

WAITOMO DISTRICT COUNCIL

MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, QUEEN STREET, TE KUITI ON TUESDAY 25 AUGUST 2015 AT 9.00AM

PRESENT: Mayor Brian Hanna, Deputy Mayor Guy Whitaker, Council Members Phil Brodie, Allan Goddard, Sue Smith and Lorrene Te Kanawa

IN ATTENDANCE: Waikato Agencies Papakaainga Forum Representatives: Aubrey Te Kanawa, Te Kopua 2B3 Incorporation; Troy Martin and Sheryl Paekau, Waikato District Council; Pat Nathan, Te Puni Kokori; Cloudy Ngatai and Dan Te Kanawa

Joe Myers, Omya Plant Manager Te Kuiti and Chris Dawson, Senior Planner, Bloxam Burnett & Olliver

Chief Executive; Executive Assistant; Group Manager – Customer Services (for part only); Environmental & Regulatory Services Leader (for part only); Community Development Coordinator (for part only); Group Manager – Assets (for part only) and Group Manager – Community Services (for part only)

1. Council Prayer

2. Apology

Resolution

The apology from Councillor Davey be received and leave of absence granted.

Goddard/Te Kanawa Carried

3. Deputation: Waikato Papa Kainga Agencies Forum	File 037/042A
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Council received a Deputation by way of PowerPoint Presentation from the Waikato Agencies Papakaainga Forum on Maori freehold title land.

Resolution

The apology from Waikato Agencies Papakaainga Forum be received and leave of absence granted.

Te Kanawa/Goddard Carried

The Waikato Agencies Papakaainga Forum Representatives left the meeting at 9.51am.
The Chief Executive left the meeting at 9.51am.

Joe Myers, Omya Plant Manager Te Kuiti and Chris Dawson, Senior Planner, Bloxam Burnett & Olliver entered the meeting at 9.51am.

The Group Manager – Customer Services and Environmental & Regulatory Services Leader entered the meeting at 9.51am.

4. Deputation: OMYA	File 037/042A
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Council received a Deputation from Joe Myers, Omya Plant Manager Te Kuiti and Chris Dawson, Senior Planner, Bloxam Burnett & Olliver on the OMYA Project.

Resolution

The Deputation from Joe Myers, Omya Plant Manager Te Kuiti and Chris Dawson, Senior Planner, Bloxam Burnett & Olliver be received and leave of absence granted.

Whitaker/Te Kanawa Carried

The Environmental & Regulatory Services Leader left the meeting at 10.14am.

The meeting adjourned for morning tea at 10.14am and reconvened at 10.35am.

Joe Myers, Omya Plant Manager Te Kuiti and Chris Dawson, Senior Planner, Bloxam Burnett & Olliver left the meeting at 10.35am.

The Chief Executive re-entered the meeting at 10.35am

The Group Manager – Assets and Group Manager – Community Services entered the meeting at 10.35am.

5. Confirmation of Minutes – 28 July 2015	File 037/040B
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Resolution

The Minutes of the Waitomo District Council meeting of 28 July 2015, including the Public Excluded Minutes, be confirmed as a true and correct record subject to the following amendments:

1. Add Councillor Te Kanawa as being present.
2. The Taupiri Street, Te Kuiti and Benneydale Site Visits formed part of meeting.

Smith/Whitaker Carried

6. Confirmation of Minutes – 4 August 2015	File 037/040B
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Resolution

The Minutes of the Waitomo District Council meeting of 4 August 2015 be confirmed as a true and correct record.

Whitaker/Smith Carried

7. Declarations of Member Conflicts of Interest	File 037/051A
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No declarations were made.

8. Verbal Reports: Individual Councillor Roles and Responsibilities	File 037/040B
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Cr Brodie

- Mokau Sands Deliberation
- Speed Governance Meeting
- Piopio Hall Committee
- Tainui Rugby Club's 50th Anniversary
- Waipa Catchment Meeting

Cr Te Kanawa

- Te Kuiti Community House
- Waitomo Discovery Centre

Cr Goddard

- Destination Pureora
- Benneydale Residents and Ratepayers Assn
- Benneydale Hall Society
- Citizens Advice Bureau

Cr Smith

- Resident Satisfaction Survey – Feedback = disappointment that there was no opportunity to comment on Rooding
- Tere Waitomo Community Trust
- Les Munro Memorial Service
- Waitomo Discovery Centre
- West Coast Zone
- Te Kuiti & District Historical Society

Deputy Mayor

- Meeting with John Morrow
- Brook Park
- Destination Pureora
- Te Kuiti Development Inc

Mayor

- Te Kuiti & District Historical Society
- Inframax Construction Ltd
- Mokau Sands Decision
- Citizenship Ceremony
- Sister City Debrief Meeting
- Year 12 &13 Economics Class at Te Kuiti High School
- RATA Governance Group
- Les Munro Funeral Service
- Les Munro Memorial Service
- Healthy Rivers

- Te Kuiti Development Inc
- Sport Waikato Board Meeting
- Proposed Te Kuiti High School/Community Gymnasium Proposal

Resolution

The verbal reports be received.

Goddard/Brodie Carried

The Community Development Coordinator entered the meeting at 11.00am.
The Environmental & Regulatory Services Leader re-entered the meeting at 11.00am.

9.	Hamilton Waikato Tourism: Service Level Agreement for Regional Tourism Services – Schedule of Services 2015-2016	File 400/180A
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Council considered a business paper presenting the Hamilton Waikato Tourism Schedule of Services 2015-2016.

The Group Manager – Customer Services expanded verbally on the business paper and answered Members' questions.

Resolution

The report on the Hamilton and Waikato Tourism: Service Level Agreement for Regional Tourism Services – Schedule of Services 2015-2016 be received.

Goddard/Te Kanawa Carried

10.	Waitomo District Council Grant Allocations 2014/2015	File 400/130M
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Council considered a business paper providing details of grants made by the WDC for the 2014/2015 financial year

The Group Manager – Customer Services and Community Development Coordinator expanded verbally on the business paper and answered Members' questions.

Resolution

The Report on Waitomo District Council Grant Allocations for 2014/2015 be received.

Smith/Brodie Carried

The Community Development Coordinator left the meeting at 11.07am.

11. Progress Report: Resource Consent Applications	File 097/001E
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Council considered a progress report on outstanding resource consent applications and those applications currently being processed.

The Mayor expanded verbally on the business paper and answered Members' questions.

Resolution

The Progress Report: Resource Consent Applications be received.

Goddard/Brodie Carried

The Group Manager – Customer Services and Environmental & Regulatory Services Leader left the meeting at 11.11am.

12. Piopio Wastewater Reticulation Easements	File 504/009B
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Council considered a business paper advising that acquisition of wastewater reticulation easements are required to support the operation of the Piopio Wastewater Scheme.

The Group Manager – Community Services and Group Manager - Assets expanded verbally on the business paper and answered Members' questions.

Resolution

- 1 The business paper on the Piopio Wastewater Reticulation Easements be received.
- 2 Pursuant to section 17 of the Public Works Act 1981, Council enter into negotiations with the Green Family Trust and S M Storey for the acquisition of Wastewater Easements as shown on Survey Office Plan 451810.

Whitaker/Te Kanawa Carried

The Mayor, on behalf of Council, thanked the Group Manager – Assets for his role as Acting Chief Executive during the Chief Executive's recent leave of absence.

13. Progress Report: Monitoring Against 2012-2022 Long Term Plan – Land Transport (for July 2015)	File 037/020/12B
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Council considered a progress report on:

- implementation of the Work Plan for the Land Transport activity as contained in Year Three (2014/2015) of the 2012-2022 Long Term Plan (LTP)
- establishment of a framework for monitoring the ongoing implementation of the 2012-22 LTP as part of the Road Map Work Programme.

The Group Manager – Assets, Mayor and Chief Executive expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Monitoring Against 2012-2022 Long Term Plan – Land Transport (July 2015) be received.

Whitaker/Goddard Carried

14.	Progress Report: Monthly Operation and Maintenance Report for Water, Sewerage and Stormwater – July 2015	File 037/005B
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Council considered a progress report on the three waters Operational, Maintenance and Capital Works including contracted out services.

The Group Manager – Assets expanded verbally on the business paper and answered Members’ questions.

Councillor Brodie expressed his thanks to the Manager – Water Services for keeping him fully informed at issues relating to the Mokau water supply the weekend of the Tainui Rugby Club 50th Anniversary.

Resolution

The Progress Report: Monthly Assets Group Report for Water, Sewerage and Stormwater – July 2015 be received.

