft Statement of Intent for 2017/18 is attached for the Strategy & Finance Committee's consideration. The Council has two months to approve, request changes or reject the Statement of Intent ("SOI") as a shareholder, with the final SOI due on or before the 30 June 2017.

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

The proposed direction is in line with the previous SOI approved for the current financial year, with emphasis on new business transformation initiatives. Additional funding will be required as the scope of activities, and related workload, increases.

Performance measures for the Road Asset Technical Accord ("RATA") are under development and will be presented with the final SOI.

2. RECOMMENDATION

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

AND THAT pursuant to section 64 of the Local Government Act 2002 the Strategy & Finance Committee will provide feedback on the Waikato Local Authority Shared Services Limited draft Statement of Intent for 2017/18 no later than 30 April 2017.

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3. BACKGROUND

The SOI is attached and sets out the Boards intentions for the company for 2017/18, 2018/19 and 2019/20.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

The strategic intent of WLASS remains unchanged from the 2016/17 SOI. The priority is to work collaboratively across the region to achieve efficiency and effectiveness gains with customer experience in mind.

4.2 OPTIONS

The Strategy & Finance Committee can:

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

Any feedback must be provided to WLASS before 30 April.

5. Consideration

5.1 FINANCIAL

The overall net deficit position for both 2017/18 and 2018/19 is expected to increase in comparison to what was provided for in the 2016/17 SOI, however, net assets and working capital will improve.

Projects currently underway will require funding from 2017/18 onwards, and will be included in the final SOI.

5.2 LEGAL

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

6. Conclusion

Council has an opportunity to provide feedback on the SOI before the end of April. Once all shareholders have provided feedback a final SOI will be issued (or the draft confirmed as final).

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7. ATTACHMENTS

Waikato Local Authority Shared Services Limited draft Statement of Intent 2017/18

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STATEMENT OF INTENT FOR 2017/18

30 June 2017

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Waikato Local Authority Shared Services Limited

Introduction

This Statement of Intent is a public declaration of the activities and intentions of the Council Controlled Organisation, Waikato Local Authority Shared Services Limited (WLASS). The statement outlines the proposed work plan for 2017/18 and the Directors' accountabilities to the shareholders for corporate performance, as is intended by Schedule 8 of the Local Government Act 2002.

Objectives of WLASS

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED on the 4th day of April 2016. WLASS is owned by the 12 Waikato local authorities, with each shareholder owning an equal number of shares and having an equal say in its development. WLASS provides a legal entity, representative of all the shareholding councils, which can enter into contracts and agreements with external suppliers and provide value to the shareholders by reducing costs. WLASS contracts are available to be joined by any shareholder that so chooses.

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

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

The objectives of WLASS are:

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

Nature and Scope of Current Activities

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

- Shared Valuation Data Service (SVDS). This system provides timely and accurate valuation data to the 10 member Councils (Waikato Regional, Hamilton City, Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils). The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to the participating councils.
- 2 Road Asset Technical Accord (RATA). RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management.

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

- 3 Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. It provides accurate information to Councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessment in relation to the development of Ruakura. This activity is fully funded by the seven participating councils (Waikato Regional, Hamilton City, Matamata Piako, Taupo, Thames Coromandel, Waikato, and Waipa District Councils, supported by the NZ Transport Agency), and operates as a separate cost centre. It has been managed by RATA since 1 July 2016.
- Waikato Building Consent Group (WBCG). The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The Group has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG), and managing the employment agreements/relationships with the two staff members. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.

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

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

- **6 Energy Management**. WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement will bring \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the ten participating councils (Matamata Piako is not eligible, as it has previously received EECA funding, and Thames Coromandel is not participating), and operates as a separate cost centre.
- 7 Joint Procurement Initiatives. WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services). A review of procurement opportunities will assist in determining the future direction of WLASS procurement activities.
- 8 Historic Aerial Photos. In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed in 2018.
- **9 Waikato Regional Aerial Photography Service (WRAPS)**. WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been four WRAPS contracts 2002, 2007, 2012, and the 2016 contract that is currently in progress. Consideration is currently being given to changing the frequency to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the participating councils.

Proposed New Activities

New Business Transformation Initiatives

In response to the challenge set in the 2016/17 SOI (to "investigate business transformation opportunities which will improve customer experiences and provide added value, particularly within the digital field of operation"), a number of projects are underway in the 2016/17 financial year which are likely to result in new work streams for WLASS. New funding is also likely to be required, and will be included in the final version of this SOI.

The projects currently being investigated are:

Procurement

A contract has been let to undertake a "health check/maturity assessment" of procurement activities and processes in the WLASS councils, and to identify opportunities and/or alternative approaches that could be taken to provide greater value to shareholders.

Aligned Planning

One of the outputs from the Waikato Plan was a report completed by GMD Consulting Ltd, which identified a range of methods by which councils can achieve greater efficiencies and effectiveness in the processing of resource consents. A business case is in preparation, to identify the benefits of progressing some or all of the recommendations in the report, and the investment that will be required to make progress. Recommendations will be made to the Board in the last guarter of the 2016/17 financial year.

GIS

Geographic Information Systems (GIS) in the Waikato region are characterised by a wide range of systems and software and are at varying levels of maturity. As a sector, Territorial Authorities are challenged with rapidly developing technology, an ever increasing requirement for skills, competition for skilled and knowledgeable staff, and a greater need to keep ahead of citizen requirements. Other regions face the same challenges and have responded in various ways. An investigation is underway into the progress being achieved by other GIS regional initiatives, to identify the benefits of different delivery models and their applicability to the Waikato. New collaborative initiatives will be identified, prioritised and business cases developed for those with significant benefits.

Work is also in progress to identify how spatial information systems can support the Waikato region within the framework of the Waikato Digital Strategy (see below) and contribute to the WLASS digital strategic direction setting from a spatial and analytical perspective.

Building

The Waikato Building Consent Group (WBCG) has reached a level of maturity within their current framework, but it is evident that there are opportunities to go a lot further. A strategic visioning workshop is being planned by the WBCG, to develop a long-term vison (10 years), and consider alternative service delivery options to achieve that vision. Proposals will then be considered by the Board.

Digital Strategy

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

Additional Costs

Due to the increased workload arising from the growth of WLASS (turnover in 2014/15 was \$2.1M, compared with an estimated \$3.5M in 2017/18), additional funding of \$20,500 is

required to fund accounting services. This equates to 2% of total revenue, the same percentage as in 2014/15.

In addition, it is proposed to replace the current accounting package (MoneyWorks) with a new system, such as Xero, which will be more efficient in dealing with the increased complexity of the WLASS accounts. The likely additional cost for a licence is approximately \$850 p.a.

The Mayoral Forum (Policy and Bylaws work stream) project to publish a Regional Infrastructure Technical Specifications (RITS) document (a regional guide on how to construct public infrastructure) is expected to be completed in May 2017. New funding of \$18,000 p.a. has been included in the Procurement cost centre to fund a contractor to manage and review requests for changes/improvements/updates to the document, and to manage the process for including new approved products into the RITS, to keep it up-to-date. These costs will be funded solely by those councils using RITS (currently all of the shareholding councils, excluding Taupo, Thames Coromandel and Waikato Regional).

Waikato Mayoral Forum

Establishment of the **Waikato Mayoral Forum** in 2012 resulted in the creation of five work streams to investigate collaborative opportunities in the areas of governance, spatial planning, two waters, roading, and economic development. An additional work stream for bylaws and policies was created in 2013, focussing on reducing the number and standardising the format of Council policies and bylaws, and developing RITS.

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

The Mayoral Forum will be considering potential new work streams for the new triennium, and there may be a further role for WLASS, which provides administrative and financial support both to the Mayoral Forum and its work streams. This draft SOI does not include any new funding for Mayoral Forum work streams, but there is an opportunity for new funding to be included when the SOI is finalised in June, following feedback from shareholders.

Benefits of WLASS

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

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

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

Governance

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

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

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

Directors

The current Directors of WLASS are:

Director	Position	Director Appointed By
Gavin Ion (Chair)	Chief Executive, Waikato	Waikato District Council
	District Council	
Richard Briggs	Chief Executive, Hamilton City	Hamilton City Council
	Council	-
Langley Cavers	Chief Executive, Hauraki	Hauraki District Council
	District Council	
Don McLeod	Chief Executive, Matamata-	Matamata-Piako District
	Piako District Council	Council
Dave Clibbery	Chief Executive, Otorohanga	Otorohanga District Council
	District Council	
Geoffrey Williams	Chief Executive, Rotorua	Rotorua District Council
	District Council	
Craig Hobbs	Chief Executive, South	South Waikato District
	Waikato District Council	Council
Gareth Green	Chief Executive, Taupo District	Taupo District Council
	Council	

Rob Williams	Chief Executive, Thames-	Thames-Coromandel
	Coromandel District Council	District Council
Vaughan Payne	Chief Executive, Waikato	Waikato Regional Council
	Regional Council	
Garry Dyet	Chief Executive, Waipa District	Waipa District Council
	Council	
Chris Ryan	Chief Executive, Waitomo	Waitomo District Council
	District Council	

Activities for which the Board seeks Compensation

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

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

Performance Targets

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2017/18 are as follows:

TARGET	METHOD	MEASURE
Procurement Joint procurement initiatives for goods and services for WLASS	Procurement is from sources offering best value, service,	Implement the recommendations of the
councils will be investigated and implemented.	continuity of supply, and/or opportunities for integration.	Procurement review, as approved by the Board.
Callabarativa Prainata		New suppliers are awarded contracts through a competitive tender process.
Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum.
projects are implemented.		If considered of value, business cases are developed for approval by the Board, and the projects are implemented.
Existing WLASS Contracts Existing contracts are	Appointed vendors deliver on	The WLASS Contracts
managed and renegotiated as required.	the terms of their contracts and deliver value to the shareholders.	Register is maintained and managed.
		Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered
Cashflow		through a competitive process.
The company shall maintain a	The Financial Accountant	The WLASS Board reviews the
positive cashflow position.	reviews cashflow monthly.	financial statements quarterly.

On at Comtral		Г
Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The WLASS Board reviews the financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.
Poporting	inancial statements quarterly.	
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.
	One 6-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.
Waikato Mayoral Forum The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum. Shared Valuation Data	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.
Services (SVDS) The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99% of normal working hours.
	The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.
	Group.	The SVDS Advisory Group meets at least 6-monthly.
Insurance Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.
		The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.
RATA ¹		_ ,
All stakeholders are kept informed about RATA's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.
		Reports include a summary of savings and achievements.
	Annual Forward Works	All RATA councils participate in

	Drawana farma	the tour
	Programme tours are	the tour.
	completed, to provide opportunities for councils' roading staff to share their knowledge and experience	Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.
Sub-regional data collection contracts deliver good quality data on roading assets.	Data collection contracts (minimum of two across the region) are managed in accordance with best practice.	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.
	Data supplied by contractors is of good quality and meets all councils' requirements.	Any data issues are identified and resolved, with any incidents reported to stakeholders.
Waikato Regional Transport		
Model (WRTM) The WRTM is reliable, well maintained and available to all users.	RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group). RATA reports quarterly to the WRTM Project Advisory	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget. A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least
	Group.	every six months. 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.
Waikato Building Consent		1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1
Group Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business	Internal audits are completed annually for each Group member. Provide Group members with a
	practice.	joint quality assurance system that meets statutory compliance. Report at least six monthly to the WLASS Board on the Group's activities.
Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.	Six monthly and annual reports are provided to all stakeholders.	Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with	A survey of shareholders is undertaken each year, and the results are reported to all

	WLASS.	shareholders.
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	(including financial and non-	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.
		The "Collaboration in Action" document, which summarises the achievements of WLASS, be updated and circulated to shareholders by 31 December 2017.

¹ The performance measures for RATA are currently under review and will be updated in the final version of the SOI.

Policy Statements

Statement of Accounting Principles

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

Specific Accounting Principles

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

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

Intangible Assets

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

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

Impairment Testing

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

Balance Sheet Ratios

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

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

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

Procedures for the Purchase and Acquisition of Shares

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

Inventories

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

Taxation

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

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

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

Value of Shareholders' Investment

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

Distributions to Shareholders

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

Compensation

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

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

Information to be Provided to Shareholders

The company will deliver the following information to shareholders:

- Within two months of the end of the first half of the financial year, a 6-monthly report, including a Statement of Financial Performance, a Statement of Changes in Equity, a Statement of Financial Position, and a Statement of Cashflows and Service Performance.
- Within three months of the end of the financial year, an audited Statement of Financial Performance, Statement of Changes in Equity, Statement of Financial Position, a Statement of Cashflows and Service Performance, plus a summary of how the company has fared against its objectives.

Review of Statement of Intent

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

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

Financials

Waikato Local Authority Shared Services Waikato Local Authority **Company Summary** SHARED SERVICES For the Year Ended 30 June 2018 Budget Budget Budget Budget Variance 2016/17 2019/20 2017/18 2018/19 Income Company Administration 271,117 296.828 25.711 303.358 310.336 Procurement 442,593 544.775 102,182 314,286 314.286 Information Technology 53,600 43,600 (10,000)43,600 43,600 Energy Management 213,000 124,200 (88,800) 136,500 Shared Valuation Data Service (SVDS) 584,557 648,160 63,603 608,533 622,587 Road Asset Technical Accord (RATA) 914,000 930,621 16,621 951,757 973,542 Waikato Regional Transport Model (WRTM) 101,951 (11,883) 103,176 104,243 113,834 (40,000) 230,600 Waikato Building Consent Group 270,600 230,600 230,600 575,990 555,000 (20,990) 470,000 395,000 Future Proof Waikato Mayoral Forum 71,000 7,000 (64,000) 7,000 7,000 **Total Income** 3,510,291 3,482,735 (27,556) 3,168,810 3,001,194 Operating Expenditure Company Administration 271,117 296,828 25,711 303,358 310,336 442,593 102,182 Procurement 544.775 314.286 314.286 Information Technology (10,000) 53.600 43.600 43.600 43.600 Energy Management 213.000 124,200 (88.800) 136.500 Ω Shared Valuation Data Service (SVDS) 63,409 611.960 574.367 637.776 598.145 Road Asset Technical Accord (RATA) 914.000 949.510 35.510 972.500 994.819 Waikato Regional Transport Model (WRTM) 113.834 101.951 (11.883) 103.176 104.243 Waikato Building Consent Group 270,600 237 915 (32.685)238 224 238 313 Future Proof 455 000 573.889 118 889 490 743 416.277 Waikato Mayoral Forum (64.000) 7.000 7.000 71.000 7.000 **Total Operating Expenditure** 3.379.111 3.517.444 138,332 3.207.531 3.040.834 Earnings before interest, tax and depreciation/ 131,180 (34,709) (165,889) (38,721) (39,640) amortisation (EBITA) Non-Cash Operating Expenditure Company Admin Non-Cash Expenditure 171 171 Ω 171 171 SVDS Non-Cash Expenditure 97.055 91.223 (5,832)91.223 Ο WRTM Non-Cash Expenditure 72,916 72.916 72,916 0 Total Non-Cash Operating Expenditure 170.142 164.310 (5,832)164.310 171 Earnings before interest and tax (EBIT) (38,962) (199,019) (160,056) (203,031) (39,811) Net Surplus (Deficit) before tax (38,962) (199,019) (160,056) (203,031) (39,811) Company Admin Net Surplus (Deficit) before tax (171)(171)(171)Procurement Net Surplus (Deficit) before tax 0 0 0 0 0 IT Net Surplus (Deficit) before tax 0 0 0 0 0 Energy Mgmt Net Surplus (Deficit) before tax 0 0 0 0 10,627 SVDS Net Surplus (Deficit) before tax (86,865) (80,839) 6,027 (80,835) RATA Net Surplus (Deficit) before tax (18,889)(18,889)(20,743)(21, 277)WRTM Net Surplus (Deficit) before tax (72,916) (72,916) (72,916) (7,315) Building Net Surplus (Deficit) before tax (7,315) (7,624) (7,713) 0 Future Proof (Deficit) before tax 120,990 (18,889)(139,879) (20,743)(21, 277)Mayoral Forum Net Surplus (Deficit) before tax (38,962) (199,019) (160,056) (203,031) (39,810) Net Surplus (Deficit) before tax **Capital Expenditure**

10.190

10 190

Total Capital Expenditure

10.384

10.384

10.388

10.388

194

10,627

10.627

Waikato Local Authority Shared Services Company Admin For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budge 2019/20
Income						
Company Administration Member Charges		209,550	213,531	3,981	213,619	218,532
Recovery of Admin Costs		55,067	71,297	16,230	77,475	79,25
Interest Received		6,500	12,000	5,500	12,264	12,54
Total Income		271,117	296,828	25,711	303,358	310,33
Expenses						
Accounting/ Financial Services	1	27,500	48,000	20,500	49,056	50,18
External Accounting/ Financial Services		5,000	5,095	95	5,207	5,32
Audit Fees		15,349	15,641	292	15,985	16,35
IT Services		92	94	2	96	9
Bank Charges		500	510	10	521	53
Legal Fees		2,500	2,548	48	2,604	2,66
Value Financials Licence Fee		2,341	2,784	443	2,845	2,91
Sundry Expenses		1,300	1,325	25	1,354	1,38
Professional Fees		2,500	2,548	48	2,604	2,66
Insurance	2	2,535	2,768	233	2,828	2,89
Shared Services Contractors		196,000	199,724	3,724	204,118	208,81
Company Secretary Services		5,500	5,605	105	5,728	5,86
Mileage Costs		10,000	10,190	190	10,414	10,65
Total Expenses		271,117	296,828	25,711	303,358	310,33
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	
Non-Cash Expenses						
Depreciation		171	171	0	171	17
Earnings before interest and tax		(171)	(171)	0	(171)	(171
Net Surplus (Deficit) before tax		(171)	(171)	0	(171)	(171

¹⁾ Increased hours required due to the increased complexity of WLASS, and new licence costs of \$850 p.a. for new accounting software.

²⁾ Based on 2016/17 actual costs.

Waikato Local Authority Shared Services Procurement of Shared Services For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Income						
Procurement Member Charges		20,000	20,000	0	20,000	20,000
N3 Membership Fee Recovery		18,000	18,000	0	18,000	18,000
Value Financials Fee Recovery	1	28,693	35,866	7,173	35,866	35,866
Insurance Brokerage Fee Recovery		147,500	147,500	0	147,500	147,500
Infometrics Fee Recovery	2	62,400	69,920	7,520	69,920	69,920
Health and Safety Working Party		5,000	5,000	0	5,000	5,000
WRAPS Recovery	3	84,000	153,489	69,489	0	
Regional Infrastructure Tech Spec maintenance	4	0	18,000	18,000	18,000	18,00
Historical Aerial Photos Recovery		77,000	77,000	0	0	
Total Income		442,593	544,775	102,182	314,286	314,28
Expenses Professional Services N3 Membership Fee Recovery		20,000 18.000	20,000 18.000	0	20,000 18.000	20,00 18.00
Value Financial Fees	1	28,693	35,866	7.173	35.866	- ,
Insurance Brokerage Fee Payable	1	26,693 147,500	147,500	7,173	147.500	35,86 147,50
Infometrics	2	62,400	69,920	7,520	69,920	69,92
Health and Safety Working Party	2	5,000	5,000	7,320	5,000	5.00
WRAPS Services	3	84.000	153,489	69.489	0,000	5,00
Regional Infrastructure Tech Spec maintenance	4	0 1,000	18,000	18,000	18.000	18,00
Historical Aerial Photos Services		77.000	77.000	0	0	.0,00
Total Expenses		442,593	544,775	102,182	314,286	314,28
Earnings before interest, tax and depreciation, amortisation (EBITA)	/	0	0	0	0	(
Earnings before interest and tax		0	0	0	0	(
Net Surplus (Deficit) before tax		0	0	0	0	

- 1) The councils involved are Otorohanga, Taupo and Waitomo District, and Waikato Regional Councils, and WLASS
- 2) The councils involved are Hamilton City, Hauraki, Matamata Piako, South Waikato and Waikato Districts, and Waikato Regional councils.
- Balance of WRAPS contract, which commenced in 2015/16.
 To fund a contractor to manage and review requests for changes/improvements/updates to the document. Funded only by those councils using RITS (currently all of the shareholding councils, excluding Taupo, Thames Coromandel and Waikato Regional)

Waikato Local Authority Shared Services Information Technology (IT) For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Income						
IT Initiative Contributions		53,600	43,600	(10,000)	43,600	43,600
Total Income		53,600	43,600	(10,000)	43,600	43,600
Expenses						
Meeting Expenses		1,000	1,000	0	1,000	1,000
GIS Shared Data Portal	1	17,600	7,600	(10,000)	7,600	7,600
Collaboration Portal	1	35,000	35,000	0	35,000	35,000
Total Expenses		53,600	43,600	(10,000)	43,600	43,600
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	0
Earnings before interest and tax		0	0	0	0	0
Net Surplus (Deficit) before tax		0	0	0	0	0

¹⁾ All councils are involved except Rotorua and Taupo, who are participating via BOPLASS.

Waikato Local Authority Shared Services Energy Management

For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Income						
EECA Collaboration - Council Contributions	1	80,000	89,200	9,200	101,500	0
EECA Revenue		133,000	35,000	(98,000)	35,000	0
Total Income		213,000	124,200	(88,800)	136,500	C
Expenses						
EECA Collaboration		80,000	89,200	9,200	101,500	C
Professional Services Costs		133,000	35,000	(98,000)	35,000	C
Total Expenses		213,000	124,200	(88,800)	136,500	C
Earnings before interest, tax and depreciation/amortisation (EBITA)		0	0	0	0	o
Earnings before interest and tax		0	0	0	0	(
Net Surplus (Deficit) before tax		0	0	0	0	

¹⁾ All councils are involved, except Thames-Coromandel and Matamata-Piako.