Brodie/Smith Carried

15.	Progress Report: Solid Waste Activity – June 2015	File 037/005B
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Council considered a progress report on Solid Waste operations, maintenance and capital development activities.

The Group Manager – Assets expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Solid Waste Activity – July 2015 be received.

Goddard/Whitaker Carried

16.	Use of Remotely Piloted Aircraft Systems	File 400/490
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Council considered a business paper providing a brief on a project of work required as a result of new Civil Aviation Rules for Remotely Piloted Aircraft Systems which came into effect on 1 August 2015.

The Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The business paper on Use of Remotely Piloted Aircraft Systems be received.

Whitaker/Smith Carried

The Group Manager – Assets left the meeting at 11.45am.

17. Brook Park Inc Society – Minutes	File 401/0581153000
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Council considered a business paper providing information relating to the Brook Park Incorporated Society meeting convened on 6 July and 3 August 2015.

Councillor Whitaker and the Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The business paper on Brook Park Incorporated Society – Minutes be received.

Whitaker/Smith Carried

18. Progress Report: Civil Defence Emergency Management Co-ordinating Executive Group Minutes	File 400/010/3
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Council considered a business paper providing information relating to the Co-ordinating Executive Group meeting of 22 May 2015.

The Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Civil Defence Emergency Management Co-ordinating Executive Group Minutes of 22 May 2015 be received.

Goddard/Te Kanawa Carried

19. Progress Report: Proposed Waikato/Thames Valley Enlarged Rural Fire Authority	File 502/001
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Council considered a progress report on the proposal to establish a Waikato/Thames Valley Enlarged Rural Fire Authority.

The Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Proposed Waikato/Thames Valley Enlarged Rural Fire Authority be received.

Brodie/Goddard Carried

20. Progress Report: Staged Refurbishment-Waitomo Cultural and Arts Centre (Court Yard)	File 401/0588424200
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Council considered a business paper presenting for consideration draft concept drawings/designs for the proposed upgrade of the Waitomo Cultural and Arts Centre (C&AC) Courtyard.

The Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Waitomo Cultural and Arts Centre – Court Yard Upgrade be received.

Smith/Whitaker Carried

21. Progress Report: Te Kuiti Railway Buildings	File 401/9992000100
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Council considered a progress report on the Te Kuiti Railway Building Project.

The Group Manager – Community Services expanded verbally on the business paper and answered Members’ questions.

Resolution

The Progress Report: Te Kuiti Railway Building be received.

Te Kanawa/Goddard Carried

The meeting adjourned for lunch at 12.15pm and reconvened at 12.57pm.
The Group Manager – Assets re-entered the meeting at 12.57pm.

22. Inframax Construction Limited – Appointment of Director	File 037/012F
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Council considered a business paper requiring Council to consider a recommendation from the Investment Representative Committee to make an appointment to the Inframax Construction Ltd Board of Directors.

The Mayor expanded verbally on the business paper and answered Members’ questions.

Resolution

- 1 The business paper on Inframax Construction Limited – Appointment of New Board Member be received.
- 2 Council approve the recommendation of the Investment Representative Committee and appoint Mr Andrew Johnson to the Inframax Construction Ltd Board of Directors effective from 1 September 2015.

Hanna/Whitaker Carried

The Group Manager Customer Services re-entered the meeting at 1.04pm.

23. Adoption of Road Map Work Programme for 2015-2018 **File 037/048B**

Council considered a business paper presenting for consideration and formal adoption, the Road Map Work Programme for the period 1 July 2015 to 30 June 2018.

The Chief Executive and Group Managers gave a PowerPoint Presentation on the Road Map Work Programme and answered Members' questions.

Resolution

The Road Map Work Programme for the period 2015 - 2018 as at 25 August 2015 be adopted.

Goddard/Whitaker Carried

24. Motion to Exclude the Public for the consideration of: **File 037/043**

Council considered a business paper pursuant to Section 48 of the Local Government Official Information and Meetings Act 1987 giving Council the right by resolution to exclude the public from the whole or any part of a meeting on one or more of the grounds contained within that Section.

Resolution

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree that the following staff, having relevant knowledge, remain

Chris Ryan, Chief Executive
 Michelle Higgie, Executive Assistant
 John De Luca, Group Manager – Community Services
 Christiaan van Rooyen, Group Manager – Assets
 Helen Beever, Group Manager – Customer Services

- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Waitomo Cultural and Arts Centre – Renaming	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Regulatory Enforcement Issues	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
3. Residents Satisfaction Survey	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
4. Progress Report: WMF Work Streams – Waikato Spatial Plan	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
5. Progress Report: Health Rivers Wai Ora	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
6. Progress Report: Waitomo Village Water and Wastewater Services – Current Position and Process Forward	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
7. Te Kuiti Meat Processors Ltd - Trade Waste	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
8. Contract 500/14/001: Road Maintenance and Reseals	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6, Section 7 or Section 9 of the Official Information Act 1982 as the case may require are listed above.

Whitaker/Brodie Carried

There being no further business the meeting closed at 3.19pm.

Dated this 29th day of September 2015.

BRIAN HANNA
MAYOR

Confidential

Confidential

Confidential

Document No: 373301

File No: 064/013B

Report To: Council**Meeting Date:** 29 September 2015**Subject:** Local Authority Shared Services – 2014/2015 Annual Report**Purpose of Report**

- 1.1 The purpose of this business paper is to present to Council for information the Local Authority Shared Services (LASS) Annual Report for the year ending 30 June 2015.

Local Government Act S.11A Considerations

- 2.1 There are no considerations relating to Section 11A of the Local Government Act in regards to this business paper.

Commentary

- 4.1 On 3 September 2015, Council received a copy of the signed LASS Annual Report for the year ending 30 June 2015. A copy of that Annual Report is attached to and forms part of this business paper for Council's information.
- 4.2 The "Waikato LASS Collaboration in action" booklet which provides background information and progress on shared service projects including a "Where to from Here?" section should be read in conjunction with the LASS Annual Report.
- 4.3 A copy of the "Waikato LASS Collaboration in action" has been loaded to the Councillor's Intranet, however due to the large file size of that document, printed copies will be made available to Councillors at the meeting.
- 4.4 The Chief Executive will answer any member queries at the meeting.

Suggested Resolution

- 1 The business paper on Local Authority Shared Services – 2014/2015 Annual Report be received.
- 2 The Local Authority Shared Services – 2014/2015 Annual Report be received.

A handwritten signature in blue ink, appearing to read "Michelle Higgie".

MICHELLE HIGGIE
EXECUTIVE ASSISTANT

Attachment: 1 Local Authority Shared Services – 2014/2015 Annual Report (Doc 373303)

Intranet: 1 Waikato LASS Collaboration in action Booklet (Doc 374280)



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Local Authority Shared Services Limited
Financial statements
for the year ended 30 June 2015

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Annual Directors' Report to Shareholders

The Local Authority Shared Services Limited (LASS) was incorporated in December 2005. This tenth annual report covers the period 1 July 2014 to 30 June 2015.

Message from the Directors

During the past year, the Company has been particularly focused on demonstrating the value that LASS delivers to the shareholding councils by undertaking a review of the benefits that have been achieved by LASS since its inception, continuing to improve the efficiency and effectiveness of the existing shared services, initiating new projects and work streams, and facilitating the Waikato Mayoral Forum work streams. The Company has become far more active as an initiator of shared services in the region, and is also now working more collaboratively with BOP LASS, MW LASS and HB LASS.

In September 2014, the Company engaged the services of a new contract Chief Executive for a year, based on working two days per week. We believe that she is already providing new opportunities that will add value for shareholders and that she is continuing to develop the organisation. Her contract has recently been extended for a further two years. The Company also continues to contract the services of a part-time Company Secretary and a part-time Accountant.

The three major established operations under the LASS umbrella (the Shared Valuation Data Service (SVDS), the Waikato Regional Transportation Model (WRTM), and the Insurance Advisory Group) continue to deliver value. They are now considered to be mature services and leaders in their field nationally. The cost of operating SVDS has reduced significantly, for two reasons: renegotiating the contracts with suppliers and increasing sales and revenue. The full benefits of these renegotiations will only be realised in the 2015/16 financial year. A new Contract Manager was appointed during the latter part of the financial year, due to the resignation of the previous manager.

The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is currently being updated to reflect the new census data from 2013. The external management contract for this service was recently renewed for a further two years, after which time the contract will be re-tendered. The operational contract expires in February 2016, prior to which it will be publicly re-tendered.