Waikato Local Authority Shared Services Shared Valuation Data Service (SVDS) For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budge 2019/20
Income						
SVDS Member Charges		267,985	205,492	(62,493)	156,382	169,76
TA Valuation Services Recovery		78,463	80,189	1,726	81,953	82,03
SVDS Enhancements Recovery	1	10,190	10,414	224	10.388	10,62
SVDS Data & Software Sales		227,919	352,065	124,146	359,810	360,16
Total Income		584,557	648,160	63,603	608,533	622,58
Expenses						
Hosting Contract		48.667	49.592	925	50,683	51.84
Software Contract		105,467	107,470	2,004	109,835	112,36
Management Services		283,187	288,568	5,381	294,916	301,69
TA Valuation Services		78,463	79,954	1,491	81,713	83,59
Consultancy Fees		16,000	24,192	8,192	24.724	25.29
Software Support Contingency		6,250	6,369	119	6,509	6,65
Support & Hosting Contract Renewal Consulting		0	50,000	50,000	0	-,
Security Certificates		300	300	0	307	31
Insurance		1,500	1,385	(115)	1,416	1,44
Legal Fees	2	4,000	8,000	4,000	4,176	4,27
Secretarial Services		3,000	3,057	57	3,124	3,19
On charge of LASS Admin Costs		27,534	18,889	(8,644)	20,743	21,27
Total Expenses		574,367	637,776	63,409	598,145	611,96
Earnings before interest, tax and depreciation/ amortisation (EBITA)		10,190	10,384	194	10,388	10,62
Non-Cash Expenses						
Depreciation	3	97.055	91.223	(5,832)	91,223	
Earnings before interest and tax		(86,865)	(80,839)	6,027	(80,835)	10,62
Net Surplus (Deficit) before tax		(86,865)	(80,839)	6,027	(80,835)	10,62
Canital Franco ditana						
Capital Expenditure Enhancements	1	10,190	10,384	194	10,388	10,62
Total Capital Expenditure	•	10,190	10,384	194	10,388	10,62
Total Cash Expenditure (Opex, Interest & Capital)		584,557	648,160	63,602	608,533	622,58

Notes

Enhancement work to be recovered from individual councils.

²⁾ Provision in 2017/18 to tie in with contract review terms.

³⁾ SVDS Asset to be fully depreciated by 30 June 2019.

Waikato Local Authority Shared Services Road Asset Technical Accord (RATA) For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budge 2019/20
Income						
Data Collection		315,000	320,985	5,985	328,047	335,592
Member Charges		571,000	591,636	20,636	605,710	619,950
Project Funding		28,000	0	(28,000)	0	(
Project Management (WRTM)		0	18,000	18,000	18,000	18,000
Total Income		914,000	930,621	16,621	951,757	973,542
Expenses						
Data Collection		315,000	320,985	5,985	328,047	335,59
Forward Works Programme Tours		5,000	5,095	95	5,207	5,32
Asset Managers Forum		3,000	3,057	57	3,124	3,19
Benchmarking of Reg Road Outcomes		20,000	20,380	380	20,828	21,30
Deterioration Modelling		47,000	47,893	893	48,947	50,07
Staff and Contractor Services		365,000	361,000	(4,000)	369,000	378,00
External Contractor (Data Collection)		7,000	7,133	133	7,290	7,45
On charge of LASS Admin Costs		0	18,889	18,889	20,743	21,27
Overheads	1	152,000	165,078	13,078	169,314	172,58
Total Expenses	2	914,000	949,510	35,510	972,500	994,81
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	(18,889)	(18,889)	(20,743)	(21,277
Earnings before interest and tax		0	(18,889)	(18,889)	(20,743)	(21,277
Net Surplus (Deficit) before tax		0	(18,889)	(18,889)	(20,743)	(21,277

Waipa District Council provides RATA with full support services, including vehicles, staff training/development, IT/phones, stationery, accommodation, communications and Group Manager support.

²⁾ CPI Increase has been applied for 2017/18, 2018/19 and 2019/20 as per BERL LG cost index for OPEX.

Waikato Local Authority Shared Services Waikato Regional Transport Model (WRTM) For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budge 2019/20
Income						
WRTM Member Charges		101,834	89,951	(11,883)	91,176	92,24
External User Recovery		12,000	12,000	0	12,000	12,000
Total Income		113,834	101,951	(11,883)	103,176	104,24
Expenses						
WRTM Project Manager		18,000	18,000	0	18,000	18,00
Minor Model Upgrades		30,000	30,570	570	31,243	31,96
Peer Review		5,000	5,095	95	5,207	5,32
Annual Scheduling of Works Review		4,500	4,586	86	4,686	4,79
Insurance		1,300	1,385	85	1,416	1,44
External User Costs		10,000	10,000	0	10,000	10,00
Future Land Use Update	1	15,000	0	(15,000)	0	
Household Interview Survey (HIS) Scoping	2	2,500	0	(2,500)	0	
HIS Input into National Survey	3	0	25,000	25,000	25,000	25,00
On charge of LASS Admin Costs		27,534	7,315	(20,219)	7,624	7,71
Total Expenses		113,834	101,951	(11,883)	103,176	104,24
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	0	0	0	
Non-Cash Expenses						
Depreciation	4	72,916	72,916	0	72,916	
Earnings before interest and tax		(72,916)	(72,916)	0	(72,916)	
let Surplus (Deficit) before tax		(72,916)	(72,916)	0	(72,916)	

- 1) Update of Future Land Use reference scenario post Auckland Unitary Plan decisions and Future Proof / Smart Growth updates.
- 2) Prov Sum item HIS research topic with NZTA at present. This budget will allow the WRTM partners to scope inputs needed.
- 3) Prov Sum item assumes input into national survey. Actual costs to be scoped with MOT.
- 4) The WRTM asset will be fully depreciated by 30 June 2019. The model will be substantially reviewed during 2018/19 with new census data and a software platform review.

Waikato Local Authority Shared Services Waikato Building Consent Group For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
ncome						
Member Charges	1	225,456	230,600	5,144	230,600	230,600
Accumulated Fund	2	45,144	0	(45,144)	0	(
Total Income		270,600	230,600	(40,000)	230,600	230,600
expenses						
Salaries		206,200	166,200	(40,000)	166,200	166,20
Vehicle Expenses		17,700	17,700	0	17,700	17,70
Training / Professional Fees		3,300	3,300	0	3,300	3,30
Operating Costs		3,000	3,000	0	3,000	3,00
Communications / IT Costs		2,000	2,000	0	2,000	2,00
Annual Subscriptions		400	400	0	400	40
Insurance		0	0	0	0	
On charge of LASS Admin Costs		0	7,315	7,315	7,624	7,71
Overheads	3	38,000	38,000	0	38,000	38,00
Total Expenses		270,600	237,915	(32,685)	238,224	238,31
Earnings before interest, tax and depreciation/ amortisation (EBITA)		0	(7,315)	(7,315)	(7,624)	(7,713
Earnings before interest and tax		0	(7,315)	(7,315)	(7,624)	(7,713
let Surplus (Deficit) before tax		0	(7,315)	(7,315)	(7,624)	(7,713

Notes

¹⁾ Participating councils are Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo District councils.

The accumulated fund relates to the original five councils (Hamilton, Matamata Piako, Otorohanga, Waikato and Waipa), and is being used to
offset those member charges.

³⁾ Walkato DC provides the Building Consent Group with support services, including accommodation, IT, HR and Group Manager support.

Waikato Local Authority Shared Services Future Proof

For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Income						
Member Charges	1	455,000	555,000	100,000	470,000	395,000
Accumulated Fund		120,990	0	(120,990)	0	0
Total Income		575,990	555,000	(20,990)	470,000	395,000
Expenses						
Implementation Advice		125.000	110.000	(15,000)	110,000	110,000
Tangata Whenua Implementation Advice		0	15,000	15,000)	15,000	15,000
Independent Chair		25.000	45,000	20,000	25,000	25,000
Tangata Whenua forum		15,000		20,000		
Future Proof Co-Ordinator		65,000	15,000	0	15,000	15,000
			65,000		70,000	70,000
On charge of LASS Admin Costs	2	0	18,889	18,889	20,743	21,277
Overheads	2	20,000	15,000	(5,000)	15,000	15,000
Future Proof Implementation Projects						
Waikato DP Review		15,000	30,000	15,000	0	0
Hamilton DP Appeals & Changes		15,000	0	(15,000)	0	0
General Submissions		15,000	20,000	5,000	20,000	20,000
Cross-Boundary issues with Auckland Council		15,000	5,000	(10,000)	5,000	5,000
Data Monitoring		5,000	5,000	0	5,000	5,000
Growth Strategies review - Submissions and Hearings	3	15,000	0,000	(15,000)	30,000	30,000
Strategy Actions - Implementation		0	20.000	20,000	50,000	50,000
Water Policy Group Projects	4	0	10.000	10,000	10,000	10,000
Southern Growth Corridor (MOUs)	•	5,000	10,000		10,000	10,000
Southern Growth Corridor (MOUs) NIDEA and WISE refinements		5,000 20,000	0	(5,000)	0	0
NIDEA and wise reinfernents		20,000	U	(20,000)	U	U
Future Proof Strategy Update - Phase 1						
Future Proof Strategy Update 1		60,000	25,000	(35,000)	0	0
Publishing		0	15,000	15,000	0	0
Consultation		0	45,000	45,000	0	0
Communications Advice for Strategy Update		20,000	0	(20,000)	0	0
Economic Analysis for Strategy Update		20,000	0	(20,000)	0	0
Future Proof Strategy Update - Phase 2						
Future Proof Strategy Update 2	5	0	50,000	50,000	50,000	25.000
NPS Assessments incl. Data Requirements	_	0	50,000	50,000	50,000	25,000
·						
Targetted consultation Process		0	0	0	10,000	0
Publishing		0	0	0	15,000	0
RPS and DP Changes to Implement NPS		0	15,000	15,000	25,000	417.077
Total Expenses		455,000	573,889	118,889	490,743	416,277
Earnings before interest, tax and depreciation/	-					
amortisation (EBITA)		120,990	(18,889)	(139,879)	(20,743)	(21,277)
Earnings before interest and tax		120,990	(18,889)	(139,879)	(20,743)	(21,277)
Net Surplus (Deficit) before tax		120,990	(18,889)	(139,879)	(20,743)	(21,277)
Net Surpius (Dentit) before tax		120,330	(10,009)	(139,0/9)	(20,743)	(21,211)

Notes

- 1) Participating councils are Hamilton City, Waikato and Waipa Districts and Waikato Regional Council.
- Hamilton City Council provides the support services for Future Proof, including accommodation and operational costs.
 Update of HUGS, Waipa 2050, Waikato District Development Strategy.
- 4) Implementing Three Waters Action Plan and other Water Policy Group projects.
- Update to meet the requirements of the NPS.

Waikato Local Authority Shared Services Mayoral Forum Projects For the Year Ended 30 June 2018



	Notes	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Income						
Waikato Plan		0	0	0	0	0
Regional Infrastructure Tech. Specs.		50,000	0	0	0	0
Policy & Bylaws		7,000	0	0	0	0
Section 17a Review		7,000	0	0	0	0
Meeting Expenses Recovery		7,000	5,000	(2,000)	5 ,000	5,000
Total Income		71,000	5 ,000	(2,000)	5,000	5 ,000
expenses						
Waikato Plan		0	0	0	0	0
Regional Infrastructure Tech. Specs.		50,000	0	0	0	0
Policy & Bylaws		7,000	0	0	0	0
Section 17a Review		7,000	0	0	0	0
Meeting Expenses		7,000	5,000	(2,000)	5,000	5,000
Total Expenses		71,000	5 ,000	(2,000)	5,000	5 ,000
Earnings before interest, tax and depreciation/						
amortisation (EBITA)		0	0	0	0	0
Earnings before interest and tax		0	0	0	0	0
let Surplus (Deficit) before tax		0	0	0	0	0

Waikato Local Authority Shared Services Balance Sheet

For the Year Ended 30 June 2018



	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budge 2019/20
CAPITAL					
Shares - SVDS	1,607,001	1,607,001	0	1,607,001	1,607,001
Shares - WRTM	1,350,000	1,350,000	0	1,350,000	1,350,000
Profit and Loss	(2,328,930)	(2,367,172)	(38,242)	(2,566,191)	(2,769,222)
Plus Current Year Operating Surplus/(Deficit)	(38,242)	(199,019)	(160,777)	(203,031)	(39,811)
TOTAL CAPITAL FUNDS	589,829	390,810	(199,018)	187,779	147,968
ASSETS					
CURRENT ASSETS					
Prepayments	2.692	1.523	(1,169)	3.272	3.34
Accounts Receivable	3,394	35,980	32,586	36,470	36,89
RWT On Interest	1,820	3,360	1,540	3,434	3,51
Local Authority Shared Services 00	0	0	0	0	
Local Authority Shared Services On-Call	623,031	565,747	(57,284)	480,355	411,34
GST Paid	(48,066)	(45,166)	2,901	(40,638)	(38,177
TOTAL CURRENT ASSETS	582,871	561,444	(21,426)	482,893	416,926
NON-CURRENT ASSETS					
SVDS - Intangible Asset	3,085,506	3,085,700	194	3,096,087	3,106,71
WRTM - Intangible Asset	2,296,855	2,296,855	0	2,296,855	2,296,85
MoneyWorks Software	1,195	1,195	0	1,195	1,19
Accumulated Depreciation	(5,041,294)	(5,205,604)	(164,310)	(5,369,914)	(5,370,085
TOTAL NON-CURRENT ASSETS	342,262	178,146	(164,116)	24,223	34,67
NET ASSETS	925,134	739,590	(185,542)	507,116	451,60
LESS CURRENT LIABILITIES					
Accounts Payable	323,831	337.088	13,257	307,388	291,41
			218	11,949	12,22
	11.473	11.091			
Accounts rayable Accounts Payable Accrual TOTAL CURRENT LIABILITIES	11,473 335,305	11,691 348,780	13,475	319,337	303,63

Waikato Local Authority Shared Services Statement of Cashflows For the Year Ended 30 June 2018



	Budget 2016/17	Budget 2017/18	Variance	Budget 2018/19	Budget 2019/20
Cashflows from Operating Activities					
Interest Received	6,500	12,000	5,500	12,264	12,546
Receipts from Other Revenue	3,503,791	3,438,149	(65,642)	3,156,056	2,988,221
Payments to Suppliers	(3,379,111)	(3,502,800)	(123,689)	(3,238,722)	(3,056,609)
Taxes Paid	(1,820)	(1,820)	0	(3,360)	(3,434)
Goods & Services tax (net)	(25,221)	(2,619)	22,602	(1,243)	895
Net cash from operating activities	104,139	(57,091)	(161,229)	(75,005)	(58,382)
Purchase of Intangible Assets	(10,190)	(10,384)	(194)	(10,388)	(10,627)
Net cash from investing activities	(10,190)	(10,384)	(194)	(10,388)	(10,627)
Net increase in cash, cash equivalents and bank accounts	93,949	(67,474)	(161,423)	(85,392)	(69,009)
Opening cash and cash equivalents and bank overdrafts	529,082	633,221	104,139	565,747	480,355
Closing cash, cash equivalents and bank accounts	623,031	565,747	(57,284)	480,355	411,346
Summary of Bank Accounts					
BNZ - Call a/c	623,031	565,747	(57,284)	480,355	411,346
Closing Balance of Bank	623,031	565,747	(57,284)	480,355	411,346



Open Meeting

To Strategy & Finance Committee

From | Gavin Ion

Chief Executive

Date | 10 March 2017

Chief Executive Approved Y

DWS Document Set # | 1693278

Report Title | Financial Review of Key Projects

I. EXECUTIVE SUMMARY

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

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

3. BACKGROUND

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

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.

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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

5.1 FINANCIAL

All of the projects included in the list form part of the Annual Plan for 2016/2017 or are carry forwards.

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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	Inform	Consult	Involve	Collaborate	Empower			
levels of								
engagement								
	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

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✓	Households
✓	Business
	Other Please Specify

6. CONCLUSION

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

Financial Review of Key Projects

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						154		
					KEY PF	ROJECTS		
							Expected	
			Full Year	YTD	Remaining	Full Year	Completion	
Team	Project Description	Project Owner	Budget	Actual	Budget	Forecast	Date	Progress & Risk Comment
Programme Delivery	Ngaruawahia council office upgrade construction	Jacki Remihana	471,379	27,756	443,623	471,379	Jun-17	Beca have produced a draft engineers estimate for the works, further budget would be required if project was to proceed as is, have commenced re-scoping/re-design to reduce overall costs. Options on de-scoping/re-design to be produced on the project in order to proceed. Building consent lodged. Currently working through funding/budget constraints with Executive Leadership Team.
Programme Delivery	Tamahere Sports Ground Reserve Management Plan	Hamish Cairns	282,078	342,634	-60,556	282,078	Multi year project	Final levelling and seeding completed. Pond construction is complete but total works cannot be completed until the grass grows, planting is to be completed in April. Spend includes planning for Piazza and recreation area - will be overspent for the financial year, a report being prepared to Council requesting negative carry forward of budget, currently working through budget and phasing, discussion with Tamahere Community Committee.
Programme Delivery	Raglan stormwater reticulation extensions	Surya Pandey	356,312	0	356,312	356,312	Jun-17	Draft Beca stormwater survey and modelling report received in December and a number of sites have been identified for upgrade. One option includes daylighting that Opus is scoping for a number of sites. We have identified a few Reserve Act implications should recreation reserve or cemetery land be considered for daylighting use and internal discussion taking place to address that. There are a number of areas in Raglan requiring stormwater extensions and upgrades this will be completed this financial year from the funds.
Programme Delivery	Ngaruawahia, Kent St/George St Stormwater Network upgrades	Reuben Rink	409,800	3,995	405,805	409,800	Jun-17	Tender awarded late February. Works to begin in March with a June 2017 completion for this years programme of works. There are further works beyond June as part of this contract that will come from the 2017/18 budget.
Programme Delivery	New Reservoirs for Huntly, Central District, Hopuhopu and Pokeno	Richard Clark	7,800,397	2,610,196	5,190,201	4,939,647	Sep-17	Reservoirs walls were delivered in February and domes are expected to arrive in March. Ability to secure land at Pokeno and Hopuhopu has caused delays in enabling works. Huntly - Foundations complete and reservoir onsite construction is underway. Central District - Foundation and pipework is complete ready for reservoir construction. Pokeno - Access track being cut and security fence erected. Major earthworks commenced late February. Hopuhopu - Temporary access track has been cut and permanent track works are underway. Currently dismantling redundant concrete tank. Foundation area and pipework to commence in March.
Programme Delivery	Land Purchases for Pokeno, Central District and Hopuhopu Reservoir Sites	Elton Parata	367,708	138,738	228,970	235,129	Jun-17	Pokeno - Agreement reached and settlement occurred in February. Central District - No longer purchasing land, existing land surrounding cemetery will be used. Hopuhopu - A Licence to Occupy has been obtained and approved by Waikato Tainui. This allows Construction works to commence as per the construction schedule. Longer term land exchange agreement and easements for pipelines are with Waikato Tainui for review.
Three Waters - Planning	Huntly wastewater treatment plant upgrade	Martin Mould	1,632,951	4,839		4,839		While this option is being looked at, there is a wider conversation with developers and WDC staff that this funding could be bundled with the Te Kauwhata Lakeside Development plan change/development proposal (and DC) and a state of the art WWTP could be established in Huntly to accommodate both Te Kauwhata and Huntly current and future wastewater demand. This approach is also promoted in WDC application to MBIE's Housing Infrastructure Fund application.
Programme Delivery	Pokeno Wastewater scheme construction - Stage 2	Paul White	2,173,821	100,474	2,073,347	2,802,442	Jun-17	Council approved on the 28th February to award tender and additional costs of \$0.6m. Low take up of connection offer noted and continuing to actively seek more agreements for connections during the construction phase. Waikato Regional Council and WDC consents approved. Heritage NZ consent to be lodged and are following up with archaeologist.



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 09 March 2017

Chief Executive Approved Y

Reference # | GOV1318 / 1692548

Report Title Raglan Kopua Holiday Park Financial Statements

ended 31 January 2017

I. EXECUTIVE SUMMARY

The purpose of this report is to present the Strategy & Finance Committee with the Raglan Kopua Holiday Park Financial Statements for the seven months ended 31 January 2017. The seven month performance is favourable to last year by approximately \$24K, underpinned by higher revenue, offset by targeted increases in certain costs categories. Overall the performance continues to be positive.

2. RECOMMENDATION

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

3. ATTACHMENTS

Raglan Kopua Holiday Park Financial Statements ended 31 January 2017

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SPECIAL PURPOSE FINANCIAL STATEMENTS for the 7 months ended 31 January 2017

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Compilation report	1
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Approval of financial report	3
Statement of profit or loss	4
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Statement of changes in equity	6
Notes to the accounts	7





Compilation report For the seven months ended 31 January 2017

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 seven months ended 31 January 2017, as set out in pages 02 to 11. These have been prepared on the basis disclosed in the notes to the financial statements on page 07.

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: 14-02-2017



Directory As at 31 January 2017

Name	Position	Change	

Board Members:

Colin Chung (Chairperson) Business Representative

Bob McLeod WDC Ward Representative

Lisa Thomson WDC Representative

Pablo Rickard Business and Maori Representative

Rik Te Awarutu Samuels Maori Representative

Peter Storey Community Representative

Former Board Members:

Alan Vink WDC Ward Representative

Clint Baddeley WDC Representative

Manager:

Jo Hamblyn

Secretary:

Jo Gibbs

Other Information

Address: P.O. Box 34

Raglan 3265

Bankers: Westpac

Raglan

Accountant: Lynne Wilkins

Bizworx Consultancy Limited

Chartered Accountants



Approval of financial report
For the seven month period ended 31 January 2017

APPROVED

The Board of Management are pleased to present the approved financial report including the historical financial statements of Raglan Kopua Holiday Park Board for the seven month period ended 31 January 2017.

For and on behalf of the Board:	
Chairperson	Date



Statement of profit or loss for the 7 months ended 31 January 2017

	Notes	2017 Actual \$ 7 mths	2016 Actual \$ 7 mths
Income			
Rentals Received	8	930,763	842,423
Contracting Receipts		1,477	10,337
Interest Received		1,696	8,925
Sales of Goods & Services		37,967	40,635
Total Income		971,903	902,320
Expenditure			
Accountancy, Consultancy, Legal, & Administration	n	18,715	8,508
Advertising & Promotion		36,486	33,007
Bank Charges		6,362	5,355
Cleaning, Laundry & Waste Management		34,299	33,252
Commission Paid - Bookings & Sales		2,088	1,473
Communication Costs		8,304	8,448
General Expenses		557	321
Heat, Light, Power & Water		44,239	38,558
Insurance		7,404	1,543
Lease Payments		2,394	2,563
Licenses & Subscriptions		4,371	8,893
Office Expenses		26,051	15,043
Purchases for Resale		16,429	24,683
Rates		16,355	11,071
Replacements, Repairs & Maintenance - General		38,133	65,092
Repairs & Maintenance - Programmed	5	17,321	4,182
Security		48,340	24,292
Professional Development, Travel & Conferences		3,951	472
Vehicle Expenses		4,963	6,965
Wages & Salaries		310,680	297,224
Total Cash Expenditure		647,442	590,945
Non-Cash Adjustments			
Depreciation	5	80,581	91,911
Total Non-Cash Adjustments		80,581	91,911
Total Expenses		728,023	682,856
Net Operating Surplus (Deficit)		243,880	219,464



Balance Sheet as at 31 January 2017

	Notes	2017 Actual \$ 7 mths	2016 Actual \$ 7 mths
Current Assets			
Cash & Bank	2	454,196	883,646
Westpac Term Deposit	2 <u>3</u>	750,000	-
Accounts Receivable	_	62,911	34,337
Prepaid Expenses		3,785	4,974
Total Current Assets		1,270,892	922,957
Current Liabilities			
Accounts Payable	4	72,752	39,885
Waikato District Council - Current Account		97,956	117,398
GST Accrued		36,169	50,987
Revenue Received in Advance	7	70,957	76,391
Total Current Liabilities		277,834	284,661
Working Capital		993,058	638,296
Non-Current Assets			
Property, Plant & Equipment	5	2,805,223	2,828,848
Total Non-Current Assets		2,805,223	2,828,848
Net Assets & Liabilities		3,798,281	3,467,144



Statement of Changes in Equity for the 7 months ended 31 January 2017

N	lotes	2017 Actual \$ 7 mths	2016 Actual \$ 7 mths
Opening Balance January 31 previous year		3,467,144	3,189,213
Movements in Equity 1 February to 30 June previous year	7	87,257 3,554,401	58,467 3,247,680
Net Operating Surplus (Deficit)		243,880	219,464
Closing Balance January 31		3,798,281	3,467,144



Notes to the accounts For the seven months ended 31 January 2017

1. Reporting Entity

The Raglan Kopua Holiday Park Board was established in 1994 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.

2. Statement of Accounting Policies

(a) Basis of Preparation

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.

(b) 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.

(c) 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.

(d) Revenue recognition

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 probably 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.

(e) Accounts receivable

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.

(f) 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.

All other repairs and maintenance expenditure is recognised in profit or loss as incurred.



Notes to the accounts For the seven months ended 31 January 2017

(g) 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 different 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.

(h) Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

(i) 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.

(j) 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.

(k) Income tax

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

(I) 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.



Notes to the accounts for the 7 months ended 31 January 2017

		2017	2016
		Actual \$	Actual \$
		7 mths	7 mths
2	Cash & Bank		
	Westpac Cheque Account	394,880	258,162
	Westpac Savings Account	48,224	594,140
	Cash on Hand	9,662	30,124
	Float	1,430	1,220
		454,196	883,646
3	Investments		
	Westpac Term Deposit	750,000	
		750,000	
	Matures:	28/07/2017	-
	Interest rate:	3.6%	- 2
4	Accounts Payable		
	Trade Creditors	70,152	35,383
	Westpac Credit Card	2,600	4,502
		72,752	39,885
5	Property, Plant & Equipment		

5 Property, Plant & Equipment

Lessees Alterations Plant & Equipment Furniture & Fittings Vehicles

	2017			2016	
Cost/	Accum	Book	Cost/	Accum	Book
Value	Depn	Value	Value	Depn	Value
3,578,465	873,140	2,705,325	3,505,177	800,375	2,704,802
282,102	238,306	43,796	270,164	218,711	51,453
77,196	66,591	10,605	68,642	65,425	3,217
128,132	82,635	45,497	128,130	58,754	69,376
4,065,895	1,260,672	2,805,223	3,972,113	1,143,265	2,828,848

	2017	2016
	Actual \$	Actual \$
	7 mths	7 mths
Reconciliation of Net Book Value		
Net book value at 1 July	2,811,814	2,678,794
Assets disposed of		
Depreciation charge for period	(80,581)	(91,911)
Asset acquisition at cost	73,990	241,965
Net book value at 31 January	2,805,223	2,828,848
Assets disposed of 1 February to 30 June		-
Depreciation charge for period 1 February to 30 June		(42,266)
Asset acquisition at cost 1 February to 30 June		25,232
Net book value at 30 June		2,811,814
Depreciation		
Lessees Alterations	51,367	64,315
Plant & Equipment	14,139	12,741
Furniture & Fittings	1,143	923
Vehicles	13,932	13,932
	80,581	91,911

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



Notes to the accounts for the 7 months ended 31 January 2017

6 Capital Expenditure Commitments

Raglan Kopua Holiday Park has several capital projects noted in the Capital Plan that was approved in March 2016. Current projects still in progress include the provision of an upgraded pump track and amenities, the heritage trail, a new par course, meters for power sites, installing a car/boat wash area, upgrading the main kitchen and internet room, and funds allocated to the multi purpose hall project. The sum of \$1,267,107 is committed but unspent as at 31 January 2017. (Jan 2016: \$1,066,482). The Capital Plan is currently being reviewed.

Operating Lease Commitments

	2017 Actual \$ 7 mths	2016 Actual \$ 7 mths
Lease commitments under non-cancellable operatileases:	ing	
Not later than one year	3,336	4,104
Later than one year and not later than two years	4,428	7,764
Later than two years and not later than five years		
Later than five years		
	7,764	11,868

Raglan Kopua Holiday Park Board entered into a rental agreement for photocopier in February 2016. The lease term is is for a period of 59 months, and will terminate on 31 December 2020. The new agreement costs \$246 per month.

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

Other Commitments - Accommodation Deposits

As at 31 January Raglan Kopua Holiday Park held deposits totalling \$19,598 excluding GST for accommodation that was to commence or be invoiced on or after 1st February. These deposits have been included in the relevant accommodation income categories. Deposits are generally non-refundable and are treated as income in the period in which they are received. (2016: \$37,193)

7 Movements in Equity 1 February to 30 June previous year

Movements in Property, Plant & Equipment:		
Assets disposed of 1 February to 30 June		(123)
Depreciation charge for period 1 February to 30 June	(42,266)	(57,903)
Asset acquisition at cost 1 February to 30 June	25,232	31,228
Movements in Current Assets	41,100	172,636
Movements in Current Liabilities	63,191	(87,371)
Net Movements in Equity 1 February to 30 June	87,257	58,467



Notes to the accounts for the 7 months ended 31 January 2017

2017 2016

Actual \$ Actual \$
7 mths 7 mths

8 Revenue Received in Advance

Revenue received in advance for caravan sites	51,359	39,197
Other accommodation revenue received in advance		
(refer Note 5)	19,598	37,193
23.7 7 0.2.00.2.2	70,957	76,390

9 Contingent Losses or Gains

There were no known contingent losses or gains outstanding as at 31st January 2017 (Jan 2016: Nil)

10 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

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 07 March 2017

Prepared by | Shannon Kelly

Υ

Youth Engagement Advisor

Chief Executive Approved

Reference # | GOVI318

Report Title Update on Youth Engagement March 2017

I. EXECUTIVE SUMMARY

The purpose of this report is to update the Strategy & Finance Committee on youth engagement initiatives happening in the district in relation to Council's Youth Engagement Plan.

2. RECOMMENDATION

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

3. DISCUSSION

This is a snapshot of the work initiated by Waikato District Council to implement the Youth Engagement Plan.

2015: The Waikato District Council Youth Engagement Plan is adopted by Council, Huntly Community Board, Te Kauwhata Community Committee and Ngaruawahia Community Board. Youth action groups are established in Te Kauwhata and Huntly. The Waikato Social Sector Trials are initiated in the Waikato District.

Early 2016: The Youth Engagement Advisor recruits youth representatives for Huntly, Te Kauwhata and Ngaruawahia community boards and establishes the Ngaruawahia Youth Action Group.

Mid-late 2016: The Social Sector Trials end in June 2016. Council's Youth Engagement Advisor initiates conversations with Onewhero-Tuakau Community Board, Pokeno Community Committee and Raglan Community Board to enquire about the feasibility and establishment of youth representation on these community boards and committees. Reception to youth representation is favourable from all the aforementioned

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community boards and committees. The Youth Engagement Advisor consults with young people and youth community organisations in communities about these opportunities. We received contacts and avenues for promotion and recruitment.

Late 2016: The Youth Engagement Advisor applied to the Ministry of Social Development for funding (\$30,000) to build capacity of groups and youth representation throughout the district.

Early 2017: The application to Ministry of Social Development for funding is successful to the extent of \$10,000. Funding is now available for capacity building and leadership development of youth action groups and youth representatives on community boards and committees. Areas eligible for funding in this round are: Tamahere, Raglan, Ngaruawahia, Huntly, Te Kauwhata, Pokeno, Tuakau and Onewhero. The "Govern Up" programme to support youth representation on community boards and committees started on 01 February 2017. End date for funding is 30 June 2017.

4. "GOVERN UP" PROGRAMME

In January 2017, Waikato District Council received funding from the Ministry of Social Development to establish volunteering and mentoring positions for young people. The "Govern Up" programme aims to establish youth action groups, youth coordinators and youth representatives in Ngaruawahia, Huntly, Te Kauwhata, Tuakau, Onewhero, Raglan, and Tamahere.

The "Govern Up" programme will give youth action group members an opportunity to gain, further develop and use leadership skills. It will also provide them with an opportunity to participate in youth-led and youth-initiated projects/events. Youth action group members will become members of community boards and committees in these areas. Young people in leadership positions in youth action groups will support and mentor other young people. Youth action groups will recruit young people from their respective towns.

Waikato District Council received \$10,000 to carry out the "Govern Up" programme. The funding has been divided according to the participating community board/community committee areas. Each youth action group will have a budget of \$500 to \$1000 in which they can design and develop community based projects. There is no limit on the number of projects young people can create, but they will need to be realistic, timely and be completed by 30 June 2017. Reporting to the Ministry of Social Development is required to highlight how many young people participate in the projects, and how these projects were designed, led and coordinated by young people with support from key members of their community.

We are asking for the support of Councillors on the respective community boards/committees to support the development of the "Govern Up" project by supporting the capacity development of these projects. It is envisioned that the community boards and committees support the youth groups to plan and execute the programmes as young people ask for assistance.

In order for this programme to be successful, we are asking for a minimum of 60 young people to participate in this project across the district. We also require a dedicated adult

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agency, individual or mentor to support the youth group in each community as they are developing their projects, and to liaise with Council's Youth Engagement Advisor.

The responsibilities will be:

- To follow up with the Youth Action Group
- To help the group progress their projects
- To help the group maintain momentum of their projects
- Liaise with the Youth Engagement Advisor regarding progress and projects

The Youth Engagement Advisor has been in communication with many of the youth mentors of the community boards and committees to discuss the best way forward and is available for advice or support to increase positive youth participation.

5. YOUTH ENGAGEMENT PLAN UPDATE

Council adopted the Youth Engagement Plan on 10 August 2015. The Youth Engagement Plan focuses on how Council and its community boards and committees can give young people a voice in local decision-making structures.

The key objectives of the Youth Engagement Plan are:

- Giving young people a voice in local decision-making.
- Building the confidence of young people to engage in local government matters.
- Helping to ensure that the views of youth are considered in community planning matters.
- Helping to create a cadre of future leaders.

Council's 2020 challenge is to have the most engaged community in New Zealand. The Youth Engagement Plan helps towards achieving this by better integrating young people into our communities and giving them a platform to air their views at a local governance level.

Since the adoption of the Youth Engagement Plan, young people have been involved in a voluntary capacity in the creation and consultation of:

- The Waikato District Youth Awards this involved consultation and development from young people in Raglan, Huntly, Ngaruawahia, Te Kauwhata and Tuakau. Over 100 young people were nominated, 25 received finalist awards and over 80 young people were consulted for this project.
- Te Kauwhata Skate park.
- Te Kauwhata BMX track project.
- Te Kauwhata Basketball Court.
- Ngaruawahia Community Facility development.
- Huntly Lake Rotowaro repairs.
- Te Kauwhata streetlight and safety issues at night.
- Ngaruawahia Frame Your Town project.

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Additionally, the 2016 Waikato District Council elections saw four young people stand for election. They were:

- Sharnay Cocup Taupiri Community Board
- Logan Cotter Councillor Huntly Ward
- Phillip Henderson Onewhero-Tuakau Community Board
- Jasmine Peterson-Brambley Onewhero Tuakau Community Board

We acknowledge the support of the Councillors, community board and committee members, and staff for supporting young people to participate meaningfully in their communities.

6. Considerations

5.1 FINANCIAL

The Ministry of Youth Development provided \$10,000 to support Youth Engagement for our District for 2017. This money will be used in the "Govern Up" programme.

5.2. LEGAL

NIL.

5.3 STRATEGY, PLANS, POLICY & PARTNERSHIP ALIGNMENT

The Youth Engagement Plan will help Council achieve its 2020 challenge of having the most engaged community in New Zealand by directly supporting the implementation of Council's Community Engagement Strategy. It also directly supports the Youth Development Strategy Aotearoa which is about how government and society can support young women and men aged 12 to 24 years to develop the skills and attitudes they need to take part positively in society, now and in the future.

5.4 Assessment of Significance and Engagement Policy and of External Stakeholders

The following stakeholders have been consulted:

Planned	In Progress	Complete	
			Internal (Councillors)
			Internal (Council Staff)
			Community Boards/Community Committees
			Waikato-Tainui/Local iwi
x	х		Other (see below)

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The complete group of stakeholders and role-players being engaged is broken up as follows:

- Councillors
- Council staff
- External stakeholders
 - The Ngaruawahia and Huntly community boards and the Te Kauwhata Community Committee
 - Other councils and government agencies
 - Youth service providers within the district
 - Community groups
 - Local high schools
 - Youth action groups
 - Individuals with an interest in youth matters from within the community.
 - Ministry for Social Development

7. CONCLUSION

The key focus of the Youth Engagement Plan is engagement i.e. how to get our young people engaged by giving them a voice in local decision-making processes to help shape our communities. It is only one method of engaging with young people and creating the most engaged community by 2020. We look forward to reviewing the Youth Engagement Plan to engage with our other communities across the district and will require the support of councillors and community members to achieve this.

8. ATTACHMENTS

Photos of Youth Engagement Initiatives 2017

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From Left to right: Huntly Youth Action Group members China and Shyann Timo, Youth Engagement Advisor Shannon Kelly, and Huntly Community Board Youth representatives Logan Cotter and Phoebe Comins



Winner of Frame Your Town frame design competition, Tamehana Moanaroa, with Ngaruawahia Youth Action Group member, Wirhana Eriepa, receiving his prize outside Council offices January 2017

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Raglan Youth Engagement planning session in Raglan, November 2016. From left to right, Youth Engagement Advisor, Shannon Kelly, Councillor, Lisa Thomson and Chairman of Raglan Community Board, Bob MacLeod.



Present: Onewhero- Tuakau Community Board members, Onewhero Youth Action Group and Tuakau Youth Action Group members at Onewhero-Tuakau Community Board meeting 07 November 2016.

Community Board members and youth members networked after the meeting to appoint appropriate mentors for young people on the Community Board.

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Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date 02 March 2017

Prepared by Rajendra Java

Procurement Manager

Chief Executive Approved | Y

Reference # GOVI318

Report Title | Savings Report

I. EXECUTIVE SUMMARY

This report summarizes the savings achieved during the current financial year (for the six months ended 31 December 2016). Procurement savings take into account the gains from using the All of Government ("AoG") and Syndicated Procurement contracts, in addition to those arising out of negotiated local procurement and contracts.

The Savings are shown as two distinct groups as explained below:

- I. **Completed:** Are the ones where all activities have been completed and the savings have been accrued or reported by MBIE (for AoG contracts).
- 2. **Potential:** These are actions which have been completed to produce savings in the coming years:
 - a. Recruiting Services Contract expected to result in savings of over \$38,000 per annum from Jan 2017 onwards.
 - b. Telecommunications costs that would be lower by over \$22,000 due to use of new TaaS contracts initiated by Department of Internal Affairs.

The details of all the different initiatives undertaken that have resulted in savings are shown in Annexure I.

This report only records savings delivered during the first six months of the year. This equates to \$259,234. Further savings of \$86,047 are accruing this year as a result of initiatives put in place in prior years. These savings have been reported on previously. Hence, the value delivered against the budget for the year ended 30 June 2017, is already \$345,281. In addition to this the procurement function is involved in a number of one off initiatives which are not included above. For example, supporting tender processes, preparing project briefs and contract documentation and support of LASS procurement initiatives.

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Savings from Banking transactions are only reported on calendar year basis therefore the figure reported pertains to the calendar year 2016.

2. RECOMMENDATION

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

3. ATTACHMENTS

Savings Register FY 2016-2017

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				Sav	Savings Register FY 2016-2017	016-2017				
S Month	n Description of the goods / Service ✓	Category	Status 🔻	Check	Proposed / Historic Price	New / Final Price		Þ	Туре	Remarks
1 Dec-1	Dec-16 Banking Transaction Fees	AOG	Completed	1	\$ 65,792	\$ 12,456	ş	53,335	Annual	Annual saving report from BNZ for calendar year
2 Oct-1	Oct-16 Aquamats for Raglan WTP	WDC	Completed	П	\$ 72,627	\$ \$90,903	φ	2,724	One time	Discount negotiated based on earlier offers
3 Dec-1	Dec-16 Fuel from BP	Syndicated	Completed	H	Syndicated pricing applied to all fuel purchased through BP cards issued to each vehicle	Spend in the calendar year 2016 was \$185,085	₩.	67,577	Annual	Based on Savings report received as of Dec 2016. Savings calculated as difference between amount charged and the National Average Pump Price for Fuel.
4 Dec-1	Dec-16 IBM Kenexa staff surveys	WDC	Completed	1	\$ 38,925	\$ 25,857	φ	13,068	One time	Staff Survey offer scope and negotiation discussions led to savings
5 Dec-1	Dec-16 Animal control Vehicle lights - Wade Group	WDC	Completed	1	\$ 51,898	\$ 28,656	₩	23,242	One time	Lighting offer scope and negotiation discussions led to savings
6 Jan-1	Jan-17 Recruiting Services through Aotal	WDC	In Progress	0	\$ 49,750	\$ 11,600	w	38,150	3 year contract	Annual Saving mainly though elimination of fees paid per job hosted and capping support at 45\$ per hour service to \$\$7,500 per month.
7 Jul-1	Jul-16 Telecommunications	Syndicated	Completed	0	O Migrated to new offering call TaaS through DIA & MBIE.	Savings on shared data bucket and call charges within Aus. and NZ are free from all mobiles. Current cost per annum 94,000\$. Expected cost per annum is 80,000 for existing connections. Also included is the savings in Voice and Data connections now priced under TaaS agreement.	v	22,534	Annual	Saving through shared pool of data based on number of phone connections. Only data devices connected to same pool at nominal charge of 55 per month. All call and TXT msg to numbers in NZ & Australia will be free and unlimited. There is another notional savings in the form of cancellation of termination charges for existing contracts worth 30k. Being notional this has not been included in the savings.
8 Dec-16	Reported savings not included above	AoG Aog Aog Aog Aoo	As of Q2		Air Travel Electricity Office Supplies IT Hardware Motor Vehicles Print Devices Old Plan Reticulated Gas	\$ 19,815 \$ 483,944 \$ 49,353 \$ 2,037 \$ 249,438 \$ 86,779 \$ 22,153	w w w w w w	924 31,548 13,137 197 30,189 7,546	Q2 FY16-17 Q2 FY16-17 Q2 FY16-17 Q2 FY16-17 Q2 FY16-17 Q2 FY16-17 Q2 FY16-17	Based on savings reported by MBIE compiled for 2016/17 FY (report dated 22/02/2017)
			otal Completed Total Potential Grand Total					\$ 259,234 \$ 60,684 \$ 319,918		



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager, Strategy & Support*

Date | 06 March 2017

Prepared by Betty Connolly

Senior Policy Planner

Chief Executive Approved | Y

Reference # GOVI318

Report Title Adoption of the Ngaaruawaahia, Hopuhopu, Taupiri,

Horotiu, Te Kowhai and Glen Massey Structure Plan

I. EXECUTIVE SUMMARY

The purpose of this report is to present to Council the completed Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan ("NSP") for Council adoption.

2. RECOMMENDATION

THAT the report from the General Manager Strategy and Finance be received;

AND THAT the Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan be adopted.

3. BACKGROUND

In response to community feedback and anticipated growth in the Ngaruawahia area, work commenced on the NSP in 2014. Since that time Council has commissioned consultants who provided reports on such things as Geotechnical, Landscape, Three waters and archaeology. Alongside that work, Community groups, stakeholders, landowners and Community Boards and Committees have been widely consulted to ensure that the structure plan would reflect the aspirations of the individual communities while managing the changes that come with development. This has culminated in the attached document which now requires adoption by Council.

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4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

The structure plan covers a wide area and diverse communities. One of the main themes that was apparent was that all communities were welcome to change and further development as long as it was in a co-ordinated manner and that the identity of their individual town or village was not lost. The structure plan aims to address each community individually and respond to their specific needs.

4.2 OPTIONS

The work on the structure plan has been occurring at a time where there has been unprecedented development in the wider Ngaaruawaahia area. To enable development to proceed there was a need for Council to undertake the structure plan to ensure that:

- a) land was zoned appropriately to allow development;
- b) that development occurred in a co-ordinated manner; and
- c) infrastructure projects were aligned with Council's Long Term Plan.

Failure to undertake the structure plan could have had unacceptable outcomes both for the community and Council as well as resulting in adhoc private plan changes. This document now provides direction for future development within the structure plan area and allows Council to undertake long term planning for these developments.