In 2014/15, through negotiation with the insurers, we achieved a 15% premium saving for the primary layer material damage insurance cover shared by all Councils, representing a saving of \$265,000 to the participating councils. The approach of the group has been to reinvest some of these savings into improving the insurance cover and underlying information on which the insurance assumptions are based, which will help to minimise insurance costs in future. Some of the key benefits of this shared service have included seeing the relationship with our insurance broker move to a consultative advisor, the achievement of significant premium savings but with enhanced cover arrangements, and a focus on risk mitigation initiatives.

During the year the Company has continued to pursue opportunities for additional shared services. These have included initiating a number of new projects: developing a shared regional GIS data portal, developing and implementing an on-line service for building consents (with other services (e.g. dog registration) to be progressively added once the on-line platforms are in place), and initiating energy audits to investigate energy efficiency opportunities, which have the potential to enable LASS to secure funding in the order of \$100,000 from the Energy Efficiency Conservation Authority. These projects are all expected to come to fruition during the 2015/16 financial year.

A significant new procurement project to establish a professional consultancy services panel was implemented for four of the shareholding councils. The discount range achieved is between 5% and 39% off the standard hourly rates charged for staff resources. Most of the discounts are in the 10 - 20% range off standard hourly rates. The 2014 annual spend on consultancy services across the four participating Councils was approximately \$13 million per annum. Therefore, the overall annual savings achieved from these contracts is expected to be in the range between \$650,000 and \$5,070,000, with the likely savings to be in the order of \$1,300,000 to \$2,600,000, depending on which consultants are actually engaged.

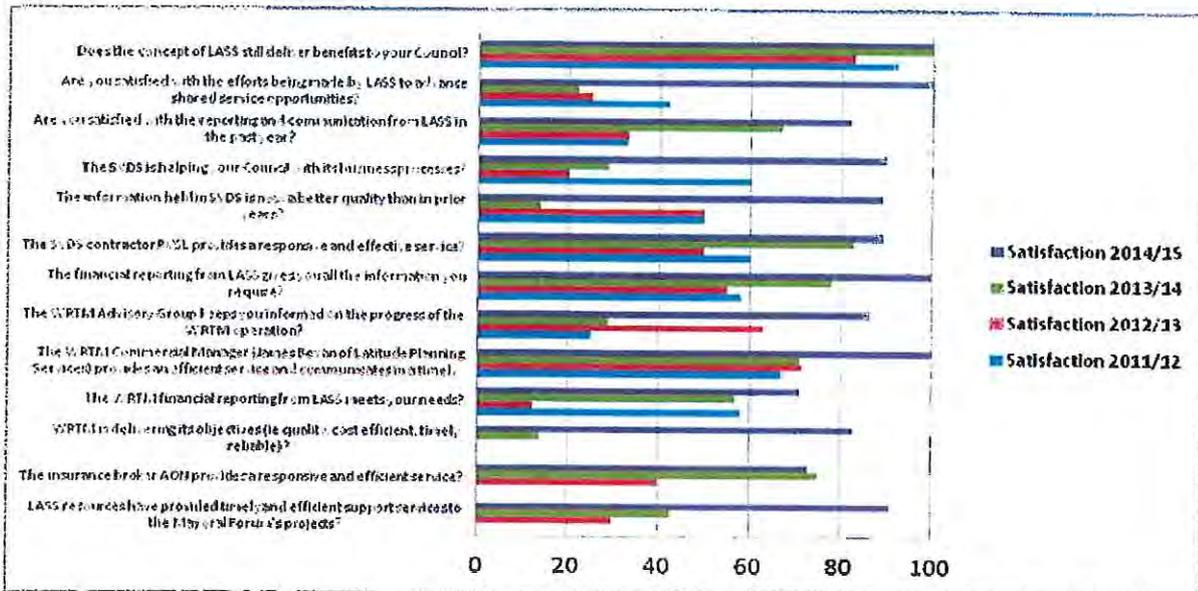
A new procurement project for testing water samples is currently in progress, and a range of further shared service opportunities are also being considered.

The Waikato Regional Aerial Photography Syndicate (WRAPS) became a LASS-managed project in December 2014. A LASS working party has been set up to consider the most appropriate technology to be used and the most efficient method for contracting the capture of both rural and urban imagery, which is undertaken every five years. The next contract is due to be let in 2016/17, and work is underway to develop the tender document.

During the year, LASS entered into a Memorandum of Understanding with LINZ to participate in the scanning of the historic aerial photos archive over the next four years. The total cost for the Waikato syndicate will be \$287,000, which includes a LINZ subsidy of \$56,000 due to the LASS councils working collaboratively.

The company continues to act as the legal entity to manage contracts arising from the work of the Waikato Mayoral Forum, as well as providing administrative support to the Forum.

Each year, LASS undertakes a survey of the shareholding councils to assess the level of satisfaction with LASS services. These surveys have been undertaken since 2007/08, and a summary of the results and trends is shown below.



Overall, the results show that the shareholding councils are very satisfied with the efforts being made by LASS to advance shared services projects across the region.

Governance

LASS has twelve Directors with each Director representing a shareholder Council. Each Director is currently a Chief Executive of a local authority. It is up to each shareholding Council to decide on their representative. In addition, the Board may appoint up to three professional directors to supplement the Directors' expertise. There are currently no independent Directors.

During the year, Barry Harris resigned as a Director, and the Board thanks him for his contribution. Richard Briggs joined the Board as his replacement in October 2014.

The Board looks forward to continuing to build on the LASS platform that has been established over the past 10 years, and will continue to consider new shared service opportunities that will help to achieve further benefits for shareholders.

The councils of the Waikato Region have put in place a Council Controlled Organisation (as defined in Part 5 of the Local Government Act 2002), to develop and deliver shared services, and to procure services which are available to be joined by any of the 12 shareholding councils that choose to do so. LASS can also provide a company structure for any Council that wishes to develop new services, under which they can develop and promote services to other local authorities and external parties.

As part of this strategic collaboration, LASS now provides support to the Waikato Mayoral Forum and to the working parties established by it.

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

- Improved levels and quality of service
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Opportunity to develop new initiatives
- Opportunity for all councils, irrespective of location or size, to benefit from joint initiatives

- Leveraging procurement opportunities through economies of scale resulting from a single entity representing councils

The LASS Directors continue to seek new opportunities, either from internal investigations or from shareholder initiatives that are presented to it with a sound business case. New services will only be adopted where a business case shows that they provide some form of benefit to the shareholders. The benefits that may be gained include the development of intellectual property through new business services, protection of Council data, improved levels of service, efficiencies and/or reduced cost. All proposals are presented to the Board for approval prior to implementation.



Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2014/15 financial year.

Performance Measure	Actual Outcome
The Statement of Intent is informed by the annual survey and independent benefits review.	Achieved. A draft Statement of Intent (SOI) for 2015/16 was distributed to all shareholding councils for comment and feedback on 26 February 2015. The annual survey of shareholders was completed and presented to the Board at their meeting on 22 May. The draft benefits review was presented to the Board at their meeting on 22 May. The final SOI was adopted by the Board on 26 June 2015 and distributed to all shareholders on 29 June.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved, actual expenditure was \$16,439 favourable to budget.
Cashflow: The company maintains an overall positive cashflow position.	Not achieved this year as cashflow was intentionally operated at a negative level in order to use up surpluses. The Company still maintains a safe cash position with the cash, cash equivalents and bank accounts balances at the end of June 2015 being \$693,617.
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Achieved. The 2013/14 Annual Report was sent to all shareholders on 22 September 2014. A 6-month report was sent to all shareholders on 26 February 2015
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	Achieved. All parties have confirmed that there were no legislative breaches during the year, and this will be reported to the LASS Board at their August meeting when the Annual Report is presented.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	Achieved. SVDS was available to users 99.8% of normal working hours.
SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	Achieved. 100% of agreed timelines were met.
SVDS Major Enhancement Development Hours: All Capital enhancement development work is supported by a business case approved by the Advisory Group.	Not applicable this year, as only minor work items of \$5,000 or less have been undertaken as per the road map approved by the SVDS Advisory Group.
WRTM: That all required modelling reports are actioned within the required timeframe.	Achieved. All modelling services were delivered within the required timeframe, or time extensions were agreed with the model partner / 3rd party concerned.
WRTM: That the base model adheres to "Screenline Validation Standards" as set out in the NZTA Economic Evaluation Manual (EEM) as indicated by an external independent peer review.	Achieved. The WRTM is going through an update process to bring it up to the 2013 census base. The peer reviewer has reviewed all technical notes and has advised that the revised base model meets the EEM standards. This has been documented in the peer reviewer's report. The modelling services undertaken were all done using WRTM version 7, which was last peer reviewed in 2013. No changes have been made to the model since that time.
WRTM: That a full report on progress of the model be provided to the LASS Board twice each year.	Achieved. The WRTM Contract Manager reported to the LASS Board in September 2014, October 2014, December 2014 and May 2015.
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.	Achieved. The KPIs in the brokerage contract are as follows: 1. Failure to undertake Gap Analysis and Risk profiling for each of the Councils. Achieved. The Gap Analysis was completed.

	<p>2. Not Achieving at least an overall saving of 15 % based on like for like coverage in non-property areas of the insurance profiles of LASS. Achieved.</p> <p>3 .Failure to give appropriate strategic advice on programme structure and improve coverage for the Councils in LASS. Achieved. A number of discussions and amendments have been made to and around the programme since the appointment of Aon. An example would be the Infrastructure Insurance programme that has been put in place and the current work being done on the JLT/ Riskpool offering.</p> <p>4. Failure to provide adequate and reasonable day to day service to the councils in the LASS group. Achieved. Most of the time, all Councils receive this level of service. Occasionally there are times when the response to queries may be slightly delayed. To address this, more resource has been applied to the Aon team handling the LASS account. Regular advice is provided on specific areas, e.g. Contract Terms and Conditions, policy responses to specific scenarios put forward, claims.</p>
Joint Procurement: That any joint procurement projects deliver as per project approved objectives.	Achieved. A joint procurement initiative was completed as per the project's objectives for a Professional Services Panel for four of the shareholding councils.
Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	Achieved. Written and verbal update reports were provided to the Mayoral Forum at their meetings on 30 July, 15 September and 4 November 2014, 23 February, 20 April, and 15 June 2015.
Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to.	Achieved. As part of preparing the 2015/16 Statement of Intent, a new performance measure to assess the benefits being achieved by LASS was developed and included in the SOI's revised set of performance measures.
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.	Achieved. The draft benefits review was presented to the Board at their meeting on 22 May. A copy of the final benefits report will be sent to shareholders with this Annual Report.

LASS Financial Position

Expenditure for the LASS has been assessed on the basis of the direct cost of management and the Directors' governance role.

The LASS administration costs for this period were \$197,516 against a budget of \$213,955.

The combined LASS, SVDS, WRTM, procurement and shared service investigations service costs are shown in the financial statements.

Directors

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

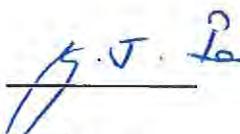
Director	Position	Director Appointed By
Gavin Ion(Chair)	Chief Executive Waikato District Council	Waikato District Council
Langley Cavers	Chief Executive Hauraki District Council	Hauraki District Council
Geoff Williams	Chief Executive Rotorua District Council	Rotorua District Council
Chris Ryan	CEO Waitomo District Council	Waitomo District Councils
Vaughn Payne	Chief Executive Waikato Regional Council	Waikato Regional Council
Barry Harris (resigned 17 October 2014)	Chief Executive Hamilton City Council	Hamilton City Council
Dave Clibbery	Chief Executive Otorohanga District Council	Otorohanga District Council
David Hammond	Chief Executive Thames-Coromandel District Council	Thames-Coromandel District Council
Don McLeod	Chief Executive Matamata-Piako District Council	Matamata-Piako District Council
Craig Hobbs	Chief Executive South Waikato District Council	South Waikato District Council
Rob Williams	Chief Executive Taupo District Council	Taupo District Council
Garry Dyet	Chief Executive Waipa District Council	Waipa District Council

Richard Briggs (Hamilton City Council) was appointed Director in October 2014.

For and on behalf of the Board.



Director
21 August 2015



Director
21 August 2015

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited

Independent Auditor's Report

**To the readers of
Local Authority Shared Services Limited's
financial statements and performance information
for the year ended 30 June 2015**

The Auditor-General is the auditor of Local Authority Shared Services Limited (the company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 12 to 28, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 5 to 6.

In our opinion:

- the financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity International Public Sector Accounting Standards;
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 21 August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited (continued)

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Auditors' Report

To the ratepayers of Local Authority Shared Services Limited (continued)

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Directory**Company Number**

1730380

Registered officeWaikato District Council
15 Galileo Street
Ngaruawahia**Directors**CAVERS, Langley David
CLIBBERY, Dave
DYET, Garry
WILLIAMS, Geoff
HOBBS, Craig
HAMMOND, David
HARRIS, Barry (resigned October 2014)
BRIGGS, Richard
ION, Gavin John
PAYNE, Vaughn
MCLEOD, Don
RYAN, Chris
WILLIAMS, Rob**Bankers**Bank of New Zealand
Hamilton Banking Centre
Victoria Street
Hamilton**Auditors**Audit New Zealand on behalf of the Auditor-General
17 Clifton Road
Hamilton

Local Authority Shared Services Limited
Statement of comprehensive revenue and expense
For the year ended 30 June 2015

Statement of comprehensive revenue and expense

For the year ended 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Revenue				
SVDS Data Sales		191,426	125,964	123,166
Interest		16,612	800	14,159
Other revenue	4	<u>1,903,335</u>	<u>1,165,237</u>	<u>1,875,218</u>
Total revenue		<u>2,111,373</u>	<u>1,292,001</u>	<u>2,012,543</u>
Expenditure				
Personel Costs		-	11,856	7,715
Depreciation and amortisation expense	9	419,529	472,018	431,173
Other expenses	5	<u>2,201,144</u>	<u>1,333,904</u>	<u>2,068,709</u>
Total operating expenditure		<u>2,620,673</u>	<u>1,817,778</u>	<u>2,507,597</u>
Operating surplus/(deficit) before tax and share of equity accounted investments		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Surplus/(deficit) before tax		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Income tax expense	6	-	-	-
Surplus/(deficit) after tax		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Total other comprehensive revenue and expense		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive revenue and expense		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Surplus is attributable to:				

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18

Local Authority Shared Services Limited
Statement of changes in equity
For the year ended 30 June 2015

Statement of changes in equity

For the year ended 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Balance at 1 July		1,541,308	1,390,764	2,036,362
Total comprehensive revenue and expense previously reported		<u>(509,300)</u>	<u>(525,777)</u>	<u>(495,054)</u>
Balance at 30 June	11	<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>
Total comprehensive revenue and expense attributable to:				
Equity holders of Local Authority Shared Services Limited		1,032,008	864,987	1,541,308
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive revenue and expense		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>

The accompanying notes form part of these financial statements
 Explanations of major variances against budget are provided in note 18

Local Authority Shared Services Limited
Statement of financial position
As at 30 June 2015

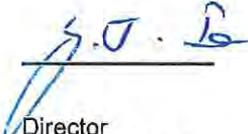
Statement of Financial Position

As at 30 June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
ASSETS				
Current assets				
Cash and cash equivalents	7	693,617	53,834	442,598
Exchange trade and other receivables	8	792,473	-	501,771
Non-exchange trade and other receivables	8	15,375	3,781	47,256
Prepayments		<u>149,413</u>	<u>1,868</u>	<u>150,348</u>
Total current assets		<u>1,650,878</u>	<u>59,483</u>	<u>1,141,973</u>
Non-current assets				
Intangible assets	9	<u>911,001</u>	<u>892,136</u>	<u>1,321,089</u>
Total non-current assets		<u>911,001</u>	<u>892,136</u>	<u>1,321,089</u>
Total assets		<u>2,561,879</u>	<u>951,619</u>	<u>2,463,062</u>
LIABILITIES				
Current liabilities				
Payables and deferred revenue	10	<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Total current liabilities		<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Non-current liabilities				
Total non-current liabilities		<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,529,871</u>	<u>86,632</u>	<u>921,754</u>
Net assets		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>
EQUITY				
Contributed equity	11	2,957,001	2,957,001	2,957,001
Retained earnings	11	<u>(1,924,993)</u>	<u>(2,092,014)</u>	<u>(1,415,693)</u>
		1,032,008	864,987	1,541,308
Total equity		<u>1,032,008</u>	<u>864,987</u>	<u>1,541,308</u>

These financial statements have been authorised for issue by the Board of Directors on 21 August 2015


Director
21 August 2015


Director
21 August 2015

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18

Local Authority Shared Services Limited
Cash flow statement
For the year ended 30 June 2015

Cash flow statement

For the year ended 30 June 2015

Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
Cash flows from operating activities			
Interest Received	16,538	800	14,156
Receipts from other revenue	2,280,922	1,184,191	1,905,150
Payments to suppliers and employees	(2,101,635)	(1,329,850)	(1,964,577)
Income tax received / (paid)	5,330	(224)	(3,958)
Goods and services tax (net)	<u>59,305</u>	<u>(3,173)</u>	<u>(9,406)</u>
Net cash flow from operating activities	<u>260,460</u>	<u>(148,256)</u>	<u>(58,635)</u>
Cash flows from investing activities			
Purchase of intangible assets	<u>(9,441)</u>	<u>(78,643)</u>	<u>(69,914)</u>
Net cash flow from investing activities	<u>(9,441)</u>	<u>(78,643)</u>	<u>(69,914)</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	251,019	(226,899)	(128,549)
Cash, cash equivalents, and bank overdrafts at the beginning of the year	<u>442,598</u>	<u>280,733</u>	<u>571,147</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	7 <u>693,617</u>	<u>53,834</u>	<u>442,598</u>

The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 18

1 Statement of accounting policies for the year ended 30 June 2015

1.1 Reporting entity

Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is controlled by the councils listed on the directory page of these accounts. Local Authority Shared Services Ltd is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of each of the shareholding Council's right to appoint the Board of Directors.