During the time the structure plan has been in progress it became apparent that development was moving ahead faster than the timeframes required to undertake the structure plan and this resulted in Council's decision to proceed with Stage I of the proposed zone changes as Plan Change I7 Ngaaruawaahia and Surrounding Villages Stage One Proposed Rezoning. This plan change has now proceeded through the Schedule I statutory process and is operative. The remaining areas to be rezoned as shown in the structure plan will be incorporated as part of the District Plan review.

5. CONSIDERATION

5.1 FINANCIAL

All costs have been met within the allocated budget.

5.2 LEGAL

No legal issues. All statutory processes have been met.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

The structure plan feeds into the District Plan by identifying zones. The Long Term Plan will include the community projects and infrastructure that is affected as a result of the structure plan. The structure plan is line with the District Growth Strategy, Future Proof and the Regional Policy Statement land allocation.

Page 2 Version 4.0

5.4 Assessment of Significance and Engagement Policy and of External Stakeholders

Highest	Inform Consult Involve Collaborate Empower							
levels of								
engagement								
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).	ConsultaOpen of landownedUse of Formula	nity open days tion with Completion with Completings days, meetings derived a community ocus group for staff communications.	and works groups and sta engagement	•	businesses,			

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
		✓	Relevant stakeholders, e.g. Education Dept.

6. CONCLUSION

The Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan is the culmination of 3 years work. This has involved communities within the structure plan area to confirm a document that portrays the aspirations of all these individual communities. To ensure that these aspirations and projects can be achieved Council is asked to adopt this document and provide certainty and guidance to the community as to how their town or village will develop over the next 30 years.

7. ATTACHMENTS

Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai and Glen Massey Structure Plan

Page 3 Version 4.0

Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan





March 2017

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I. Introduction

The Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan¹ (NSP) is a guide to the development of the town of Ngaaruawaahia 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 informed a plan change to the Waikato District Plan and will assist the District Plan Review to incorporate appropriate rezoning and development controls to enable the future growth and development of these six settlements. 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 for these settlements over the next 30 years.

I.I 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.

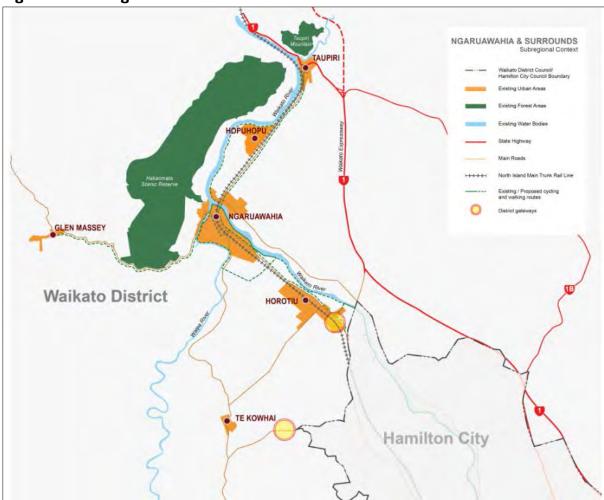
Key benefits of the Structure Plan

- Incorporation of community values and aspirations for the future development of Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey;
- Setting of agreed development standards;
- Guidance to landowners and Council regarding the layout and form of future development;
- 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.

2. Background and Strategic Context

Ngaaruawaahia, 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 I 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
Ngaaruawaahia	5430	5430	5540	5620
Horotiu	830	900	1200	1390
Hopuhopu**	Unknown	Unknown	Unknown	Unknown
Taupiri	460	500	600	640
Te Kowhai	1600	1700	1720	1960

Glen Massey* 270 280 280 280 Source: University of Waikato(UoW) 2016 number

of people round to the nearest ten.

*Glen Massey NIDEA 2014 at the time of publishing since the population spilt 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.

**Hopuhopu projects are unable to be obtained as they are included in the Kainui CAU.

Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey (see Table I) had a combined estimated 2015 population of approximately 8,590 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 200,0002. 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 Ngaaruawaahia 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 Ngaaruawaahia - Local Context and Key Features

Ngaaruawaahia 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 Maaori Kiingitanga and as a river based settlement is one of the oldest settlements in the Waikato Region. The landscape surrounding Ngaaruawaahia is dominated by the two rivers, the Haakarimata 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 Ngaaruawaahia has itself become a satellite dormitory town to Hamilton, the town provides important community services for the outlying settlements of Taupiri, 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 Ngaaruawaahia 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

-

² Statistics New Zealand estimates (2014).

Haakarimata Range for recreation and people exploring the 70km Te Awa cycle trail (Ngaaruawaahia to Horahora) and local history.

Photographs of Ngaaruawaahia



Quarry trucks through the town with the Haakarimata range in the background



The railway line past the town



The Waikato River through the town



The Kiingitanga Walkway at the Point



Characteristic residential street



The town's swimming pool



The main street in town



Patterson Park

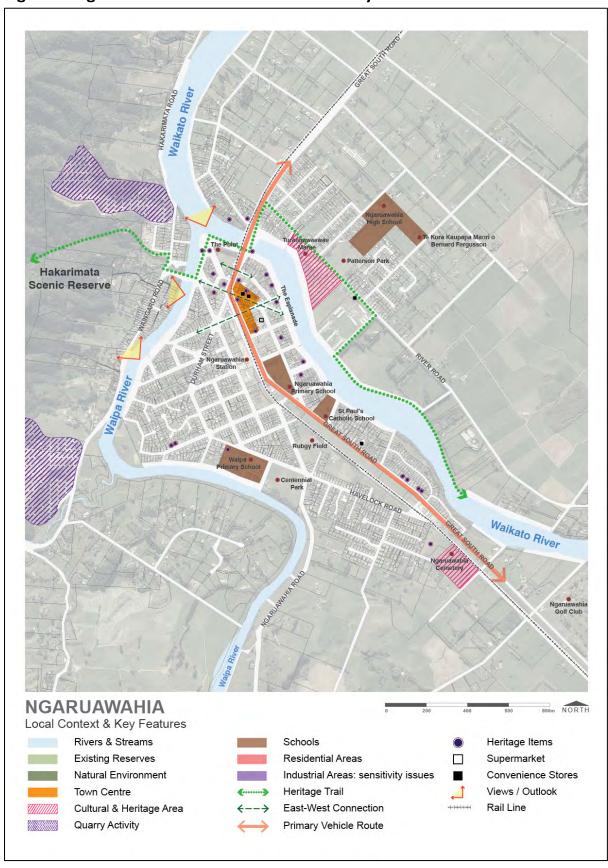
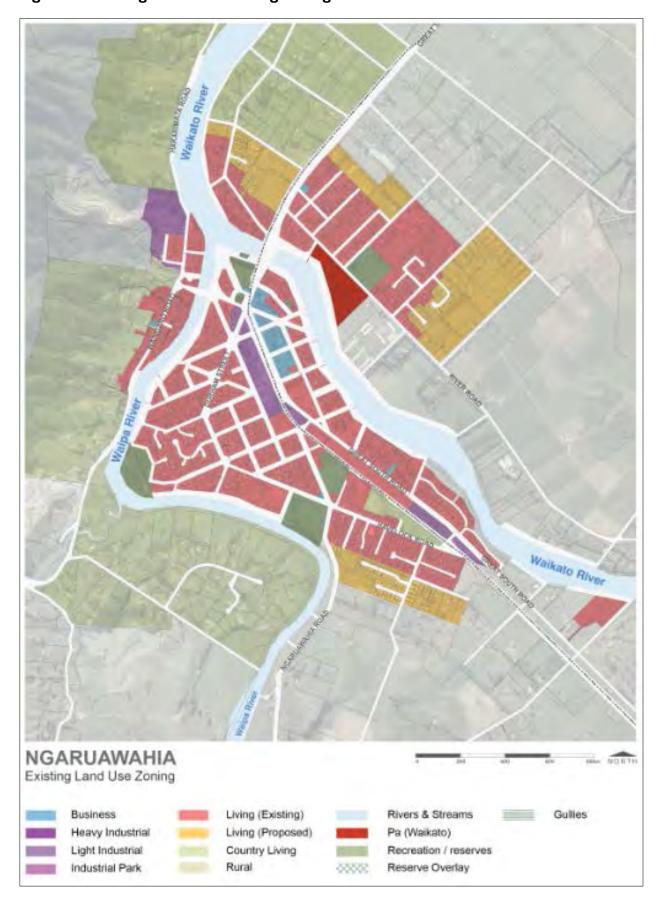


Figure 2. Ngaaruawaahia - Local Context and Key Features

Figure 3. Existing Land Use Zoning for Ngaaruawaahia



2.2 Hopuhopu – Local Context and Key Features

Hopuhopu is located approximately 6 minutes north-east of Ngaaruawaahia and immediately north of the Ngaaruawaahia 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 College for Research and Development. The village is located off the main road and provides a pedestrian friendly environment compared to the main road. The College, sports fields 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 Waikato-Tainui College building on Some of the former army base buildings the hill





Entrance to Hopuhopu



Some of the houses in Hopuhopu with the Haakarimata Range in the background



Well established trees line the road through Large open spaces alongside the Waikato River Hopuhopu



at Hopuhopu

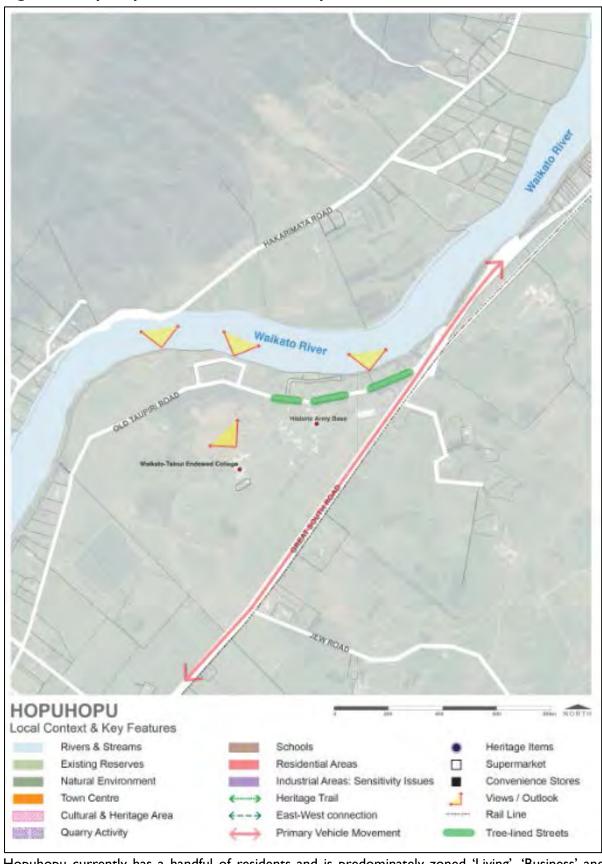


Figure 4. Hopuhopu Local Context and Key Features

Hopuhopu currently has a handful of residents and is predominately zoned 'Living', 'Business' and 'Pa.' The settlement, Waikato-Tainui College and the Waikato-Tainui complex are surrounded by land zoned for 'Rural' activities. Any future plans for the development of Hopuhopu will be dependent on the aspirations and visions of Waikato Tainui.

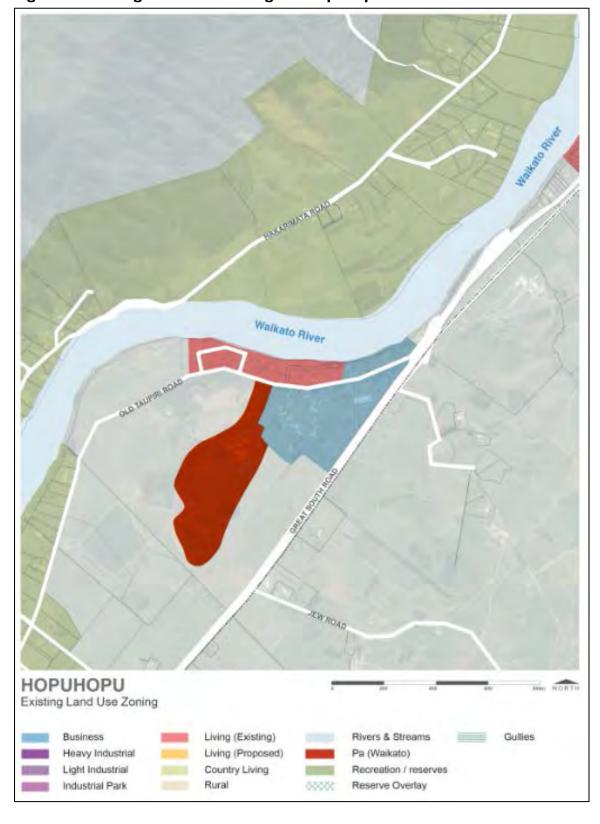


Figure 5. Existing Land Use Zoning for Hopuhopu

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 Ngaaruawaahia and is overlooked by Taupiri Mountain (Taupiri maunga) - the sacred burial ground for Maaori of the Waikato iwi. The township was settled by paakehaa in the 1870s and became a farming centre with flax mills, sawmill and a dairy factory. The population of Taupiri is approximately 440 people. (see photographs and Figure 6 below).

Taupiri has witnessed a significant reduction in vehicle traffic through the village due to the completion of the State Highway One by-pass of Taupiri, Ngaaruawaahia and Horotiu in 2013.

Photographs of Taupiri



The main road through Taupiri (formerly State Small group of businesses off the main road. Highway I.



The café on the main street.



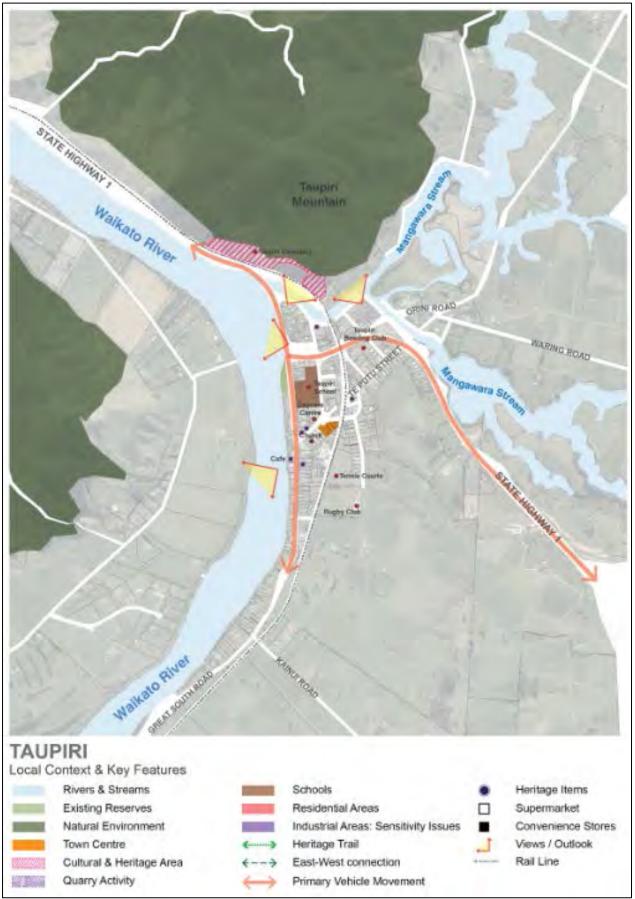
The church in the main street



The rugby club and hockey fields provide good Characteristic residential street in Taupiri. sporting facilities for the wider area.

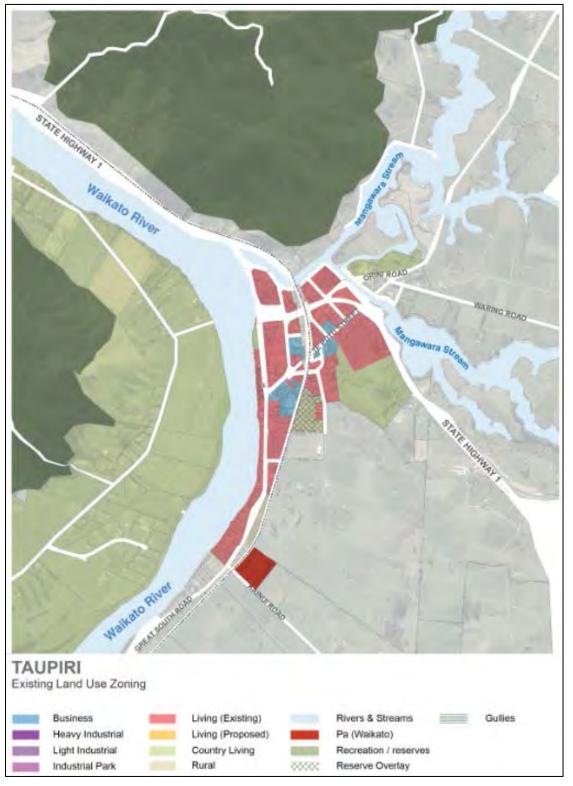


Figure 6. Taupiri – Local Context and Key Features



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 Paa zoning. Taupiri township is surrounded by land zoned 'Rural' (see Figure 7 below).

Figure 7. Existing Land Use Zoning for Taupiri



2.4 Horotiu – Local Context and Key Features

Horotiu is a small settlement comprising a mix of residential and industrial activities located approximately 15 minutes' drive north of Hamilton and five minutes south of Ngaaruawaahia (see photographs and Figure 8 below). The settlement is strategically located on the northern edge of Hamilton at the junction of Great South Road, Horotiu Road and Horotiu Bridge Road (a key crossing point over the Waikato River). Horotiu has good accessibility with an interchange access to the Te Rapa Bypass and is also located on the North Island Main Trunk Railway line. In addition the popular Te Awa walk/cycle way connects Horotiu with Hamilton and will link through to Ngaaruawaahia in the future.

The settlement has a current population of approximately 800 people which is projected to grow due to the village's strategic location. An important focal point for residents is the primary school. Since 2011 Horotiu has been identified as a significant industrial node and is scheduled for intensive industrial development with Ports of Auckland being a prominent anchor presence as a container handling facility with direct rail access.

Photographs of Horotiu



The dairy in Horotiu



The mixture of business and residential in Horotiu

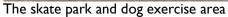


The Horotiu Primary School



Industry in Horotiu







Splashy is a landmark business in Horotiu

Figure 8 Horotiu – Local Context and Key Features

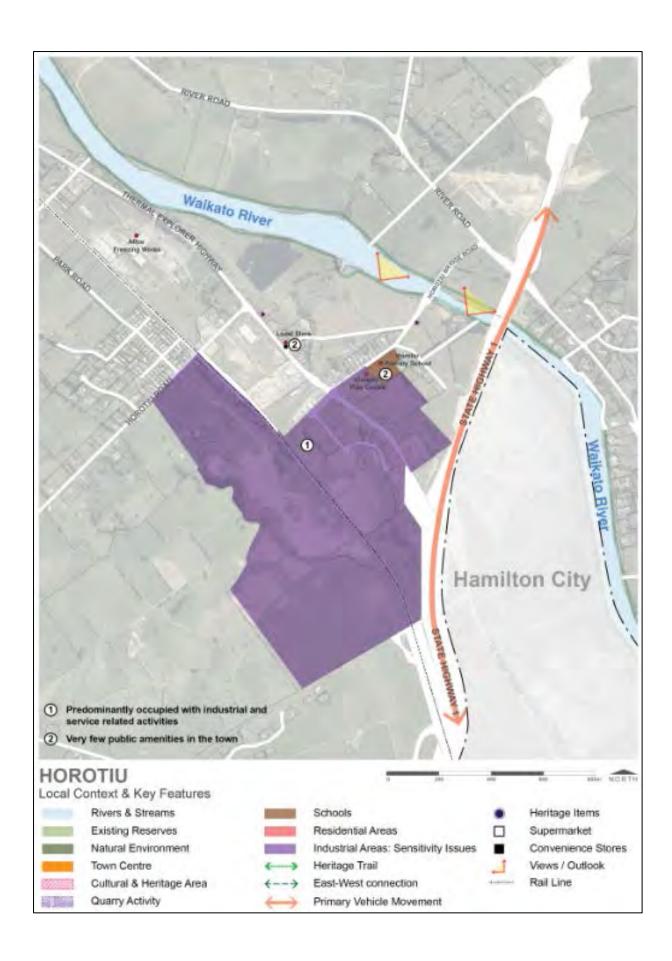
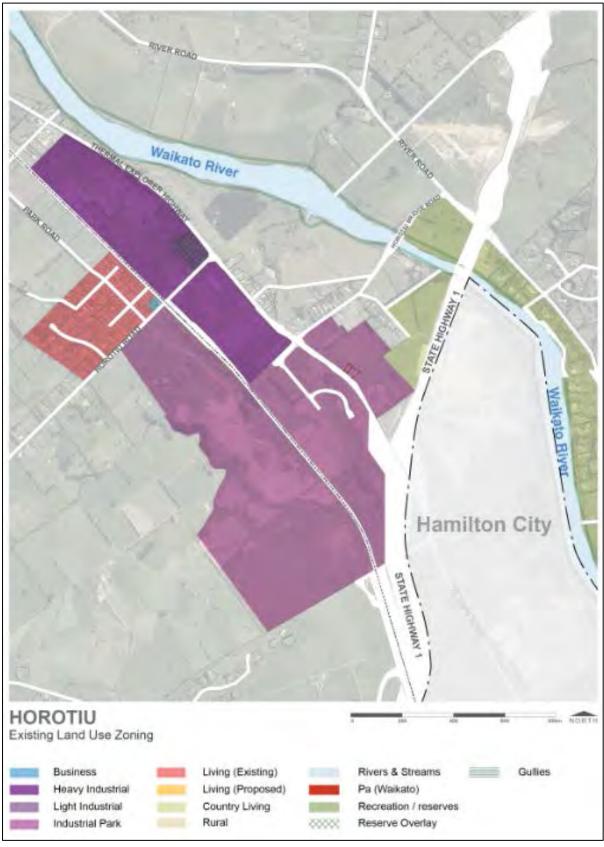


Figure 9. Existing Land Use Zoning for Horotiu



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 Ngaaruawaahia. It presently has a country village identity and comprises a full primary school, fruit and vegetable store, dairy and takeaways, vehicle repair workshop, retirement village, and a large recreation park with a skate park and playground (see photographs and Figure 10 below). Te Kowhai Airfield is situated on the southern periphery of the village. There are no reticulated water or waste water services available in Te Kowhai resulting in recent and current residential development being restricted to Country Living which has an on-site wastewater disposal requirement.

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



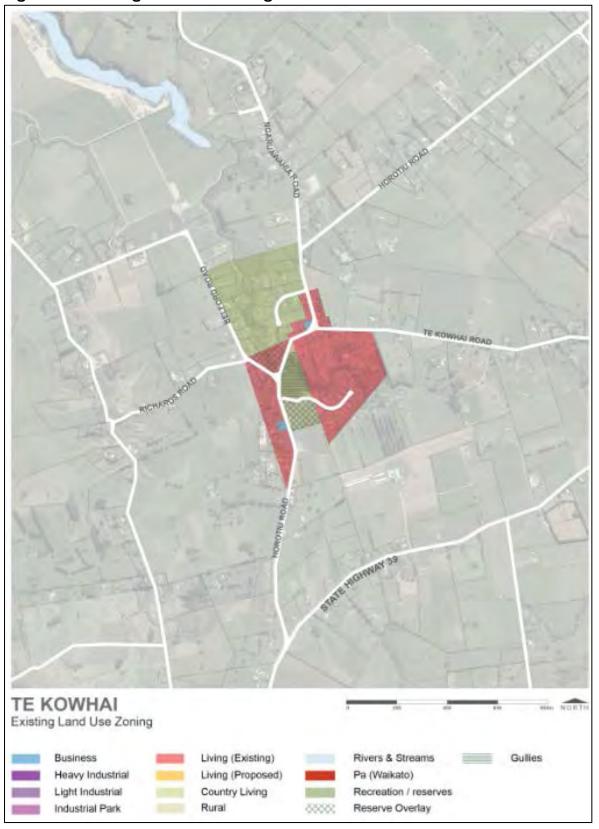
The only non retail business in the village

ATE HIGHWAY 34 1 Local dairy is isolated from main activities TE KOWHAI Local Context & Key Features Rivers & Streams Schools Heritage Items **Existing Reserves** Residential Areas Supermarket Natural Environment Industrial Areas: Sensitivity Issues Convenience Stores Heritage Trail Views / Outlook Town Centre Rail Line Cultural & Heritage Area East-West connection Quarry Activity Primary Vehicle Movement

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' as well as a small area zoned 'Business' (see Figure 11. below). The township is surrounded by a large expanse of land zoned 'Rural' on all sides. When development occurs in Hamilton in the currently undeveloped Rotokauri Structure Plan greenfield area, the village will be closer to urban development.

Figure 11. Existing 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 Ngaaruawaahia and accessed via Waingaro Road. The village is a former coal mining settlement that grew and declined in response to the fortunes of the nearby former Wilton Colliery which developed in the early twentieth century and closed in 1958. Glen Massey is contained by the surrounding rugged hill country. A definite focus of the settlement is the Glen Massey Primary School which serves the wider 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.

Glen Massey is zoned predominantly for residential and rural activities. Although not serviced by reticulated water and waste water, the village comprises land historically zoned for both 'Living' and 'Country Living' and is surrounded by 'Rural Zoned' pastoral farming activities (see Figure 13 below). There are no business activities in the village. The village is valued by its residents for its village and country lifestyle character. It has significant undeveloped 'Country Living' zoned land that is available for further residential development depending on market demand and landowner aspirations.

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

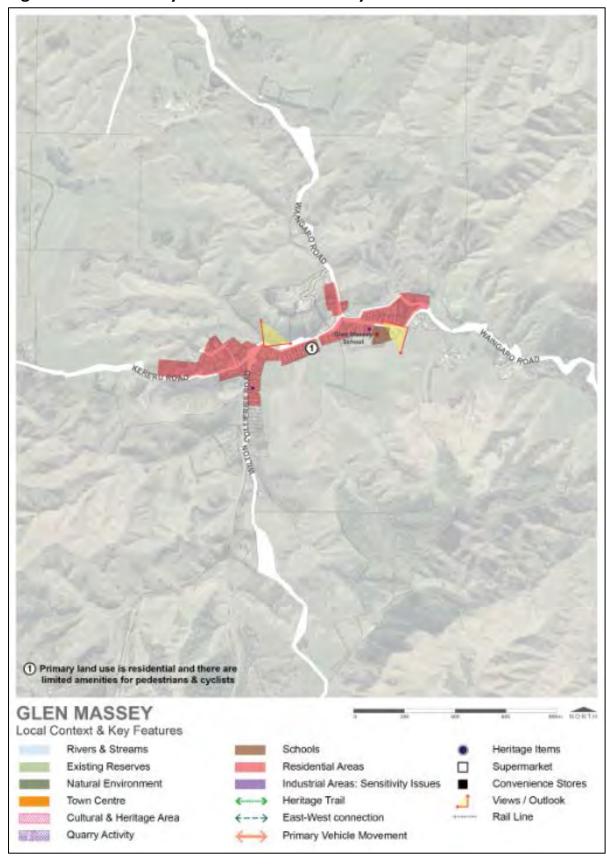


Figure 12. Glen Massey - Local Context and Key Features



Figure 13. Existing 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:
 - o medium density town houses
 - o above shop apartments around the Ngaaruawaahia town centre
 - o traditional suburban lots of 600- 700m² for family households
 - o smaller lots and retirement village options for older people
 - o more areas of country living but on smaller lots of approximately 2,500-3,000m²;
- 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 Tuurangawaewae Marae;
- Better connection of study area with its natural features such as the Waikato and Waipaa Rivers and the Haakarimata Reserve;
- Support industrial & business development in Horotiu;
- Support the business development of the Ngaaruawaahia town centre;
- Plan for a connection from the Te Awa walk/cycle way to the Haakarimata walkway; and,
- Provide for residential and supportive business growth in Ngaaruawaahia, Taupiri and Horotiu as well as country living and business growth in Te Kowhai;
- Recognise and support the linkages between the structure plan settlements and Hamilton as the regional city and services hub.

In addition to these key planning issues, the key opportunities and constraints identified in the preliminary assessment stage are bulleted below:

Opportunities

- Population is growing in Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey;
- There is space for growth;
- Proximity to the Waikato River and Haakarimata Range for recreation and tourism;
- Railway line through the area;
- Grow town around the centre to ensure good access;
- Ngaaruawaahia, 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 Ngaaruawaahia town centre;
- Significant residential development is occurring on south side of Ngaaruawaahia; and
- Proximity of Hamilton for higher order services and amenities.

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 Ngaaruawaahia and Horotiu;
- The poor quality of some of the residential development in Ngaaruawaahia;
- The loss of connection between the town and the river;
- The awkward spatial layout of Ngaaruawaahia at the confluence of the Waipa and Waikato Rivers and divided by the railway line and former State Highway One corridor; and
- Current restrictions for growth due to water and wastewater capacity and reticulation limitations.

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 **Ngaaruawaahia, Taupiri, Te Kowhai & Glen Massey** ³ 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;
- 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, lower speed limits around town;

³ 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.

Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan¹ (NSP) March 2017

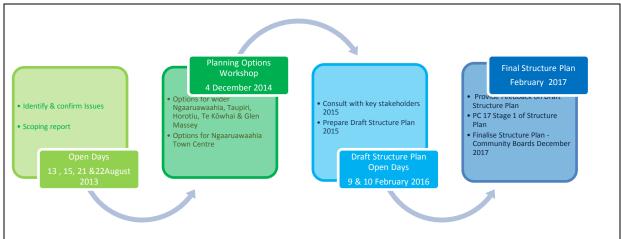
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- Design guidelines for development to maintain and enhance local character and identity;
- Enable purposeful development to support community needs (ie retirement village),
 rezoning and design guidelines;
- Sustainably manage, and maintain the visual outlook of our local natural environment (Haakarimata ranges, Waipaa and Waikato Rivers);
- Protect the history and heritage of each community;
- Manage the areas uniqueness and Maaori culture; and
- Best use of recreation and link walkways and cycleways.

Community Engagement in Preparing the Structure Plan (refer to Diagram I)

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 I)

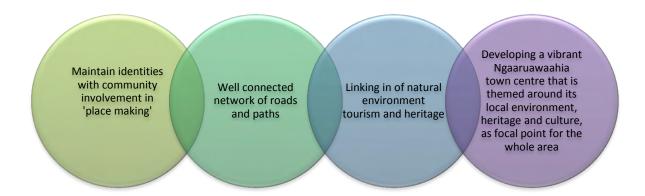


Options for Development and Concept Proposals

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 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.

Well designed development

- Diversity of residential living options
- •Keep settlements compact
- Provide infrastructure and services to new areas
- Provide for train and bus public transport

Well connected network of roads and paths

- Connect residential areas to schools and reserves
- Promote walkability
- •Support methods (design and road function) that encourage lower speed environments in residential, school and recreational areas

Links with natural environment tourism and heritage

- Connect urban areas to natural features and reserves (the Rivers, gullies and Haakarimata's) in both accessibility and visual connection
- Integrate heritage and tourism features as part of 'place making'

Town Centre is a focal point

- Vibrant town centre that visually reflects its local environment, heritage and culture
- Mixture of business and community services
- Make town centre accessible and pedestrian friendly
- •Space for supermarket & medical centre expansion

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;
- Stormwater Management;
- Urban Design;
- 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 regulated4 changes to the Waikato District Plan zoning or provisions triggered by the Structure Plan.

⁴ Any changes to the Waikato District Plan are require compliance with a rigorous Schedule 1 process under the Resource Management Act (1991) Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan¹ (NSP) March 2017

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

Identity and Legibility

- Have clear gateways to mark outside edge of each settlement on main roads;
- Have defendable boundaries that clearly distinguish settlements nodes from surrounding rural areas; and,
- Use landmarks and features to help build each settlement's unique identity and sense of place.

Integrated and Connected

- Develop a more connected road network that is easy to navigate and improves accessibility for residents;
- Develop a footpath network that enables people to walk between the various parts of each settlement ie schools to homes and homes to shops and parks; and
- Have well designed roads and streets that recognise the importance of roads as both movement corridors for people and vehicles but also as important shared public spaces onto which the various activities and land uses in each settlement front onto.

Diversity and Flexibility

- Use the road network and framework of land use zones to provide for a range of land uses and variety of housing options; and
- Ensure that new residential areas have a more regular road layout to give each settlement greater flexibility to provide for a variety of development options over time.

Resilience and Sustainability

- Maintaining a regular road layout will support a compact and sustainable urban form and enable the efficient reticulation of utility services;
- Integrating stormwater management spaces in the gullies with the parks will provide an interconnected network of open space and corridors for improving urban biodiversity for each settlement; and
- Amenity will be improved through improved access to public open space and playgrounds at a neighbourhood level.

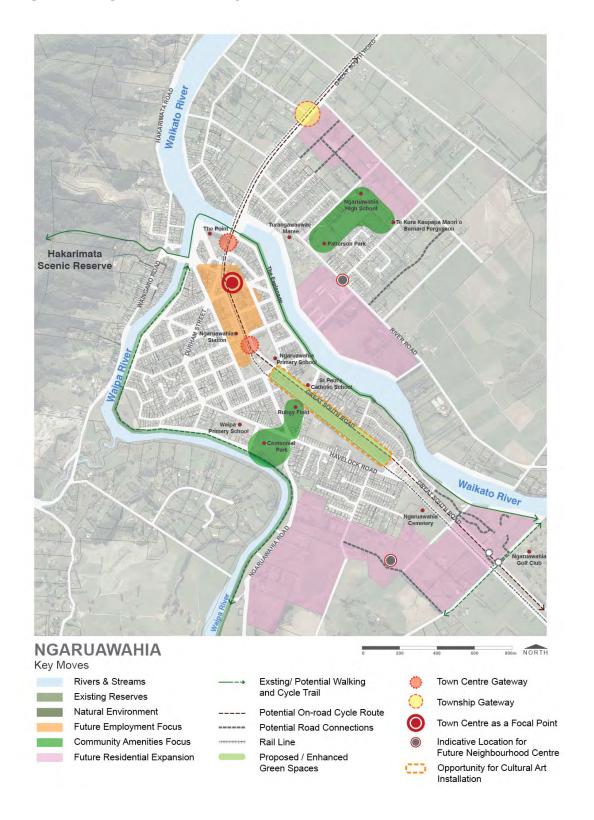
Managed Growth

- New development is to be staged to enable better coordination of development and provision of services; and
- Staged land release will enable a more sequenced and synchronised process of designing, consenting, construcing and landscaping new development areas.

4.2 Key Moves for the Six Settlement Areas

The policy team 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: open days 2013-2014; Community Board and Community Group workshops 2014-2016; Focus Group workshop 2014; and individual stakeholder and landowners meetings 2014-2016.

Figure 14. Ngaaruawaahia Key Moves Plan



4.2.1 Key moves for Ngaaruawaahia

These are:

- New residential growth to the north and south while providing for a clear edge to the town with a rural buffer /green belt around the town;
- Better connectivity between town centre, the Point Reserve, Tuurangawaewae Marae, the Waipaa and Waikato Rivers and Haakarimata walkway;
- Protect the Haakarimata Ranges from additional adverse extractive activities;
- Recognise and provide for the distinct difference in identity and function of the Tuurangawaewae Paa and its importance within the community;
- An improved walking and cycling network integrated with Te Awa cycleway;
- Enable cultural, social and economic opportunities along Te Awa Cycleway and by the Haakarimata walkway;
- Mark entrance ways in to Ngaaruawaahia;
- Enhance our story by protecting and maintaining our historic and heritage buildings and properties;
- Build identity on heritage and cultural aspects of the town with development of an arts centre to embrace all cultures;
- New residential lots should enable good urban design outcomes with section sizes that provide for a diversity of living styles; and
- Public toilets in the Brownlee Avenue carpark at the base of the Haakarimata walkway.

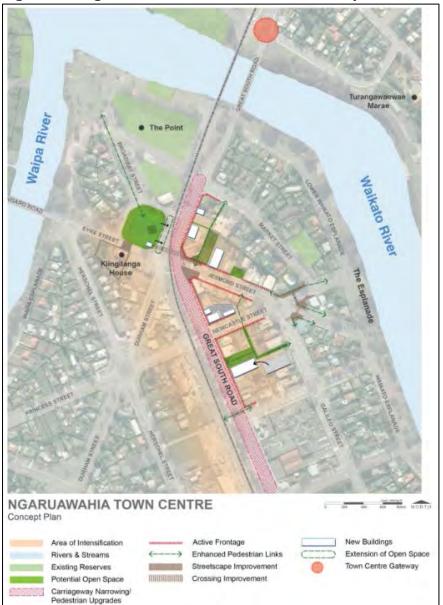


Figure 13. Ngaaruawaahia Town Centre Concept Plan

Key moves for the town centre

- Better civic facility in town centre to include hall, meeting rooms and library;
- Centrally located multi-purpose facility;
- Link Jesmond Street and Market Street;
- Encourage a design theme that is sympathetic to connectivity of the town centre with its local environment (Haakarimata Ranges, Waipaa and Waikato Rivers), local history and heritage and cultural.

4.2.2 Key Moves for Hopuhopu

These are not certain at this stage and will depend on the vision and plans of Waikato-Tainui. The map below presents some ideas one of which is to have improved connections with Taupiri and Ngaaruawaahia cycleway and walkway.

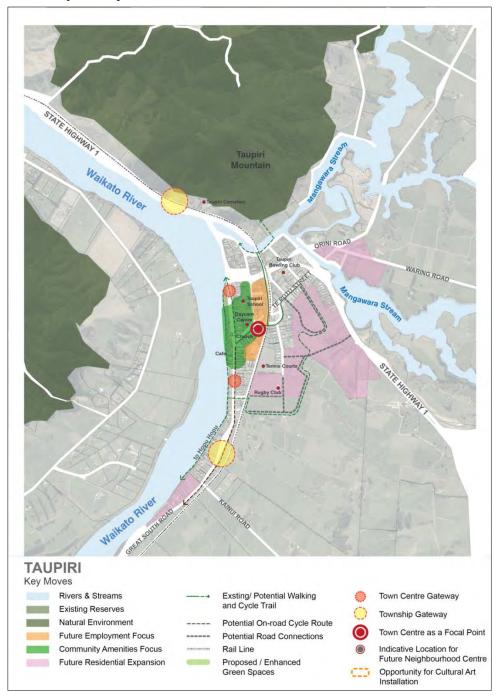
Figure 15. Hopuhopu Possible Key Moves Plan



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 and enable access up the mountain;
- More utilisation of Bob Bryne Park;
- Te Putu Street to be the focus of the village;
- Cycle track in the long term;
- Utilise Council property in Wright Street by turning it into a BMX track;
- Use farming and the sports park as themes and focal points for the village;
- Extend reserve on Murphy Lane to include skateboard park and playground; and
- Add residential zoning to reflect opportunity for affordable housing close to expressway.

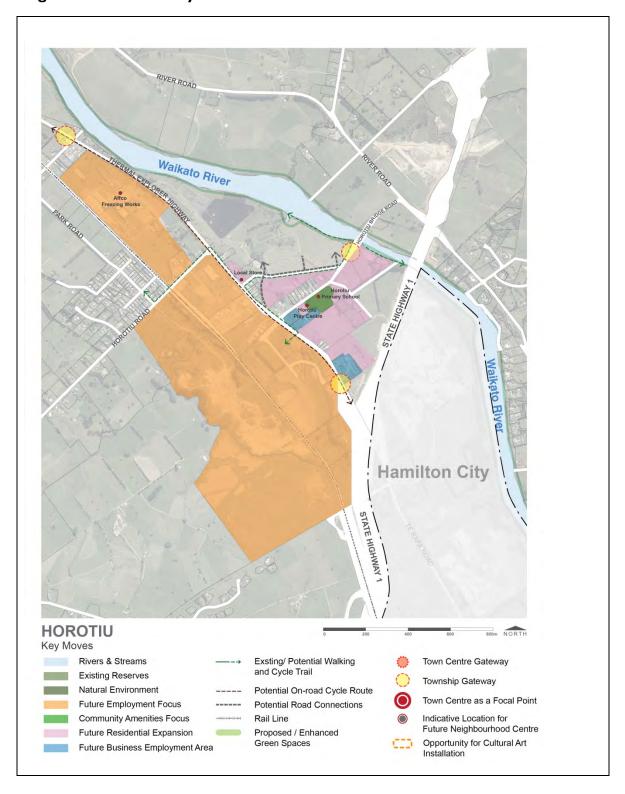
Figure 16. Taupiri Key Moves Plan



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

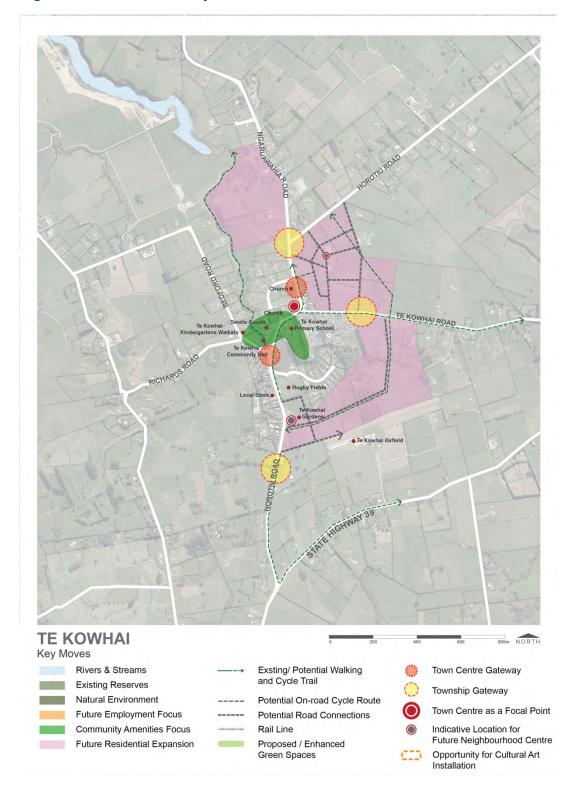
Figure 17. Horotiu Key Moves Plan



4.2.5 Key moves for Te Kowhai

- Retain the village 'look' within new developments and keep the identity of the village;
- Where possible link development to the Te Otamanui Walkway;
- Concrete footpaths to enable efficient walking access through and to the central village and ensure safe access across Te Kowhai/Horotiu Road;
- Cycleway to Hamilton;
- New developments to have an emphasis on 'avenue type' roads incorporating Kowhai trees;
- New developments to ensure connections and linkages to the village;
- Walkway around the village to follow gas pipe line;
- Minimise the utilisation of ancillary buildings;
- New developments to encourage underground services;
- Mark all entrance ways to the village;
- Extend the business area to promote growth;
- Road names to reflect the area's heritage;
- Country Living development to be 3000m2;
- Future country living residential areas could be to the north, east and a small area to the south; and
- Extend the Village Green to provide a larger reserve for sports activities.

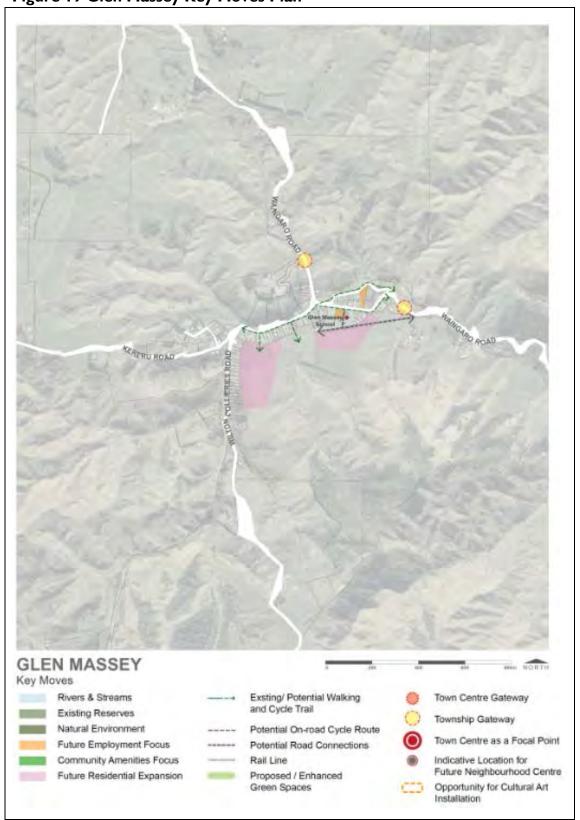
Figure 18. Te Kowhai Key Moves Plan



4.2.6 Key moves for Glen Massey

- Footpaths connecting from the school through the village and along the Wilton Colleries
 Road:
- More recreational facilities; and
- Focus village identity on its coal mining heritage.