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

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

The financial statements of the Company are for the year ended 30 June 2015. The financial statements were authorised for issue by the Board of Directors on the 21 August 2015.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

Statement of Compliance

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

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

LASS is eligible to report in accordance with the Tier 2 PBE accounting standards as it:

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

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

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

Budget figures

The budget figures are those approved by the Board of Directors in the 2014/15 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

2.2 Revenue

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

2 Summary of significant accounting policies (continued)

(i) Other revenue

User charges for the SVDS and WRTM asset are recognised when invoiced to the user, ie. councils. The recorded revenue is the net amount of the member charges payable for the transaction. Contributions to Waikato Mayoral Forum projects are recognised as revenue when the Company provides, or is able to provide, the service for which the contribution was charged. Otherwise, contributions are recognised as liabilities until such time as the Company provides, or is able to provide, the service.

2.3 Income tax

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

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

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

2.4 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.5 Impairment of intangible assets

Intangible assets subsequently measured at cost that have an finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2 Summary of significant accounting policies (continued)

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.7 Receivables

Receivables are recorded at their face value, less any provisions for impairment.

2.8 Intangible assets

(i) *Software acquisition and development*

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

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

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

(ii) *Amortisation*

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

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

Computer Software	4 to 7 years	14 to 25%
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2.9 Payables

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

2.10 Other financial assets

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

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or unrecognised are recognised in the income statement.

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

2.11 Equity

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

Contributed capital

Contributed capital is the net asset and liability position at the time the Company was formed. The allocation of capital amongst shareholders is explained in note 11.

Accumulated funds

2 Summary of significant accounting policies (continued)

Accumulated funds is the Company's accumulated surplus or deficit since formation.

LASS's objectives, policies and processes for managing capital are explained in note 17

3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Intangible asset useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the amortisation amount of an asset, therefore impacting on the amortisation expense recognised in the income statement, and carrying amount of the asset in balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

4 Other revenue

	Actual 2015 \$	Actual 2014 \$
<u>Non-exchange revenue</u>		
User Charges	636,558	672,169
Other	87,146	169,549
Total non-exchange revenue	<u>723,704</u>	<u>841,718</u>
<u>Exchange revenue</u>		
Other	3,390	38,428
Insurance Brokerage Fee	147,500	147,501
ValueFinancials Fee	36,894	44,006
GSB Membership Fee	18,000	18,000
Waikato Mayoral Forum Funding	895,567	535,866
ISSP Funding	-	99,999
Professional Services Panel Funding	-	79,300
Infometrics Fee Recovery	70,400	70,400
Debt Management Solutions Recovery	7,880	-
Total exchange revenue	<u>1,179,631</u>	<u>1,033,500</u>
Total other revenue	<u>1,903,335</u>	<u>1,875,218</u>

5 Other expenses

	Actual 2015 \$	Actual 2014 \$
Other fees to auditors	-	-
Audit fees for financial statement audit (current year)	15,145	14,806
Waikato Mayoral Forum Funding	895,567	535,866
Insurance Brokerage Fee	147,500	147,500
ValueFinancials Fee	36,894	44,006

Local Authority Shared Services Limited
Notes to the financial statements
30 June 2015
(continued)

5 Other expenses (continued)

	Actual 2015 \$	Actual 2014 \$
GSB Membership Fee	18,000	18,000
Infometrics Fee	70,400	70,400
Debt Management Solutions Fee	7,880	-
ISSP Expenses	947	87,532
Professional Services Panel Expenses	2,767	78,373
Other operating expenses	<u>1,006,044</u>	<u>1,072,226</u>
Total other expenses	<u>2,201,144</u>	<u>2,068,709</u>

6 Income tax

	Actual 2015 \$	Actual 2014 \$
Components of income tax expense:		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	-	-
Tax expense	<u>-</u>	<u>-</u>

Relationship between tax expense and accounting profit:

Net surplus (deficit) before tax	(509,300)	(495,054)
Tax at 28%	(142,604)	(138,615)
Plus (less) tax effect of:		
Non-deductible expenditure	-	67
Other timing adjustments	104,971	96,957
Non-taxable income	-	-
Prior year adjustment	-	629
Group loss offset	-	-
Deferred tax adjustment	(105,048)	40,962
Tax losses not recognised	<u>142,681</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

Deferred tax asset (liability)

	Intangible assets \$	Other provisions \$	Tax losses \$	Total \$
Balance at 1 July 2013	(443,841)	-	443,841	-
Charged to surplus or deficit	97,205	-	(97,205)	-
Charged to other comprehensive income	-	-	-	-
Balance at 30 June 2014	<u>(346,636)</u>	<u>-</u>	<u>346,636</u>	<u>-</u>
Balance at 1 July 2014	(346,636)	-	346,636	-
Charged to surplus or deficit	105,048	-	(105,048)	-
Charged to other comprehensive income	-	-	-	-
Balance at 30 June 2015	<u>(241,588)</u>	<u>-</u>	<u>241,588</u>	<u>-</u>

	2015 \$	2014 \$
Imputation credits available for use in subsequent reporting periods	6,693	-

A deferred tax asset has not been recognised in relation to tax losses of \$2,105,776 (\$2014 \$1,596,206).

Local Authority Shared Services Limited
Notes to the financial statements
30 June 2015
(continued)

7 Cash and cash equivalents

	2015 \$	2014 \$
Cash at bank and in hand	649,221	399,250
Short term deposits maturing three months or less from date of acquisitions	<u>44,396</u>	<u>43,348</u>
Total cash and cash equivalents	<u>693,617</u>	<u>442,598</u>
Net Cash and Cash Equivalents and bank overdrafts for the purposes of the Statement of Cashflows	<u>693,617</u>	<u>442,598</u>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

8 Receivables

	2015 \$	2014 \$
Gross trade and other receivables	69,934	5,957
Related Party Receivables (note 14)	733,757	494,491
Accrued Interest on Short Term Deposits and Call Accounts	345	271
IRD - RWT Tax Paid	3,812	5,184
GST Refund Due	-	43,124
Total debtors and other receivables	<u>807,848</u>	<u>549,027</u>
Exchange		
Receivables from exchange transactions	792,473	501,771
Non-exchange		
Receivables from non-exchange transactions	<u>15,375</u>	<u>47,256</u>
Total debtors and other receivables	<u>807,848</u>	<u>549,027</u>

9 Intangible assets

	2015 \$	2014 \$
Computer Software		
Balance at 1 July	5,353,925	5,284,656
Additions	9,441	70,155
Disposals	-	(886)
Balance at 30 June	<u>5,363,366</u>	<u>5,353,925</u>
Accumulated amortisation and impairment losses		
Balance at 1 July	4,032,836	3,602,308
Amortisation expenses	(419,529)	431,173
Disposals	-	(645)
Impairment losses	-	-
Balance at 30 June	<u>4,452,365</u>	<u>4,032,836</u>
Carrying Amounts		
Balance at 1 July	1,321,089	1,682,348
Balance at 30 June	<u>911,001</u>	<u>1,321,089</u>

Significant intangible assets include the Shared Value Data Services (SVDS) computer software, and the Waikato Regional Transport Model (WRTM) computer software. The carrying amount of the SVDS asset as at 30 June 2015 is \$347,501. The original build cost of the SVDS asset has now been fully amortised, and there is currently 3 years remaining enhancements in the useful life of the asset. The carrying amount of the WRTM asset as at 30 June 2015 is \$546,870 and there is currently 1 year remaining in the useful life of the asset.



9 Intangible assets (continued)

The Board of Directors consider that there is no impairment of assets as at 30 June 2015. Accordingly no impairment adjustments are needed.