Figure 19 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 land uses. As urban areas expand to accommodate projected growth so the urban boundary will shift to mark this changing transition. To improve certainty for our communities 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 should be matched to the demand for additional land capacity to accommodate the projected future growth in population. This staged approach will enable new development to align with establishing the supporting infrastructure that is required to meet the future needs of new residents such as water and wastewater services, power and telecommunications along with parks and reserves.

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Individual staging plans have been compiled for Ngaaruawaahia, Taupiri, Horotiu and Te Kowhai 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 lack of population growth and absence of reticulated water and waste water services. No new zoning is proposed for Hopuhopu as there is currently capacity and development of the area will be contingent on the aspirations and plans of Waikato Tainui.

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 (now operative) has rezoned the Stage I areas identified in the Structure Plan for urban⁵ development uptake.

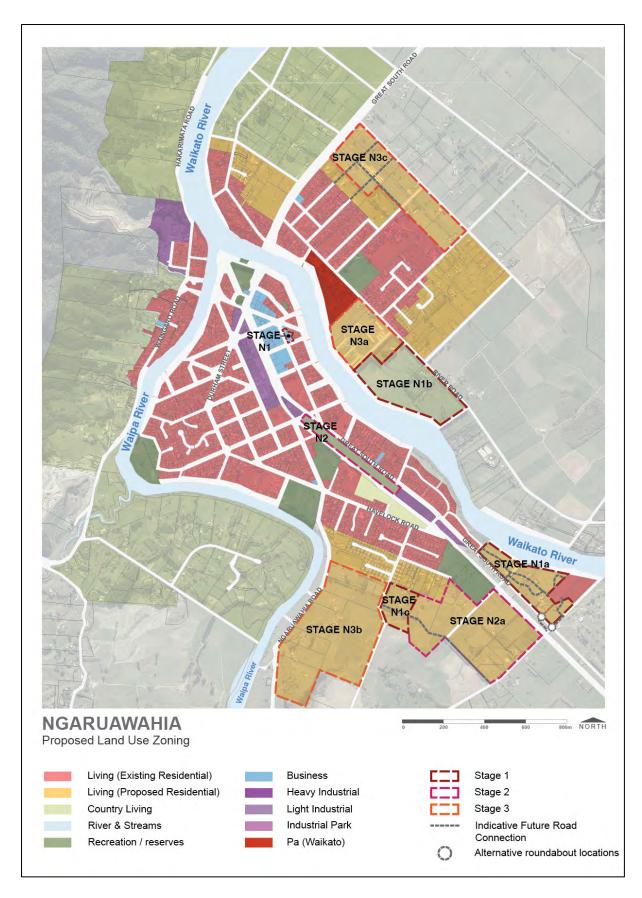
Since this structure plan is strategic, high level and long term, there are likely to be unforeseen changes occurring in the local and wider context during the next 30 years that necessitate the regular review and updating of all the key moves and outcomes contained in this structure plan document.

⁵ in advance of the comprehensive District Plan Review process which the Council has currently underway Ngaaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan¹ (NSP) March 2017 P a g e | **43**

4.4.1 Staging Plan for the Development of Ngaaruawaahia

The physical constraints of the two rivers, flooding and the Haakarimata range restrict future growth of the town to a southerly direction and northeasterly direction.

Figure 20 Development Staging Plan for Ngaaruawaahia



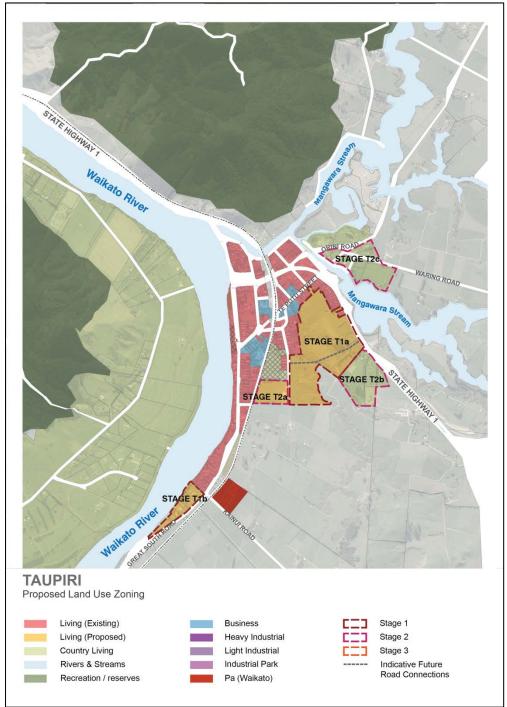
The staging presented here provides considerable capacity to meet projected population growth. Ngaaruawaahia is fortunate in having good road infrastructure, reticulated utility services and community facilities that have capacity to accommodate growth in the short to medium term. The staging plan makes provision for a mix of Living and Country Living residential development to

occur. There is considered to be sufficient existing Industrial land capacity and a small addition of Business zoning is provided to support the improved performance of the town centre. 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 Ngaaruawaahia, the physical constraints of rivers, flooding and topography restrict future growth in Taupiri to the south and north east.

Figure 21 Development Staging Map for Taupiri

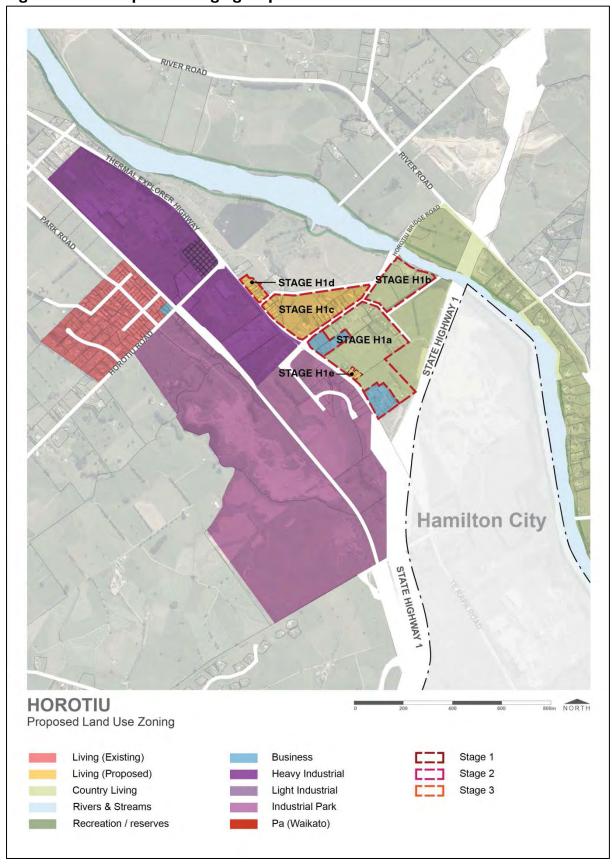


There is a generous margin of potential development capacity provided for in stage two of the plan. The plan takes advantage of the established community facilities, road infrastructure and reticulated services present. The additional staged zoning of Living and Country Living residential land caters 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, Living and Country Living zones.

Figure 22 Development Staging Map for Horotiu



Much of the proposed zoning is to reflect existing land uses and provide for the development of a more integrated urban settlement. Horotiu already has a potential focal point for development at the intersection of Great South Road and the Horotiu Bridge Road because of the existing businesses and the primary school.

The biggest change is rezoning an existing undeveloped area around the primary school from Industrial to Country Living. The reason for the proposed change is to make the zoning more compatible with the existing school and residential lifestyle present in this area. This is more compatible with the existing and proposed residential development opposite the primary school. The allowance for some business land use on the eastern side of Great South Road also serves to retain the Great South Road corridors existing mixed use character and provides the transition from the industrial development to the west and the expressway service centre to the south.

To address concerns about the loss of land zoned for industrial 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 industrial and residential 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 development and a small addition of Business in the village centre. At some future date development of Country Living could be anticipated to occur east along Te Kowhai Road towards Hamilton. Should services become available to facilitate residential development it would be anticipated that this would occur on land to the west of the village in order to consolidate village development. In line with residential development additional recreation areas will be required to meet the long term needs of the community.

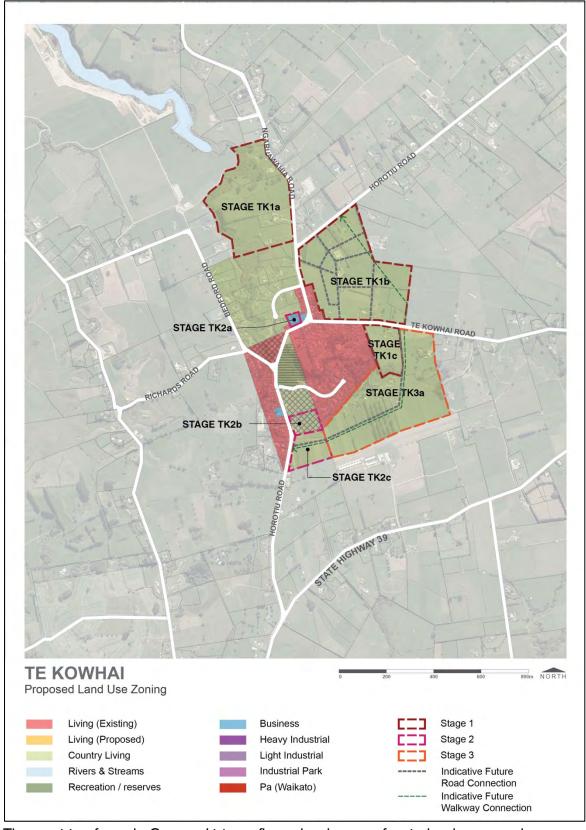


Figure 23 Development Staging Map for Te Kowhai

The provision for only Country Living reflects the absence of reticulated water and waste water services to Te Kowhai and the unlikelihood of these being provided by the Council in the foreseeable future. Tables 2, 3 and 4 below 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 aligned with the installation of 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

Company	Cell No	Area	Proposed Zone	Net Developable Area and Density in dwelling units per ha	Average Household size/ Lots yielded	Population Yield
Area T1b		2026				
16.9ha x12 du/ha	Taupiri					
1.1ha x 12du/ha 216 lots 583 people 1.5 ubtotal Ngaaruawaah ia 11.2ha Residential 75% developable 101 lots 273people 273people 15.0ha Rural residential 80% developable 12ha x 3du/ha 36 lots 97 people 12ha x 3du/ha 26 lots 70 people 12ha x 3du/ha 26 lots 70 people 12ha x 3du/ha 26 lots 70 people 12ha x 3du/ha 273people 26 lots 70 people 12ha x 3du/ha 127lots 343 people 12ha x 3du/ha 127lots 343 people 12ha x 3du/ha 36 lots 97 people 12ha x 3du/ha 100 peo	Area Tla	20.4ha	Residential		203 lots	548 people
Ngaaruawaah	Area TIb	2.9ha	Residential	1.1ha x 12du/ha	13lots	35 people
Area N1a		12.6ha	Residential	9.5ha x 12du/ha	216 lots	583 people
Area N1b 15.0ha Rural residential 80% developable 12ha x 3du/ha 80% developable 2.2ha x 12du/ha 80% developable	ia					
12ha x 3du/ha 26 lots 70 people			Residential	· ·	101 lots	273people
Area NId O.2ha Business Ngaaruawaah ia Stagel. Subtotal Horotiu Area HIb S.7ha Rural residential AreaHIc O.3ha Residential I.0ha Residential Fowhai AreaTKIa I3.9ha Rural residential I2ha × 3du/ha I2ha × 3du/ha I2ha × 3du/ha I2ha × 3du/ha I3 lots I02 people I3 lots I3 lots I45 people I3 lots I45 people I4.5ha × 12du/ha Ia lots I45 people Ia lots Ia lots	Area NIb	15.0ha	Rural residential	12ha x 3du/ha	36 lots	97 people
Ngaaruawaah 13.9ha Residential 10.6ha x 12du/ha 127lots 343 people 97 people	Area NIc	2.7ha	Residential		26 lots	70 people
Isoha Rural residential I2ha x 3du/ha 36 lots 97 people	Area NId	0.2ha	Business	-	-	-
Subtotal Horotiu Area H1a 17.0ha Rural residential 75% developable 12.7ha x 3du/ha 38 lots 102 people 12.7ha x 3du/ha 35 people 12.7ha x 3du/ha 13 lots 35 people 4.3ha x 3du/ha 35 people 4.3ha x 3du/ha 4.3ha x 12du/ha 50% developable 4.5ha x 12du/ha 50% developable 2 lots 6 people 6.2ha x 12du/ha 6 people 6.2ha x 12du/ha 75% developable 10.3ha Residential 50% developable 10.5ha x 12du/ha 1.0ha 1.3ha Residential 1.3ha 3ha 3ha						343 people
Area H1a 17.0ha Rural residential 75% developable 12.7ha × 3du/ha Area H1b 5.7ha Rural residential 75% developable 13 lots 35 people 4.3ha × 3du/ha AreaH1c 9.0ha Residential 50% developable 4.5ha × 12du/ha AreaH1d 1.0ha Residential 20% developable 0.2ha × 12du/ha AreaH1e 0.3ha Residential 50% developable 0.1du ×12du /ha Horotiu Stage I. Subtotal Te Kowhai AreaTK1a 13.8ha Rural residential 80% developable 11.0ha × 3du/ha 38 lots 102 people 13 lots 35 people 145 people 145 people 145 people 145 people 145 people 154 people 154 people 154 people 154 people 157 lots 154 people 137 people 137 people	Subtotal	15.0ha	Rural residential	12ha x 3du/ha	36 lots	97 people
Area H I b 5.7ha Rural residential 75% developable 4.3ha x 3du/ha Area H I c 9.0ha Residential 50% developable 4.5ha x 12du/ha Area H I d 1.0ha Residential 20% developable 0.2ha x 12du/ha Area H I e 0.3ha Residential 50% developable 0.2ha x 12du/ha I lot 3 people 1.3ha Residential 50% developable 0.1du x 12du /ha Horotiu Stage I. 10.3ha Rural residential Stage I. 10.3ha Rural residential Te Kowhai Area T K I a 13.8ha Rural residential 80% developable 11.0ha x 3du/ha 89 people						
AreaHIC 9.0ha Residential 50% developable 4.5ha x 12du/ha 1.0ha Residential 20% developable 0.2ha x 12du/ha AreaHIe 0.3ha Residential 50% developable 0.1du x12du/ha Horotiu Stage I. Subtotal Te Kowhai AreaTKIa 13.8ha Rural residential 80% developable 11.0ha 4.8ha x 3du/ha 57 lots 57 lots 51 lots 137 people 137 people 11.0ha x 3du/ha 80% developable 11.0ha x 3du/ha		17.0ha	Rural residential	· ·	38 lots	102 people
AreaHId I.0ha Residential 20% developable 0.2ha x 12du/ha AreaHIe 0.3ha Residential 50% developable 0.1du x12du /ha Horotiu I.3ha Residential 4.8ha x 12du/ha 57 lots 154 people 10.3ha Rural residential 18ha x 3du/ha 51 lots 137 people 137 people 137 people 13.8ha Rural residential 80% developable 11.0ha x 3du/ha 33 lots 89 people 11.0ha x 3du/ha					13 lots	35 people
AreaHle O.3ha Residential O.2ha x I2du/ha From the stage I. Stage I. Subtotal Te Kowhai AreaTKIa O.3ha Residential O.2ha x I2du/ha Som developable O.1du x12du /ha From the stage I developable O.3ha Residential AreaTKIa O.2ha x I2du/ha Som developable II.0ha x 3du/ha	AreaHIc	9.0ha	Residential	· ·	54 lots	145 people
Horotiu Stage I. Subtotal Te Kowhai AreaTKIa 1.3ha Residential Rural residential Rural residential 80% developable 11.0ha × 3du/ha 0.1du ×12du /ha 4.8ha × 12du/ha 57 lots 51 lots 137 people 137 people 33 lots 89 people 11.0ha × 3du/ha				0.2ha x 12du/ha		6 people
Stage I. Subtotal10.3haRural residential Rural residential18ha x 3du/ha51 lots137 peopleTe KowhaiAreaTKIa13.8haRural residential80% developable II.0ha x 3du/ha33 lots89 people				0.1du ×12du /ha	Hot	3 people
Subtotal Te Kowhai AreaTK1a 13.8ha Rural residential 80% developable 11.0ha × 3du/ha 89 people						
AreaTK1a	Subtotal	10.3ha	Rural residential	18ha x 3du/ha	51 lots	137 people
I I.0ha × 3du/ha						
AreaTK1b 27.9ha Rural residential 80% developable 67 lots 180 people				11.0ha x 3du/ha		89 people
22.3ha × 3du/ha	AreaTKIb	27.9ha	Rural residential	·	67 lots	180 people
AreaTK1c 4.6ha Rural residential 80% developable 11 lots 29 people 3.7ha x 3 du/ha	AreaTKIc	4.6ha	Rural residential	· ·	I I lots	29 people

Te Kowhai	42.7	Rural residential	33.3ha x3du/ha@	III lots	298 people
Stage I.					
Subtotal					
Stage I: Estima	ted add	itional population	n provided for in Stag	ge I	1,886
					people

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
Stage 2 – 2026-	2036			2.6 people per household	
Taupiri					
Area T2a	3.3ha	Residential	80% developable 2.6ha ×12 du/ha	31 lots	81 people
Area T2b	7.2ha	Rural residential	75% developable 5.4ha x 3du/ha	16 lots	41 people
Area T2c	6.8ha	Rural residential	70% developable 5.4ha x3 du/ha	16 lots	41 people
Taupiri Stage 2. Subtotal	12.6ha 14ha	Residential Rural residential	9.5ha x 12du/ha 10.8ha x 3du/ha	31 lots 32 lots	81 people 82 people
Ngaaruawaah ia					
Area N2a	39.2ha	Residential	75% developable 29.4ha x 12du/ha	353 lots	917people
Ngaaruawaah ia Stage2. Subtotal	39.2ha	Residential	10.6ha x 12du/ha	127lots	917 people
Horotiu	Nil				
Horotiu	Nil				
Stage 2 Nil					
Te Kowhai					
AreaTK2a	0.4ha	Commercial	80% developable	-	-
AreaTK2b	2.6ha	Reserve		-	-
Area TK2c	33.4ha	Rural residential	80% developable 26.7ha x3du/ha	80 lots	216 people
Te Kowhai Stage 2. Subtotal	33.4ha 3.9ha	Rural residential	80% developable 3.12ha x3du/ha	9 lots	23 people
Stage 2: Estima	ated add	itional populatio	n provided for in Stag	ge 2	1,103 people

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
Stage 3 – 2036-	- 2046			2.5 people per household	
Taupiri					
Nil	-	-	-	-	-
Taupiri Stage 3. Subtotal	nil	-	-	-	-
Ngaaruawaah ia					
Area N3a	12.2ha	Residential	75% developable 9.1ha x 12du/ha	109 lots	275people
Area N3b	40.2ha	Residential	65% developable 26.1ha x 12du/ha	313 lots	772 people
Area N3c	22.4ha	Residential	75% developable 16.8 ha x 12 du/ha	201 lots	502 people
Ngaaruawaah ia Stage3. Subtotal	39.2ha	Residential	52ha x 12du/ha	623lots	1,549 people
Horotiu	nil	-	-	-	-
		-	-	-	-
Area TK3a	29.5ha	Residential	80% developable 23,6ha x 3du/ha	70 lots	182 people
Stage 3: Estima	ated add	itional populatio	n provided for in Stag	ge 3	1,731 people

4.6 Connected Road, Footpath and Open Space network

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. 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 Ngaaruawaahia, Taupiri, Horotiu, Te Kowhai & Glen Massey Catchment Management Plan. These gullies provide an excellent opportunity for the restoration of natural biodiversity within the town as well as open space amenity and recreational walkways and cycleways to link the various public open spaces of the town.

An integrated approach to new development planning should ensure that the roads and footpaths in new urban development areas are well connected internally as well as with existing urban areas. The development staging maps for each settlement include some indicative road links that are considered important for ensuring connectivity is achieved to and through the new development areas.

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 Ngaaruawaahia town centre and local community village and neighbourhood centres to meet the needs of 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. There are a number of other agencies other than the Council that will play a role in the planning for and provision of community facilities and services. These include; Ministry of Education, Ministry of Health, Ministry for Social Development, New Zealand Police, The New Zealand Fire Service, The Ministry of Civil Defence and Emergency Management, The Waikato Regional Council's public bus transport service etc. In addition there are numerous non-government agencies that play a vital supportive role in supplying numerous additional community and social services.

4.8 Residential Neighbourhoods

In keeping with small rural town and village character and community visions of Ngaaruawaahia, 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 could range from Country Living on large lots with a minimum lot size of 3000m² and no reticulated services, to suburban residential on lots of 600 to 800m² that have access to reticulated services.

Small residential areas adjacent to the Ngaaruawaahia town centre and future neighbourhood centres could provide for comprehensively planned town housing options on small lots between 300 and 450m²

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 600m² for detached housing to maintain outdoor and neighbourhood amenity;
- Avoidance of rear lots;
- Residential blocks to be bounded by roads to improve accessibility, connectivity and informal surveillance of footpaths and local roads;
- 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.

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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

The Council (plan for, regulate and support development with road infrastructure and water and waste water services)

Private
Developers
(propose, design
and implement
development)

Local Community,
iwi, key stakeholders
and service
providers (influence
where, what, how and
when development
occurs)

5.1 Ngaaruawaahia

Development of the new residential areas will require extensions to existing water and wastewater reticulation system and consideration of the capacity constraints of the existing reticulation pipes.

Development of the new residential area NIc and N2a zoned between Rangimarie Road and Saulbrey Road will require both extensions to the existing road network and provision of a connector through from Rangimarie Road and Saulbrey Road as indicated in the staging map for Ngaaruawaahia. Development of the stage NIa north of Great South Road should also have a road connection through to Croall Crescent. With regard to the intersection of Saulbrey with Great South Road and new residential area to the north, the integrated transportation assessment highlighted the need for an upgraded intersection in the form of a roundabout or signalised cross

6

⁶ Aecom (2014) Integrated Transportation Assessment – Ngaruawahia and Surrounds Structure Plan Ngaruawaahia, Hopuhopu, Taupiri, Horotiu, Te Kowhai & Glen Massey Structure Plan¹ (NSP) March 2017 P

roads. This intersection would also serve to indicate entrance to Ngaaruawaahia and a lower speed environment.

Development of the Rangimarie Road to Saulbrey Road area will additionally require restoration work on the main gully system to enable it to serve as an important stormwater and amenity feature. In addition to the discharge of stormwater, the gully will be a significant natural open space area that could provide for a walking trail along the gully that links to the adjacent road and footpath network.

In accordance with the Council's Parks Strategy, neighbourhood level parks and play grounds will be developed in the new residential areas where required.

5.2 Taupiri

Development of the new residential areas will require extensions to existing water and wastewater reticulation system and consideration of the capacity constraints of the existing reticulation pipes.

The development of the new residential area TIa between Murphy Lane and Button Lane will require at least one connecting link road across the gully as indicated in the staging map. Development of this area will require restoration work on the main gully system that enables it to serve as an important stormwater and amenity function. In addition to the discharge of stormwater, the gully will be a significant natural open space area that provides for a walking trail linking to the adjacent road and footpath network. In accordance with the Council's Parks Strategy, neighbourhood level parks and play grounds will be developed in the new residential areas where required.

5.3 Horotiu

Development of the new residential areas will require extensions to existing water and wastewater reticulation system and consideration of the capacity constraints of the existing reticulation pipes. Since there is no current wastewater pipe through the new residential area, development of this area will depend on the prior completion of the proposed new wastewater pipeline along Horotiu Bridge Road expected between 2018-2020.

Development of the new residential areas should be mindful to include provision for good road and footpath connectivity to enable residents to walk through the area to gain access to services and amenities like the school, shop, playground and river. In addition to roadside footpaths a more informal walkway system should be developed where possible along the stream line and other open space areas through the new residential area. This trail system should link to the existing trail system on the south side of Great South Road along the gully system in the new industrial area.

The strategically important industrial area will continue to develop as and when these lots are taken up.

5.4 Te Kowhai

Development of the TK1c and TK2c stages of new Country Living area south of Te Kowhai Road will require provision for a new link road through the development that can be extended in later Stage 2 development, to connect onwards through to Horotiu Road north of the Airfield. This road link is shown in the development staging map for Te Kowhai.

Similarly, the development of the Stage TK1b north of Te Kowhai Road will require provision of a connecting through road link between Te Kowhai Road and Ngaaruawaahia Road.

Development of the new Country Living residential areas should be mindful to include provision for good road and footpath connectivity to enable residents to walk through the area to gain access to services and amenities like the school, shop, park and playground. In addition to roadside footpaths a more informal walkway system should be developed where possible using gully lines and other open space areas through the new residential area. This trail system should link to the existing Te Otamanui Lagoon Walkway near the hall. In particular the development of the TK Ia stage will need to provide for walkway links to the Te Kowhai Stream gully and the Te Otamanui Lagoon Walkway.

The structure plan includes provision for expansion of the existing Te Kowhai Park in Stage TK2b in line with the Council's Parks Strategy. This expansion will require the Council's purchase of the land to enable the rezoning and development to occur.

5.5 Development Contributions

Development contributions are the fees charged by the Council on new developments for extra community and network infrastructure needed as a result of the additional demand created and cost to the wider community by the development projects.

Development contributions are levied by the Council in accordance with the Local Government Act 2002 Amendment Act 2014 for residential development such as new houses, non-residential development, subdivisions and for some changes of land use.

Development contributions are assessed on cost implications for:

- Transport infrastructure such as roads and footpaths;
- Water supply and wastewater infrastructure such as reticulation pipes and treatment plants;
- Stormwater infrastructure such as pipework and treatment;
- Parks and reserves acquisition and development; and
- Community infrastructure and facilities such as community halls, toilets and play equipment.

5.6 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 doctor's surgery) (Wilton Collieries)
- Footpath on Wilton-Colleries 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

Ngaaruawaahia

- 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
- Haakarimata as as 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 Kiingitanga house
- Link Waipaa 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
- Ngaaruawaahia centre of the area
- Ngaaruawaahia is one of the oldest settlements in the Waikato Region. It has considerable
 historical and cultural significance. Both as a historic river trading centre at the confluence of
 the Waipaa and Waikato Rivers, and as the home for the Maaori Kiingitanga movement. The

- first Maaori king was crowned here in 1857and royalty is today centred on Tuurangawaewae and the king's residence.
- Present day Ngaaruawaahia 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 Ngaaruawaahia 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 Ngaaruawaahia 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 Ngaaruawaahia.
- Probably due to the economic leakage to Hamilton, most of the commercial business in the Ngaaruawaahia town centre tends to be of a low order convenience nature and not well matched to the needs of the town's population.

Appendix Two

Feedback from Community Board Workshops during 2014 and 2015

Workshop 1 with the Ngaaruawaahia Community Board for the Ngaaruawaahia and Surrounds Structure Plan

Date: 8 July 2014

Attendees: Trish Forsyth, James Whetu, Bryce Sherson, 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 Haakarimata walkway
- Good walkway and cycleway connections
- Link between Jesmond Street and Market Street
- Link in with Heritage Trail
- Car parking
 - o Te Awa River Ride at the point
 - o Haakarimata 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 Ngaaruawaahia should have a lot more Te reo signage than other places

Amenity

- Toilets at the Haakarimata 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 500/600m²
- Keep the mature established trees
- Areas for Play/Sports
 - o Thomas Street
 - o Keep Waipaa Esplanade Park
 - o Keep Horotiu Park
- Centralised sports facility for everything Jackson Street

CBD – Jesmond Street

• Should attract factory shops out to Ngaaruawaahia like Otaki

- CBD theme Haakarimata Range, Trees
- Heritage trail linkages

Council Facilities and Security

- Covered heated swimming pool
- Centralised sports fields
- Museum
- Gondola up the Haakarimata Range
- Hall needs a revamp
- Toilets at foot of the walkway to the Haakarimata Range
- 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
 - o New Kitchen
 - Library
 - o 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 Ngaaruawaahia and Surrounds Structure Plan

Date: 14 July 2014

Attendees: Elva Gouk, Fred Hansen, Ken Clewlow, HowardLovell

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 Ngaaruawaahia 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

Workshop 1 with the Te Kowhai Community Group for the Ngaaruawaahia 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 educations 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 gullie's and waterways protected
- Future lot sizes should be no smaller than 900m² and could be as large as 8000m²
- 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?

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- 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 Ngaruwahia Structure Plan process, the aim of working together is to:
 - o Bring collective awareness and understanding
 - Promote a united front at external workshops and meeting (on matters agreed)
 - o Avoid having competing ideas at decision-making stage
 - o Inform public and decision makers on matters agreed
 - Provide leadership to bring respective communities and ideas together
- Benefits for working together were identified:
 - o Lots of ideas can be shared and discussed



Open Meeting

To Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date | 10 March 2017

Prepared by Shelley Monrad

Υ

Corporate Planner

Chief Executive Approved

DWS Document Set #

ment Set # | GOVI318 / PR-213-01/ 1692844

Report Title | Community Engagement Update

I. EXECUTIVE SUMMARY

The purpose of this report is to provide the Committee with an update on engagement initiatives that Council has completed since November 2016 or is currently being undertaken. It is also an opportunity for the Committee to provide feedback on how these initiatives are progressing and to identify any other initiatives that should be noted.

Some of these engagement initiatives are as follows:

Completed

- Alcohol licensing workshops
- Karioi track
- Raglan Wharf
- Roading Raglan
- Huntly library upgrade
- Hakarimata Waharoa Project

In Progress

- MOU with Ngaati Tamainupoo
- 5 year review of IMA's with Waikato-Tainui and Maniapoto Maaori Trust Board
- Community Plan (all communities)
- Youth Engagement Plan and Youth Action Groups
- Annual Plan 2017/18
- Spey Me Baby and Dogs in Libraries
- Sunset beach erosion report
- Sunset beach erosion
- Huntly Memorial Hall
- Meremere Library
- Water Meters installation
- Waste Water spill mitigation
- Mangawara Bridge construction (Taupiri)
- Tamahere business hub and reserve
- State Highway transfers to local road

Page I

- Wi Neera Street connectivity
- Huntly Bypass
- Stakeholder meetings
- Community Liaison Group meeting Genesis Energy
- Yashili
- Economic Development Work Programme
- Pokeno Future Growth
- Signage at Te Kopua Native Reserve
- Taupiri Boat ramp upgrade
- Easter Trading Policy
- District Plan Review
- Community Liaison Group Meeting Titoki
- Speed Management Plan Speed Bylaw Review
- North Waikato Passenger Transport Review
- Placemaking
- Waikato Plan
- Natural Parks Reserve Management Plan

Upcoming

- MOU with Ngaati Haua
- Joint Committee hui
- Long Term Plan 2018 28
- Future Proof Strategy
- Dog exercise area Tuakau Bylaw Review
- Liquor Control Bylaw
- Holcim CLG Meetings
- Perrys
- Invites for formal Hui with Iwi Governance Groups
- District Wide Toilets
- Pukekawa refuse and recycling
- Raglan Boat Ramps Wallis and Wainui
- LTP

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

2. RECOMMENDATION

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

3. ATTACHMENTS

Community Engagement Register

Page 2 Version 4.0

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and engagement policy)	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Freedom Camping Bylaw (NEW)	Customer Support	District Wide	Consult	Yes (SCP)		Completed	Adopted at the September Council meeting
Dog Exercise area bylaw review	Customer Support	Pokeno and Tamahere community	Consult	No		Completed	The two dog exercise areas at Pokeno and Tamahere were adopted at the September Council meeting. Final decision letters are scheduled to be sent to submitters by mid-November.
Alcohol licensing workshops	Customer Support	District Wide	Inform	No	no	Completed	Workshops for duty managers and licensees to be held for on/off licensees following workshops for clubs completed last year.
Karioi track (3.4km walking/biking track from Wainui Road)	Service Delivery	Raglan	Collaborate	No		Completed	Before work can commence consultation is required with neighbouring land owners. Discussions with Raglan Community Board on the best way forward due to commence in September/October.
Raglan Wharf - handrail and balustrade renewals	Service Delivery	Raglan Wharf stakeholders and tenants	Consult	No		Completed	Working with Wharf stakeholders and Raglan Ward Councillor on the look and feel of the replacement handrails and balustrade at the Wharf - works to commence in February 2017.
Roading Raglan	Service Delivery	residents/ratepayers in local area	Inform	No		Completed	To introduce the community to the Waikato District Alliance and discuss the changed method of delivering roading maintenance and roading renewal activities. To identify any local issues on the roading network.
Huntly Library upgrade	Service Delivery	Huntly Ward	Inform	No		Completed	Communications plan in place to inform the community of the works and alternative sites to undertake council business. Refurbishment is beginning towards the end of the month. Staff are currently informing the public that this work is coming, sharing more detail about what the library will look like and what changes the community are expected to see. Project now complete.
Hakarimata Waharoa Project	Strategy & Support	Ngaruawahia	Collaborate	yes	yes	Completed	The Waharoa was unveiled in December 2016.
Dogs in Libraries	Customer Support	District Wide	Inform	No	no	In progress	As per our business plan, the animal control team wanted to introduce initiatives that would allow our officers to interact with the community in a positive way whilst providing education. We have teamed with the library leadership team to develop the Dogs in Libraries programme that will involve school children reading to dogs in the library environment. This has been proven to improve children's literacy skills, build self confidence and lowers anxiety of children. This programme is now running and has been launched in Ngaruawahia, Raglan and Tuakau libraries with Huntly, Te Kauwhata and Meremere to begin in the next week. When this occurs, it will see staff sitting with up to 20 children a week to teach dog safety, build confidence, encourage library attendance and contributes towards our 20/20 engagement challenge.
Spey me Baby	Customer Support	District wide	Engage	No	No	In progress	Central government has made a commitment to reduce dog bites and as a result of this, a fund has been developed to subsidise desexing of classified menacing dogs. WDC has made application for funding for 100 dogs plus advertising costs which has been approved. Engagement with dog owners will commence in the coming month - initially targeting owners of menacing dogs in an attempt to get them desexed. This will include letters, posters, pamphlets and possibly radio advertising.
Sunset Beach erosion report	Service Delivery	Port Waikato/extended community	Collaborate	No	yes	In Progress	Significant engagement underway with partners (WDC, WRC, DoC) alongside GHD Consultants, lwi. Communication strategy developed and implemented, ongoing activity including community meetings scheduled, stakeholder project team.

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and engagement policy)	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Sunset beach erosion	Service Delivery	Port Waikato, Sunset beach		No	yes	In Progress	Collaborative approach to dealing with the retreat of public assets from eroding Sunset beach, Port Waikato. Key dates: Dec 2014: Consultation with local stakeholders and GHD report produced for council. June 2015: GHD report published and presented to beach residents, other stakeholders and OTCB. July 2015: Report presented to residents and ratepayers AGM and webpage set up. August 2015: Report presented to lwi. September 2015: Stakeholder open day to discuss retreat options. Oct 2015 to Jan 2016: Feedback on options and time frames. Feedback closes on 10 February 2016. March 2016: Report to council advising of options for managed retreat of community assets in Sunset beach. Report made public and meetings with lwi and Community organisations. November 2016: Cultural Impact Assessment completed.
Huntly Memorial Hall	Service Delivery	Huntly	Consult	no	no	In Progress	Staff and Elected members held an open day on 2 April at Huntly Bowling Club, submissions closed, workshop held with Council 10 May, Report to go to Infrastructure in June. Further work to be done with a Huntly community working group to develop and present options to Council for the 2018/28 LTP. Met with Huntly Community Board in Dec 2016, GMD (consultant undertaking work) has met with some community groups, further meetings taking place with an update to the Huntly Community Board to happen in March 2017.
Meremere Library	Service Delivery	Meremere Community	Consult	No	no	In progress	Consultation with the community and other stakeholders on the current Library requirements and/or a recreational hub situated by the Hall has been undertaken. INF1609/08 - Concept plans for the Community Hub have been endorsed by the Meremere Community Committee at their Feb Meeting. Report going to Infrastructure in March 2017.
Ngaruawahia Community Facilities	Service Delivery	Ngaruawahia Community	Consult	No	no	In progress	Discussion on Community desires for an Art Centre and possible like co-habitation with other activities -part of a wider project looking at strategic land options - Community Steering Group established - 7 x workshops held to date and 1 open day with the community, short list of options going to Infrastructure in February 2017.
Pokeno Waste Water Phase 2	Service Delivery	Old Pokeno Village residents	Consult	No	yes	In progress	Pokeno Market information day almost 50% of all enquiries related to wastewater scheme. Facebook update and recent newsletter available. Consultant has met with all affected property owners and is continuing to meet as required to assist owners to join the scheme. Further information now available for property owners that shows the design of connection into their properties - Consultant currently distributing this information to the affected property owners. Currently out for Tender, with contract report to Council February 2017.
LTP - Forestry target rate	Service Delivery	Forestry companies and local residents	Consult	No	no	In progress	Most recent collaboration was with the Heavy Haulage Industry, in regards to instability and vegetation issues on Klondyke Road; as a result the Alliance Team have been actively managing dropout / slips and vegetation, between markers 4-8 during September and October, resulting in the road being significantly safer to traverse. Rayonier Ltd (one of the main harvesting companies) have indicated that all of their harvesting and transportation activities within the Onewhero Forest, will be complete by the end of 2017.
Te Kauwhata Walkway/Cycle ways	Service Delivery	Te Kauwhata	Consultation	No	no	In progress	Consultation to include selected stakeholders (inc Committee, NZTA) through using a Consultant to inform the Te Kauwhata Cycle and Walkway strategy, expect draft from consultant end of Jan 2017.
Waikato River Authority funding application August 2015	Service Delivery	Rotokauri lake catchment	Empower	No	yes	In progress	August 2015: Application to WRA submitted with endorsements from WDC, Rotokauri committee, WRC, HCC and Iwi. December 2015: Funding approved for Rotokauri Lake catchment. Feb 2016: Report to Infrastructure committee advising both funding amount granted and potential work programme for the catchment. Deed to Infrastructure and Council approved for implementation. Signed by Councillors Peterson and Baddley. Year one for the WRA programme successfully delivered.

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and engagement policy)	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Water Meters installation	Service Delivery	Raglan, Huntly, Ngaruawahia	Inform	No	no	In progress	In progress beginning 01/07/2017. Majority of meters are installed, a few hundred still to go.
Waste Water spill mitigation	Service Delivery	Raglan Ward+ depends on location impacted	Inform	No	see comment	In progress	Provide Raglan Community Board with Waters Service Request Dashboard monthly (suggest make this report available on request to Iwi/hapu in Raglan)
Speed Management Plan - Speed Bylaw	Service Delivery	Port Waikato & Pokeno	Involve	Yes	no	In Progress	A report was presented to Council on 14 March. Early engagement was undertaken in Port Waikato in March/April. A report was presented to Policy and Regulatory Committee in August summarising the feedback and potential next steps. Further engagement will be undertaken when reviewing the speed limits bylaw in early 2017.
North Waikato Passenger Transport Review	Service Delivery	North Waikato	Involve	Yes - next phase of project	no	In Progress	Project teams continue to work on the programme business case for funding approval. Workshops are programmed for later in November to complete this process. Close liaison is being undertaken between this project and the wider study involving transport issues associated with the North Waikato growth areas.
Rangiriri WeX State Highway transfers to local road (will require some community engagement)	Service Delivery	Rangiriri - Te Kauwhata	Involve	No	yes	In progress	NZTA are leading the engagement around the project timeframes and roading changes.
Longswamp WeX State Highway transfers to local road (will require some community engagement)	Service Delivery	Te Kauwhata - Hampton downs	Involve	Yes	yes	In progress	Consultation with landowners over designation changes undertaken. Possible further construction management involve discussion. Contract has been awarded and is in the planning stage.
Hamilton WeX State Highway transfers to local road (will require some community engagement)	Service Delivery	Gordonton to Tamahere	Involve	Yes	yes		Staff attend regular meetings with NZTA and the City Edge Alliance regarding this project. An issues register has been prepared to track all outstanding tasks. Co ordination is progressing however there are still a few issues that are stalled pending funding decisions.
Mangawara Bridge construction (Taupiri)	Service Delivery	Taupiri Township	Involve	No	yes	In progress	NZTA has approved the use of the Waikato District Alliance to deliver the design and build project. Staff are working through the Council procurement process to gain final signoff. Waikato Regional Council consents have been obtained and funding is in place.
Tamahere business hub and reserve	Service Delivery	Tamahere Ward	Involve		yes	In progress	The Tamahere Recreational Reserve is being undertaken in stages – Stage one is earthworks, Stage two is the development of playground, landscape, fitness trail and skate park. The Commercial Hub is a development being undertaken by Fosters. Detailed design plans circulated to the TCC on 7.11.16 - article going into LINK showing artist concept plans. Working through funding implications with a programme to be completed in March 2017.
Northern Feasibility programme (Northern iSite, Pokeno Sports Park and Pokeno Library	Service Delivery	North Waikato		No	potentially	In progress	Assessment is complete, next steps to progress project ready for presentation to Council March 2017.
State Highway transfers to local road (will require some community engagement)	Service Delivery	TBC-depends on location impacted			no	In progress	Staff continue to work through this process with NZTA. Project plans and work programmes are in place. Investigation on SH1B has commenced from a safety perspective.
Wi Neera Street connectivity	Service Delivery	Raglan Ward			yes		Concept drawings are complete for the Wi Neera reserve project. Feedback has been received from the Project Group and Iwi have advised that they will withdraw from the process until such time as they and Council have resolved an earlier consenting issue within that space.
Huntly Garden Place Place making	Strategy & Support	Huntly Ward	collaborate	No	no	In progress	The Huntly Community Board has been working on an initiative to re-develop Garden Place in Huntly as a community-driven project. The Board is encouraging the community to be active in this project with a view to revitalising this precinct. A plan has been designed and drawn by Bryce Mounsey, a member of the Community Board, and is a result of input from Board members as to how they want this area to be enhanced. The Board are taking a staged approach to start Place making in Huntly. The first stage will see a seat that will accommodate 24 people designed by a member by the Huntly Community Board. The area chosen to place under an existing tree at the fore front of Garden Place. This stage will be complete by October 2016.