10 Payables and deferred revenue

	2015 \$	2014 \$
Current		
Trade payables and accrued expenses	489,381	331,021
Related party payables (note 14)	47,915	112,522
Deferred revenue	971,573	478,211
GST payable	<u>21,002</u>	<u>-</u>
Total creditors and other payables	<u>1,529,871</u>	<u>921,754</u>
Exchange		
Trade payables	492,202	402,112
Accrued expenses	<u>45,094</u>	<u>41,431</u>
Total creditors and other payables from exchange transactions	<u>537,296</u>	<u>443,543</u>
Non-exchange		
Deferred revenue	971,573	478,211
GST payable	<u>21,002</u>	<u>-</u>
Total creditors and other payables from non-exchange transactions	<u>992,575</u>	<u>478,211</u>
Total current creditors and other payables from exchange and non-exchange transactions	<u>1,529,871</u>	<u>921,754</u>

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

Councils were invoiced for their portion of contribution towards the Waikato Mayoral Forum projects in advance.

11 Reconciliation of equity

	2015 \$	2014 \$
Total equity		
Contributed equity	2,957,001	2,957,001
Opening retained earnings	<u>(1,924,993)</u>	<u>(1,415,693)</u>
Balance at 30 June 2015	<u>1,032,008</u>	<u>1,541,308</u>
(a) Contributed equity		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	<u>(456,568)</u>	<u>(456,568)</u>
Balance 30 June	<u>2,957,001</u>	<u>2,957,001</u>
Balance at 1 July	2,957,001	2,957,001
Shares Issued	<u>-</u>	<u>-</u>
Balance 30 June	<u>2,957,001</u>	<u>2,957,001</u>
Retained Surpluses		
Balance at 1 July	(1,415,693)	(920,639)
Surplus/(deficit) for the year	<u>(509,300)</u>	<u>(495,054)</u>
Balance 30 June	<u>(1,924,993)</u>	<u>(1,415,693)</u>

11 Reconciliation of equity (continued)

The Company has issued 2,186,581 (2014 - 2,186,581) shares. The SVDS shares have been fully called and paid for at \$1.00 per share. The WRTM shares have been fully called and paid for at \$10.00 per share. The table below details the different types of shares and their value per share.

Shares are called when notice is given to shareholders by the Board of Directors.

Shareholder	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	1	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Total shares	12	1,607,001	444,568	135,000
Amount per share	1,000	1	1	10
Total value of shares	12,000	1,607,001	444,568	1,350,000
Uncalled amount	(12,000)	-	(444,568)	-
Total Value of Called Shares	-	1,607,001	-	1,350,000

General Rights of Ordinary, SVDS, and WRAPS Shares

The rights conferred by section 36(1) of the Companies Act 1993 on holders of shares in the Company are altered as set out below:

- For Ordinary, SVDS and WRAPS shares the holders are entitled to participate in certain services to be provided by the Company, in terms that reflect their investment.
- Service shares (SVDS and WRAPS) do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, no class of service shares shall have any voting rights.

General Rights of WRTM shares

The following rights and obligations are hereby conferred on each WRTM shareholder:

- A right to one vote prior to further WRTM service shares being issued.
- A right to one vote on the application of any surpluses arising from the WRTM service (after NZTA have been allocated 40 per cent [or a portion based on NZTA's proportion of the total cost at the time] of any surpluses.)
- The right to receive monetary benefits that the Company generates through the sale of outputs of the WRTM service in proportion to the apportionment of the development costs as at that time after 40 per cent (or a portion based on NZTA's proportion of the development cost at the time) of the monetary benefits have been allocated to NZTA.
- No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above.
- No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

12 Commitments

	2015	2014
	\$	\$
Non-cancellable operating leases as lessee		
Not later than one year	416,897	332,117
Later than one year but not later than five years	<u>962,500</u>	-
Total non-cancellable operating leases	<u>1,379,397</u>	<u>332,117</u>

13 Contingencies

As at 30 June 2015 the Company had no contingent liabilities or assets (2014 - \$0)

14 Related party transactions

The Company is controlled by the councils listed on the directory page.

Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Directors receive no remuneration. Expenditure paid to the Chief Executive was for the provision of Chief Executive services.

	2015	2014
	\$	\$
Dial New Zealand Ltd - Acting LASS Chief Executive	33,075	53,460
Jowett Consulting - LASS Chief Executive	105,170	-
Poison Pawn Ltd - LASS Chief Executive	-	75,550
Total key management personnel compensation	<u>138,245</u>	<u>129,010</u>

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2015	Actual 2014
	\$	\$
Revenue		
Hamilton City Council	351,198	403,820
Hauraki District Council	82,319	69,719
Matamata Piako District Council	152,349	101,106
Otorohanga District Council	94,618	40,241
Rotorua Lakes Council	30,924	65,858
South Waikato District Council	94,351	67,915
Taupo District Council	72,256	107,569
Thames Coromandel District Council	108,469	122,173
Waikato District Council	279,380	224,648
Waikato Regional Council	487,660	578,686
Waipa District Council	474,455	186,501
Waitomo District Council	84,500	47,157
	<u>2,312,477</u>	<u>2,015,392</u>

14 Related party transactions (continued)

Revenue is related to user charges, Mayoral Forum funding, joint procurement, and shared services investigation funding.

	Actual 2015 \$	Actual 2014 \$
Expenses		
Hamilton City Council	3,230	3,910
South Waikato District Council	6,126	3,975
Waipa District Council	132,673	45,805
Waikato District Council	4,421	-
Waikato Regional Council - Services Provided	<u>61,848</u>	<u>48,261</u>
	<u>208,299</u>	<u>101,951</u>

Expenses are related to services provided by the related parties.

The figures above exclude invoices of \$1,302 from Waikato Regional Council, \$61 from South Waikato District Council, and \$3,178 from Hamilton City Council that relate to bills paid on behalf of LASS (2014 - \$6,740).

	Actual 2015 \$	Actual 2014 \$
Balance Sheet		
<i>Trade & Other Receivables</i>		
Hamilton City Council	105,096	138,615
Hauraki District Council	25,538	10,126
Matamata Piako District Council	79,618	44,980
Otorohanga District Council	52,946	9,728
South Waikato District Council	22,872	2,046
Taupo District Council	42,163	10,859
Thames Coromandel District Council	21,654	32,709
Waikato District Council	98,885	11,470
Waikato Regional Council	137,818	208,383
Waipa District Council	112,295	23,535
Waitomo District Council	<u>34,872</u>	<u>2,040</u>
	<u>733,757</u>	<u>494,491</u>
<i>Trade & Other Payables</i>		
Hamilton City Council	-	4,497
Jowett Consulting - LASS Chief Executive	8,521	-
Rotorua Lakes Council	-	20,966
South Waikato District Council	70	7,045
Waikato District Council	920	5,875
Waikato Regional Council - Services provided	2,073	22,097
Waipa District Council	<u>36,331</u>	<u>52,043</u>
	<u>47,915</u>	<u>112,522</u>

15 Director and executive disclosures

No Directors fees were paid to directors during the year. Directors are not directly remunerated by Local Authority Shared Services. (2014 - \$0)

16 Events occurring after the balance date

There have been no events after balance date.

17 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

(a) Financial instrument categories

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	693,617	442,598
Debtors and other receivables	<u>807,848</u>	<u>549,027</u>
Total loans and receivables	<u>1,501,465</u>	<u>991,625</u>
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Creditors and other payables	<u>1,529,871</u>	<u>443,543</u>
Total financial liabilities at amortised cost	<u>1,529,871</u>	<u>443,543</u>

(b) Market risk

The interest rates on the Company's investments would be disclosed in the notes, but at present there are none.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 7), investments (nil this year), and trade receivables (note 8). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

17 Financial instruments (continued)

(d) Liquidity risk (continued)

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframes.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

18 Explanation of major variances against budget

Explanations for major variations from the Company's budget figures in the statement of intent to 30 June 2015 are as follows:

Statement of comprehensive revenue and expense

SVDS Data Sales are higher than budgeted due to a MoU with an additional organisation for the supply of valuation and sales data.

Interest received is higher due to a higher than budgeted cash surplus throughout the year, primarily related to revenue which was received in advance for the Waikato Mayoral Forum activities.

Other revenue is higher than budgeted primarily due to higher expenditure on Waikato Mayoral Forum projects being recognised as revenue, and transferred from deferred income.

Personnel costs are lower than budgeted due to no personnel being employed by LASS from February 2014. These services are now contracted out and are shown under LASS administration.

Depreciation is lower due to lower enhancements than budgeted, and to a change in the useful life of the SVDS asset.

Other Expenses are higher than budgeted due to expenditure being incurred primarily on the Spatial Plan and Roding Waikato Mayoral Forum projects, that was unquantifiable at the time of the budgeting process.