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Place making	Strategy & Support	District Wide	engagement policy) collaborate	No		In progress	Place making is gaining momentum in the district. Staff are working alongside groups in Raglan, Huntly, Tauwhare, Tuakau and Pokeno. A presentation was provided to the Pokeno community in November 2015 with a view to kick starting projects in that area. Pokeno have identified a project that will see a little free library installed in to a public area by October 2016. Workshops have been run with the community committee and the wider community. Staff will continue to present Place making strategy to community boards and committees in 2016. A web page has been created for communities to access for ideas and information. Staff are building momentum for the Place making concept across the district.
Economic Development Work Programme	Strategy & Support	District Wide	Collaborate	No	yes	In Progress	The Work Programme is reported three monthly through the Strategy and Finance Committee. Current: Hamilton & Waikato Tourism facilitating a community led project to create a Raglan Destination Plan. The Economic Development team (EDT) is supporting this work as a member of the working group and providing information. EDT working with Gordonton businesses to assist development of a destination plan. Next meeting early November. EDT supporting Smart Waikato Trust establishing an employer and educator network which aims to improve employment outcomes for youth. Next meeting yet to be scheduled.
Youth Engagement Plan	Strategy & Support	District Wide	Empower	No	no	In Progress	Youth Engagement Advisor established youth action groups in Onewhero, Tuakau, Te Kauwhata, Huntly and Ngaruawahia. New groups are in process of being established with support of local councillors in Raglan and Tamahere. All groups in a process of planning projects for their communities to be ready by end of April.
Youth Action Groups	Strategy & Support	District Wide	Empower	No	no	In progress	The Community Boards and Committees received a report at their December meeting requesting they develop, through engagement with their communities, their community plans. The Community Plan template was supplied. As a part of the template, the community board/committee is to establish a list of projects they request to be included in the LTP.
Priority projects	Strategy & Support	District Wide	Empower	No	no	In progress	The Community Boards and Committees received a report at their December meeting requesting they develop, through engagement with their communities, their community plans. The Community Plan template was supplied. As a part of the template, the community board/committee is to establish a list of projects they request to be included in the LTP.
Easter Trading Policy	Strategy & Support	District wide	Involve	Yes	no	In progress	Early engagement to seek community views on whether shops should be able to trade on Easter Sunday during October. Formal consultation on a draft Easter Trading Policy began on 14 December and closes 17 February. A hearing is scheduled for 15 March.
Pokeno Future Growth	Strategy & Support	Pokeno	Involve	No	yes	In progress	The first community 'Drop-in' session was held on Saturday 29 October 2016. This was to begin the planning process of where the community sees the need and aspirations for future growth in and around their town. This project will lead eventually to new Structure plan for the Pokeno area following on from PC 24. approximately 95 people attended this drop in session and was well received.
Signage at Te Kopua Native Reserve	Strategy & Support	Whaingaroa / Raglan	Collaborate	Yes	yes	In progress	This is still in progress and currently sitting with the Hounuku Trust.
Natural Parks Reserve Management Plan	Service Delivery	District wide	Consult	Yes	yes	In progress	Engagement to seek input as to what should be included in the draft plan occurred between 1 February and 3 March 2017. Feedback was received from 30 interested parties. Staff are now beginning to prepare the draft management plan (taking public feedback in to consideration). Once completed the draft will be taken to Council for approval to complete a second stage of public consultation (likely to occur mid 2017).
MOU with Ngaati Tamainupoo	Strategy & Support	Ngaruawahia and surrounds	Involve	no	yes	In progress	Ngaati Tamainupoo wish to enter into a MOU with the Council. The MOU will be finalised and signed in 2017.
5 year Review of the JMA's with Waikato-Tainui and Maniapoto Maaori Trust Board	Strategy & Support	District Wide	Involve	yes	yes	In progress	this review is being conducted externally. WDC are providing input to the reviews.
Community Plan (all communities)	Strategy & Support	District Wide	Empower	No	No	In progress	The Community Boards and Committees and have been asked to update their community plans and submit their priority projects to Melissa by 31 March.
Annual plan 2017/18	Strategy & Support	District Wide	Inform (TBC)	Yes	no	In progress	Annual Plan Consultation Document is being adopted at an Extra-ordinary Council meeting on 21 March with engagement planned during April.

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and engagement policy)	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Waikato Plan	Strategy & Support	District Wide	Consult	Yes	yes	In progress	The draft plan was workshopped with the councillors on 6 March 2017. Adoption of draft Plan and summary – Feb 2017 Public consultation – March/April 2017 (advertised in Franklin News, North Waikato News, Raglan Chronicle, Waikato Times & The Herald. Also a link on our website) Final sign-off – August 2017 Implementation underway
Invites for Formal Hui with Iwi Governance Groups	Strategy & Support	District Wide	Collaborate	no	yes	Planned	Formal invites to all recognised Iwi groups to meet with Mayor, Ward Councillors and Executive Team - This is an ongoing relationship which in terms of meeting with Iwi groups we have been very successful. Formal invitations have been sent through to these groups with an open invitation to meet with council.
Liquor Control Bylaw	Customer Support	District Wide	Consult	Yes (SCP)	no	Planned	To be undertaken in 2017.
Dog Exercise Area - Tuakau Bylaw Review	Customer Support	Tuakau	Engage	No	No	Planned	Animal Control staff agree on the need but this would require some engagement prior to the Dog Control Bylaw being amended. Some communication has been had with dog owners as a result of formal complaints. This communication has acknowledged the need for something to
District Wide Toilets	Service Delivery	Tuakau and Ngaruawahia	Consult	No	no	Planned	Have been working with the Tuakau CB since March 2016 on placement of toilet - this is still a work in progress and may need to have wider consultation. About to connect with the Ngaruawahia Community Board regarding a new facility at Centennial Park.
Pukekawa refuse and recycling	Service Delivery	Pukekawa	Consult	No	No	Planned	Project planning is currently underway.
Raglan boat ramps - Wallis and Wainui	Service Delivery	Raglan Community inc emergency services (Wallis) and Coastguard (both)	Inform	No	yes	Planned	Renewal works to be undertaken at the boat ramps, have made initial contact with the coastguard and will work with identifying stakeholders as the assessments are undertaken.
LTP (CCO)	Service Delivery	District Wide	Involve	Yes (TBC)	yes	Planned	This will only be required if the Council proceeds to consult with the public around the formation of a waters CCO or any other significant alternative. Proposal now is to include this within the LTP discussion.
Long Term Plan 2018-28	Strategy & Support	District Wide	Involve	Yes	yes	Planned	Project planning is currently underway.
Future Proof	Strategy & Support	District Wide	Consult	Yes	yes	Planned	Draft Future Proof Strategy was workshopped with the councillors on 28 February. Feb – March: Draft Strategy and a summary will be completed. Strategy workshopped with partners. April: Amendments based on feedback. May: Strategy adopted for public notification by FPIC (or recommended to partners for notification). May – September: consultation, hearings, agreement and recommendations to partner councils. October: Final Strategy will be launched.
MOU with Ngaati Haua	Strategy & Support	Tamahere	involve	no	yes	Planned	N Haua wish to enter into a MOU with the Council. The MOU will be finalised and signed in 2017.
Joint Committee hui (Waikato Tainui and Maniapoto Maaori Trust Board)	Strategy & Support	District Wide	Collaborate	no	yes	Planned	Mayor and Councillors attend 4 hui per year to discuss the ongoing work to improve the health and wellbeing of the Waipa and Waikato Rivers.
Taupiri Boat Ramp Upgrade	Strategy & Support	Taupiri	Involve	no	yes	ongoing	Awaiting input from Taupiri Marae representatives
District Plan Review	Strategy & Support	District Wide	Involve	yes	yes	ongoing	Support staff in District Plan Engagement with Iwi reps. This is ongoing, providing feedback through the district plan review currently being undertaken by Vishal's team from Iwi's perspective.

Project Name	Organisation Group	Service Catchment (e.g. area of influence, area you need to engage with)	Highest level of Engagement required (refer to page 7 of the significance and engagement policy)	Formal consultation required (Yes/No)	Iwi Engagement required (Yes/No)	Status	General Update (e.g. what was the community engagement about, time spent, what was the outcome)
Alcohol liaison statutory agency meetings	Customer Support	District Wide	Collaborate	No	no	Ongoing	Meetings of alcohol licensing statutory reporting agencies held three times per year.
Dogsmart Education Programme	Customer Support	District Wide	Inform	No	no	Ongoing	An education package has been created to present to school age children. This presentation teaches children about caring for their pets, staying safe around dogs and what to do if approached by an aggressive dog. We have committed to presenting this programme at least 2 times per month but are optimistic that we will exceed this target significantly.
Dog Registration Process	Customer Support	District Wide	Inform	No	no	Ongoing	Each year we send out yearly invoices to dog owners reminding them of their obligations to register their dogs. This year we increased the material that we sent out with our yearly invoices to educate dog owners to the changes to our bylaws following the bylaw review. We also sent out information on payment options and worked with a designer to make our forms and information more engaging with our community. This process was successful and we are preparing to begin again for the upcoming 2017/18 registration period.
Food Act 2014 transition	Customer Support	District Wide	Inform	No	no	Ongoing	Education and information of food businesses on requirements of new Act. Involves one on one interactions with business owners and targeted correspondence to businesses nearing transition dates. Information also provided in Food Safety newsletter.
Food Safety newsletter - stakeholder engagement	Customer Support	District Wide	Inform	No	no	Ongoing	Biennial food safety newsletter implemented to send to food business owners and Marae in WDC.
Huntly Bypass Stakeholder meetings	Service Delivery	Huntly	Inform	No	yes	Ongoing	Update on progress to stakeholders approx. every 3 months
Community Liaison Group Meeting Genesis Energy	Service Delivery	Huntly	Inform	No	?	Ongoing	Update on progress to stakeholders annually
Holcim CLG Meetings	Service Delivery	Pokeno	Inform	No	no	Ongoing	Update on progress to stakeholders quarterly
Perry's	Service Delivery	Tuakau	Inform	No	yes	Ongoing	Update for stakeholders every 6 months
Yashili	Service Delivery	Pokeno	Inform	No	potentially	Ongoing	Update for stakeholders every 6 months
Community Liaison Group Meeting Titoki	Strategy & Support	Tamahere	Inform	No	no	Ongoing	To update stakeholders and interested parties (Tamahere Community Committee, Tamahere school, Environment Tamahere Inc., DoC every 6 months).
					1	l	



Open Meeting

To | Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date | 10 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOV1318 / 1693036

Report Title | Operational Budget Review

I. EXECUTIVE SUMMARY

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

2. RECOMMENDATION

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

3. BACKGROUND

Council follows a tiered budget review process to support:

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

There are four different levels of budget review:

I. Movements in operational budgets within a cost centre (excluding employment related budgets).

These changes are approved between the Team Manager and the General Manager where the funding remains neutral — documentation is provided to Finance for budget updates to be made.

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2. Movements within functional groups at operational level (excluding employment related budgets) i.e. roading operations and roading planning is within the same functional group.

These changes are approved by the relevant Team Managers and the General Manager where the funding remains neutral — documentation is provided to Finance for budget updates to be made.

3. All employment related budgets.

Remuneration changes and requests for temporary resource are approved by the Executive Leadership Team. Permanent additional resource requests are presented by way of a detailed business case to the Executive Leadership Team and proposals are included in draft budgets (Annual Plan/Long Term Plan) for Council to consider.

4. All capital budget and non-neutral funding changes (which alter the Annual Plan / Long Term Plan that was adopted and communicated to ratepayers, residents and other stakeholders).

These changes are advised to the relevant committee with specific financial resolutions that identify funding solutions/savings.

Or where contracts are let under delegated authority and budget changes are required, the tender report includes a resolution to allow funding to be adjusted as identified in that report (a separate committee report is not required).

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

4. ISSUES AND RESULTS

4.1 ISSUES

A more formal organisation-wide budget review process is used to capture remaining operational budget variances in order to deal with any surplus/deficit positions ahead of the financial year end. Invariably budgets differ from actual costs charged, and the purpose of the tiered budget review and operational budget review processes is to manage the impact of these changes without adversely affecting the overall funding position.

The general accounting reserve fund ("GARF") which is comprised of general rate surpluses from prior financial years is used to manage one-off adverse general rate variances. The reserve is expected to have an uncommitted balance at 30 June 2017 of approximately \$658,000 which is substantially lower than in prior years. In 2016/17 an extra \$1.028 million of expenditure has been funded over and above budgeted levels from the reserve, \$930,000 of which relates wastewater dry-weather overflow improvement plans. The Annual Plan has also had an allocation from the reserve in order to keep the general rate impact neutral for 2017/18.

Council has been able to balance general rate since 2011/12 by using a separate operational LTCCP transition reserve. This reserve was created to smooth the rating impacts from

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Waikato assimilating part of the Franklin district in the Auckland reorganisation process and will be fully utilised by 30 June 2018. The GARF will be the only operational reserve available in future years to address general rate funding issues.

The following general rate funded items have been able to be accommodated during the year or via the recent operational budget review:

Debt write-offs \$ 55,062
Waikato River Alive \$ 23,871
Waikato Plan \$ 19,500
Wastewater overflow work \$930,000
Healthy Rivers Submission \$100,000

2017/18 Annual Plan GR shortfall \$675,050 (includes Strada dividend impact)

4.2 RESULTS

Initial reviews were based on December month end and were presented to the Executive Leadership Team during January. During February work was also undertaken to determine likely personnel budget savings. Provided budgets are adhered to in the coming quarter, the overall position in terms of general rate should be delivered in accordance with the 2016/17 Annual Plan.

Targeted rate funding issues are out of scope in the review as any decision to increase targeted rates must be consulted on. Councillors will be aware that there are a number of challenges to address in the 2018-2028 LTP. In addition, certain areas such as Community Engagement and Zero Harm are areas where additional funding may be needed. These have not yet been factored in.

5. CONCLUSION

This operational budget review process resulted in a balanced position. However, subsequently some new areas have been identified where funding solutions will be required, namely the Housing Infrastructure Fund process and Waters CCO work. These costs would not normally be funded from general rate and therefore funding solutions are more challenging given that the three waters operating reserves are in deficit.

6. ATTACHMENTS

NIL

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Open Meeting

To | Strategy & Finance Committee

From | Tony Whittaker

General Manager Strategy & Support

Date | 10 March 2017

Prepared by Alison Diaz

Finance Manager

Chief Executive Approved | Y

Reference # | GOV1318 / 1693037

Report Title | Financial Performance Summary for the period ending

28 February 2017

I. EXECUTIVE SUMMARY

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. The aging of Council's sundry debt (non-regulatory, non-rates related debtors) is also provided as this was a key issue raised in the 2015/16 Audit Management Report.

2. RECOMMENDATION

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

3. ATTACHMENTS

Financial Performance Summary

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Total Group of Activities

AT A GLANCE

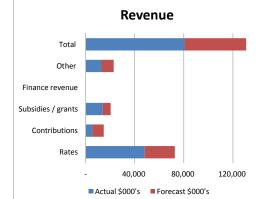
Council has a number of permanent revenue variances that will need to be addressed through the LTP; water-by-meter, refuse ollection and tradewaste (see more detail in the Watch Points section of this report).

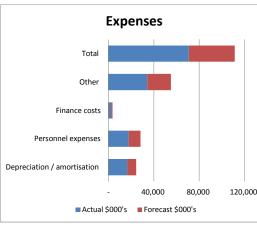
A substantial amount of the General Accounting Reserve Fund was committed to wastewater service issues. Cost savings have een identified throughout the year, however, funding for items such as the next phase of Waters CCO work and land designation processes for roading infrastructure do not currently have any funding solutions.

Feb-17	Dec-16
\$000's	\$000's
179	177
22,010	24,443
(35,615)	(34,554)
12,994	14,595
(4,765)	(4,094)
(5,197)	567
	\$000's 179 22,010 (35,615) 12,994 (4,765)

Key reserves (included in balances above)

	\$000's	\$000's
Disaster recovery	894	1,318
Hamilton East Property proceeds	2308	2,308
LTCCP Contribution reserve	2776	2,776
Structure plan non-growth reserve	647	639
Northgate development area	(3,603)	(3,351)
Pokeno Structure plan	(8,890)	(8,766)
Tamahere Structure plan	(2,082)	(2,051)
DW water targeted rate	(3,886)	(3,491)
DW wastewater targeted rate	(4.735)	(4.343)





FINANCIAL PERFORMANCE SUMMARY

For the period ending 28 February 2017

	Actual \$000's	FY Forecast \$000's	% usage	YTD Variance \$000's	Ref.			
Revenue								
Rates	48,138	72,646	66%	293				
Development and financial contributions	5,572	14,765	38%	4,271	1			
Subsidies and grants	13,816	20,320	68%	(269)				
Finance revenue	67	100	67%	(0)				
Other revenue	13,019	22,899	57%	2,247	2			
Total revenue	80,612	130,730	62%	6,541				
Expense								
Depreciation and amortisation expense	16,650	24,462	68%	(342)				
Personnel expenses	17,747	28,252	63%	1,088	3			
Finance costs	2,313	3,589	64%	80				
Other expenses	34,105	55,086	62%	2,619	4			
Total operating expenses	70,815	111,389	64%	3,444				
Surplus (deficit) before tax	9,797	19,341	51%	3,097				
Vegr. to-date net operating surplus of \$9.8 million is approximately \$3.1 million behind year to date expectations								

Year-to-date net operating surplus of \$9.8 million is approximately \$3.1 million behind year to date expectations Items to note are as follows

1 Unfavourable - Development contribution income for Te Kauwhata and Pokeno are ahead of annual plan budget expectations for the year. However, there is still an overall timing lag in terms of income flows from applications granted in prior financial years.

Unfavourable - Budget for the state highway revocation will not be realised until it is transferred from NZTA. This accounts for the majority of the year-to-

² date variance (\$1.6m), along with refuse sticker sales (\$254,000), trade waste (\$573,000) and contributions from external parties for items such as the Mangawara stream crossing.

Expense

Favourable - Recent operational budget review processes have identified full year savings of approximately \$198,000. These savings will be transferred to the General Accounting Reserve Fund. The remainder of the variance is being used to support consultant cover for vacant positions.

4 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.

Costs incurred in Raglan related to the Kaikoura earthquake event amount to approximately \$500,000 net of subsidies (subject to insurance proceeds still being worked through). The costs are largely operational and have been funded by the Disaster Recovery Fund as per the purpose of that reserve.

Budget for water consumption is overstated. Adjustments for non-chargeable consumption have been made in the Annual Plan and the LTP will need to consider future funding requirements to balance the service.

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. similar to the arrangement for wastewater treatment. Yashili's production expectations are also changing and it is unclear whether they will reach full production in the estimated timeframes. This would impact tradewaste income and the targeted rate reserve.

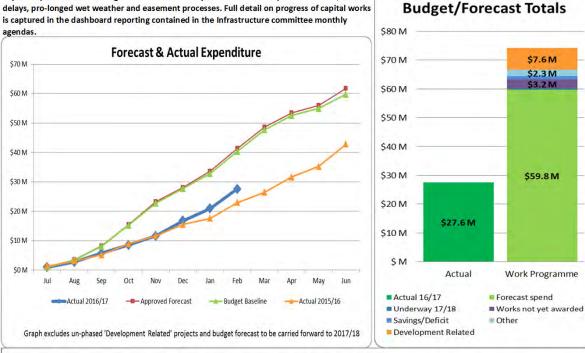
A 'both sides of the road' collection will the Metrowaste contract amount. Refuse sticker income is below expected levels. A permanent variance for the year is

There are challenges with water-by-meter charging for multiple dwellings connected to one meter. A series of options are being looked at and will be presented for Actual \$000's FY Forecast \$000's

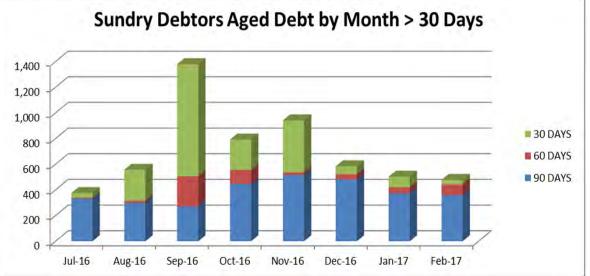
Net Operating Surplus (Deficit) Breakdo	own	Actual \$000's	FY Forecast \$000's	YTD Variance \$000's	Favourable / Unfavourable
					U - Contributions income below
Roading					expectations. State highway revocation
		5,856	13,959	3,450	timing.
NA/					U - Lower water-by-meter and
Water		820	6,319	3 303	contribution income
		020	0,313	3,333	F - Higher interest income and lower
Wastewater		(755)	(5,199)	(2 711)	activity expenditure (timing)
		(755)	(3,133)	(2,711)	detivity experiated e (cirring)
Stormwater					F - Activity expenditure low and income
		850	172	(735)	higher
Sustainable Communities					U - Contributions and subsidy income
Sustainable Communities		1,455	7,755	3,715	below expectations
Sustainable Environment		(563)	(1,379)	(256)	Timing
		(303)	(1,373)	(330)	Tilling
Governance		285	284	(00)	Timing
		285	284	(96)	Timing
Organisational Support		(270)	(2.547)	(1.220)	F - Interest income higher than budgeted,
		(378)	(2,547)	(1,320)	activity expenditure lower
Total Group of Activities		7,570	19,364	5,339	
		1,0.0			
					F - There is a general rate surplus from
General rate usage		2,227	(23)	(2,242)	activities at this stage of the year. This
					timing variance will continue to adjust
					throughout the year
Surplus (deficit)		9,797	19,341	3,097	

Treasury Policy compliance Prudential limits	Policy limit	Actual	Compliance	
Percentage of net external debt to annual revenue		<150%	55%	\checkmark
Net interest expense on net external debt as a percentage of total annual	revenue	<20%	4.2%	\checkmark
Net interest expense on net external debt as a percentage of annual rates		<25%	6.3%	\checkmark
Interest rate risk controls limits (interest rate exposure)				
Fixed interest proportion		50%-100%	88%	\checkmark
Liquidity/funding risk (access to funds)				
Liquidity		>110%	122%	\checkmark
Broken down:				
0-3 years		15%-60%	53%	\checkmark
3-5 years		15%-60%	24%	\checkmark
5 years plus		10%-40%	23%	\checkmark
Capital expenditure	Actual \$000's	Budget \$000's	% usage	
Roading	14,471	26,768	54%	
Water	5,320	17,120	31%	
Wastewater	2,001	10,485	19%	
Stormwater	27	4,693	1%	
Sustainable Communities (P&R, halls, pools, toilets, walkways)	4,064	11,079	37%	
Sustainable Environment (landfills)	29	1,080	3%	
Governance	-	52	0%	
Organisational Support (plant, offices/libraries & IM)	1,645	4,507	36%	

27,557



Capital expenditure is tracking below forecast mainly in relation to land purchase issues, tender





Open Meeting

To Strategy & Finance Committee

From | Gavin Ion

Chief Executive

Date | 10 March 2017

Prepared by Lynette Wainwright

Committee Secretary

Chief Executive Approved | Y

Reference GOVI301

Report Title | Exclusion of the Public

I. EXECUTIVE SUMMARY

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

2. RECOMMENDATION

THAT the report of the Chief Executive be received;

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

Confirmation of Minutes dated Wednesday 22 February 2017

REPORTS

a. Civic Assurance draft 2017 Statement of Intent

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

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

Section 7(2)(b)(ii) (i) Section 48(1)(d)

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