Statement of Changes in Equity

The items as noted above have meant that the Company has made a loss of \$509,300 against a budgeted loss of \$525,777.

Statement of Financial Position

Cash and cash equivalents are higher than budget due to additional funds being held for the payments of the Waikato Mayoral Forum projects which are paid as they are due.

Trade and other receivables are higher than budget due to the timing of invoicing for the final Mayoral Forum contributions for the year.

Trade and other payables are higher than budget due to the timing of payment costs due for Waikato Mayoral Forum projects, ValueFinancials, and also an unbudgeted prepayment invoice for the 2015/16 financial year.

Deferred income was unbudgeted due to the unknown contributions from Waikato Mayoral Forum projects that are still to be expensed.

Statement of Cash Flows

Both receipts from other revenue, and payments to suppliers are higher than budgeted due to unbudgeted costs for Waikato Mayoral Forum projects that were unquantifiable at the time the budget was set.

Purchase of Intangible Assets are lower than budget due to lower than expected SVDS enhancement expenditure.

19 Adjustments to the Comparative Year Financial Statements

The main adjustments to the 30 June 2014 comparative statement of financial position arising on the transition to the new PBE Tier 2 standards are explained below:

- Receivables - Receivables for the 2013/14 year have been reclassified to clarify exchange and non-exchange transactions as required under the new PBE accounting standards. These transactions are identified by the following definitions:
 - Exchange transactions - transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.
 - Non-exchange transactions - where an entity receives value from another entity without giving approximately equal value in exchange.
- Deferred revenue - During the 2013/14 year LASS received contributions from councils towards Mayoral Forum projects, of which the balance at 30 June 2014 was \$478,211. Under the new PBE accounting standards this deferred income has been removed as an individual line and reclassified as payables and deferred revenue under current liabilities.

Document No: 374158		File No: 100/018B	
Report To:		Council	
	Meeting Date:	29 September 2015	
	Subject:	Interim Unaudited Financial Report for the Year ended 30 June 2015	

Purpose of Report

- 1.1 The purpose of this business paper is to present the Interim Unaudited Financial Report for the year ended 30 June 2015.

Local Government Act S.11A Considerations

- 2.1 There are no considerations relating to Section 11A of the Local Government Act in regards to this business paper.
- 2.2 This business paper is intended to enable oversight and accountability of Council's financial performance in delivering core services to the Waitomo District and community.

Risk Considerations

- 3.1 This interim report is unaudited and subject to change, should any adjustments be identified by the auditors. These will be incorporated into the final annual report and the changes from this interim report to the final 2014/15 Annual Report will be presented to Council for their consideration.
- 3.2 There is potential risk that some revenue included in the financial statements is subsequently not converted to cash or cash equivalents due to dispute by the customer or ratepayer. The raising of invoices and recognition of income is carried out with management review and approval to minimise this risk and trade debtors and other receivables are actively monitored and reviewed. The risk is also mitigated by the recognition of a provision for doubtful debt at 30 June 2015.
- 3.3 There is a risk that the financial results and position stated within this report in terms of Balance Sheet information is materially different from the results and position at the end of the financial year, due to the impact of asset revaluations which have yet to be processed.
- 3.4 There is a risk that the financial results and position stated within this report is materially different for those assets were not revalued at 30 June 2015. These assets include roads and solid waste assets. To minimise this risk, an assessment of the fair value of significant assets in between revaluation years has been completed by external valuers.
- 3.5 There is a risk that some financial assets may become impaired, but that the impairment amount is unknown. This will cause an over statement of carrying value of the asset in this report, that would subsequently be corrected in a later report.
- 3.6 Included in financial assets is the carrying value for Council's investment in Inframax Construction Limited. There is potential risk that the carrying value is different from the investment's fair value as the last independent valuation was undertaken as at 30 June 2014. .

Background

- 4.1 The year covered by this report is 1 July 2014 to 30 June 2015.
- 4.2 The order of the report is as follows:
- **Summary Income Statement** with comments detailing significant variances to Exceptions Annual Plan 2014/15 on Council's operating performance for the year ended 30 June 2015.
 - **Summary Balance Sheet** with comments detailing significant balance sheet movements from 1 July 2014 to 30 June 2015.
 - **Capital Expenditure** summary with commentary on material variances of expenditure for the year compared with the Exceptions Annual Plan 2014/15.
 - **Summary Treasury Management** which reports on the Public Debt position, cash reserves and significant treasury transactions.
 - **Cost of Service** Statement Summary and Cost of Service Statements for Council's eleven significant activities are presented in **Appendix 1**.
 - **Balance Sheet** as at 30 June 2015 is presented in **Appendix 2**.
 - **Treasury Management Report** from Bancorp Treasury Services Limited, Council's treasury management advisors is presented in **Appendix 3**.
 - **Performance Management Report** on Levels of Service and Key Performance Indicators **Appendix 4**
- 4.3 All figures in the tables, except percentages, are expressed in thousands of dollars (\$000s).

Financial Report to 30 June 2015

5.1 INCOME STATEMENT HIGHLIGHTS

- 5.2 Set out below is the summary of financial information for the year to 30 June 2015. Detailed Cost of Service Statements are attached as **Appendix 1**.

FINANCIAL HIGHLIGHTS (Amounts in \$1000's)	Actual 2013/14	EAP Budget 2014/15	YTD Actual June 2015	Variance June 2015	% Variance
Total Expenditure					
- Direct Operating	12,471	12,007	12,409	402	
- Indirect Operating	11,982	14,031	12,447	(1,584)	
Total Expenditure	24,453	26,038	24,856	(1,182)	-5%
Total Revenue					
- Operating Revenue	(11,147)	(10,860)	(12,107)	(1,247)	
- Rates Revenue	(17,297)	(17,749)	(17,823)	(74)	
Total Revenue	(28,444)	(28,609)	(29,930)	(1,321)	5%
Net Operating Cost/(Surplus)	(3,991)	(2,571)	(5,074)	(2,503)	97%
Other Comprehensive Revenue and Expense					
- Revaluation of Property, plant and equipment	(2,112)	0	(1,185)	(1,185)	
- Revaluation of Available for Sale Assets	(2,600)	0	0	0	
- (Gains)/Losses from Cash Flow Hedges	(383)	0	1,089	1,089	
Total Other Comprehensive Revenue and Expense	(5,095)	0	(96)	(96)	
Total Comprehensive Revenue and Expense	(9,086)	(2,571)	(5,170)	(2,599)	101%

- 5.3 **Net Operating Surplus:** The net operating surplus of \$5,074,000 was \$2,503,000 more than budget for the 2014/15 financial year.
- 5.4 **Operating Expenditure** was 5% (\$1,182,000) less than budget forecast for the year ended 30 June 2015.
- Direct Operational expenditure was \$402,000 more than budget. The main contributors to this variance in order of magnitude are:
 - **Water Supply:** \$574,000 more than budget for the year. Operational and maintenance costs for the water treatment plant and reticulation system were more than budget for Te Kuiti, Piopio and Mokau, with the main contributor being higher than budgeted direct costs of operation and maintenance carried out by the contractor. The additional expenditure incurred in direct costs was mostly offset by reduced expenditure in indirect expenditure.
 - **Sewerage:** \$475,000 more than budget. Additional costs were required for materials and routine maintenance in the Te Kuiti network during the year. This included increased pipeline maintenance for William, Edward and Hill Streets in Te Kuiti. In addition to this, expenditure on chemicals was more than forecast. As with Water Supply, higher direct costs than budgeted are a result of contract costs of operation and maintenance. Again the additional direct expenditure for contracted operations and maintenance was offset by reduced costs in indirect expenditure. The loss on asset disposal of \$215,000 also contributed to the variance.
 - **Community Development:** \$191,000 more than budget. This was mainly due to application of rates and penalty remissions for current year rates and historic rates arrears on multiple owned unproductive Maori Freehold land. These remissions were applied on behalf of the owners who could not be located.
 - These over expenditures were offset by reduced expenditure in:
 - **Community Service:** \$300,000 less than budget. This was due mainly to repairs and maintenance budgets remaining unspent during the year. These costs are only incurred on an as needed basis. Expenditure on Safety was also less than budget due to costs for the Fire Group establishment and Civil Defence programme not being spent.
 - **Leadership:** \$288,000 less than budget. This was due mainly to budgeted expenditure of \$230,000 for the renewal of the District Plan remaining largely unspent for the year.
 - **Solid Waste Management:** \$115,000 less than budget. This was due to the purchase of Emissions Trading Scheme units being less than forecast. WDC purchased ERU's to offset this years obligation which were significantly cheaper than forecast. In addition to that expenditure on closed landfill post closure costs, resource consent compliance costs and asset management plans were also less than budget.
 - Indirect expenditure was \$1,584,000 less than budget and is made up of the following three components:
 - **Allocated Costs:** \$346,000 less than forecast. The main driver for the variance is timing of actual expenditure against budget for organisational

resourcing requirements, vehicles costs and information services costs. The budget also assumed that operation and maintenance resourcing for Water Supply, Sewerage and Stormwater would be brought in house. This transfer was been partially implemented with the reticulation work being carried out by the contractor.

- **External Interest:** \$632,000 less than forecast. The first reason for this is that the budget assumed interest rate of 5.75% while the weighted average interest rate applicable during the year was around 5.35% and further decreased to 5.15% to June. The other reason was that the budgeted interest cost was based on 1 July 2014 projected public debt of \$53 million while the actual public debt at that date was \$44 million due to capital expenditure for the 2013/14 year being less than forecast.
- **Depreciation:** \$606,000 less than forecast and there are three significant contributors to this variance.
 - Depreciation for the Te Kuiti waste water treatment plant assets which were capitalised during 2013/14 was less than that assumed in the EAP 2014/15 budget. Detailed componentisation is still to be completed which could lead to depreciation charged being different to what it is currently. Depreciation for all assets for Te Kuiti Sewerage was \$600,000 against a budget of \$896,000.
 - Depreciation for road assets was \$118,000 less than budget for the year. This was due largely to the road revaluation at 30 June 2014. The outcome of the revaluation determined the annual depreciation on existing assets to be \$2,956,000, which is \$209,000 less than forecast, however this was partially offset by depreciation on new roads asset additions of \$92,000.
 - The third significant contributor is due to the timing of capital expenditure for the Te Kuiti Water Treatment Plant upgrade. The EAP 2014/15 budget was prepared on the basis that significant capital expenditure would be completed in the 2013/14 year and the assets would be depreciating in the 2014/15 year. Depreciation for all assets for Te Kuiti water supply was \$236,000 against a budget of \$372,000.

5.5 **Total Revenue** was \$1,321,000 more than forecast for the year ended 30 June 2015.

- Operating Revenue was \$1,247,000 more than forecast. The main contributors to this variance are:
 - **Sewerage:** \$989,000 more than forecast from Trade Waste revenue which is more than forecast due to high volumes and nutrient loadings of discharge from some larger trade waste users.
 - **Community Service:** \$831,000 more than forecast due to receipt of the grant revenue of \$553,000 from NZ Lottery Grants Board for the restoration of the Railway Station Buildings. A further Trust Waikato donation of \$38,000 was also received for this project. A grant of \$60,000 has also been received from North King Country Development Trust for the development of the community space at the Railway Station Buildings. Contributions to capital works from The Cottage for their share of car park renewal, from the Piopio Hall committee for their contribution to works carried out at Piopio Hall, and lease revenue for Speedies Road Hydro project also contributed to this variance.

This was offset by reduced revenue received for:

- **Water Supply:** \$703,000 less than forecast. Subsidy revenue of \$780,000 from the Ministry of Health was forecast for the year (for the Te Kuiti Water Treatment Plant upgrade) on the assumption that the project will be completed in this financial year. This revenue is now forecast to be received in the next financial year, after the completion of the project.
- **Solid Waste** \$89,000 less than forecast. This was due to reduced levels of waste being deposited at the landfill which has resulted in less revenue being received.

5.6 OTHER ADJUSTMENTS TO COMPLETE THE ANNUAL REPORT

- 5.7 As development of the annual report continues there are several items that will impact on the financial statements and their format. These are detailed as follows:
- 5.8 The Revaluation of stormwater, sewerage and water supply assets is still being finalised and will be accounted for in the final Annual Report. At the time of issue of this interim report the valuation had not been completed.
- 5.9 The gain on revaluation of Investment property is still to be finalised and the gain of \$82,000 shown in the Community Service cost of service statement will be reduced to \$67,000. The value of investment property disclosed in the Balance Sheet will also reduce.
- 5.10 Rates paid on Council properties will be eliminated from revenue and expenditure in the Annual report, whereas they are shown in gross form here.

6.1 BALANCE SHEET HIGHLIGHTS

- 6.2 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2014 to 30 June 2015. The complete Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$1000's)	Actual Position 30 June 2014	Actual Position 30 June 2015	Movement from 30 June 2014
Assets			
- Cash and cash equivalents	955	2,457	1,502
- Receivables	5,258	5,561	303
- Other current assets	101	138	37
- Other financial assets	3,391	3,388	(3)
- Non-current assets	320,005	326,055	6,050
- Derivative financial instruments	409	153	(256)
TOTAL ASSETS	330,119	337,752	7,633
Liabilities			
- Other Liabilities	5,472	5,819	347
- Total Borrowings	44,865	46,139	1,274
- Derivative financial instruments	171	1,013	842
Total Liabilities	50,508	52,971	2,463
Public Equity			
- Public Equity	279,611	284,781	5,170
TOTAL LIABILITIES AND EQUITY	330,119	337,752	7,633

6.3 Total Assets have increased from \$330 million to \$338 million.

- Cash and cash equivalents have increased by \$1,502,000 from \$955,000 to \$2,457,000.
- Receivables increased by \$303,000 from \$5,258,000 to \$5,561,000. Rates receivables increased by \$149,000 and Other Receivables by \$127,000.
- Non-current assets have increased by \$6,050,000. The increase is due to the net effect of asset additions of \$10,663,000 an asset revaluations of \$1,242,000, less depreciation of \$5,498,000 and asset disposals of \$357,000.
- Revaluations of storm water, sewerage and water supply assets are currently underway for inclusion in the annual report for 2014/15. The results of the valuation was unavailable for inclusion this interim unaudited financial report.
- For other infrastructure assets included as part of non current assets; roading and refuse assets were revalued at 30 June 2014 in line with the three yearly revaluation cycle. These assets have not been revalued for the 2014/15 Annual Report and an assessment of the carrying value of these assets against their fair value is being undertaken to ensure that there is no impairment of value and that carrying values do approximate their fair value.
- Other financial assets decreased marginally with the annual repayment of the Marokopa Hall advance. Council's investment in Inframax Construction Ltd also forms part of this class asset. It has been considered that the **S** the fair value of the investment at 30 June 2015.

6.4 Total Liabilities have increased from \$50,508,000 to \$52,971,000.

- Other Liabilities increased by \$347,000 due to a general increase in Payables at 30 June 2015.
- Total Borrowings increased by \$1,274,000. This increase was due to the net effect of some key factors being - issue of \$5,000,000 floating rate note, part payment of Westpac Term Advance of \$3,697,000, an increase in accrued interest of \$26,000, offset by the Wholesale Advance at 30 June 2014 of \$50,000 being repaid and finance lease liabilities reducing by \$5,000.

6.5 Public Equity increased from \$279,611,000 by \$5,170,000 which equals the total comprehensive revenue and expense for the year.

7.1 CAPITAL EXPENDITURE

7.2 Set out below is the Capital Expenditure Budget for the year compared to actual expenditure for the year ended 30 June 2015.

CAPITAL EXPENDITURE SUMMARY (Amounts in \$1000's)	EAP Budget 2014/15	Actual YTD June 2015	Variance 2014/15
Community Service			
- Parks and Reserves	107	130	23
- Housing and Other Property	874	1,604	730
- Recreation and Culture	304	75	(229)
- Public Amenities	79	393	314
Community Development			
- Youth Engagement	0	0	0
Regulation			
- Animal Control	0	7	7
Solid Waste Management			
- Landfill Management	901	595	(306)

CAPITAL EXPENDITURE SUMMARY	EAP Budget	Actual	Variance
(Amounts in \$1000's)	2014/15	YTD June 2015	2014/15
Stormwater			
- Te Kuiti Stormwater	349	166	(183)
- Rural Stormwater	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	515	185	(330)
- Te Waitere Sewerage	5	5	0
- Benneydale Sewerage	65	3	(62)
- Piopio Sewerage	0	11	11
Water Supply			
- Te Kuiti Water	1,540	1,963	423
- Mokau Water	80	155	75
- Piopio Water	65	29	(36)
- Benneydale Water	3	70	67
Roads and Footpaths			
- Subsidised Roads	4,923	4,612	(311)
- Non subsidised Roads	340	95	(245)
Corporate Support			
- Corporate Support	683	558	(125)
- Internal Services Unit	0	7	7
TOTAL CAPITAL EXPENDITURE	10,838	10,663	(175)

7.3 **Capital Expenditure** was \$10,663,000 for the year ended 30 June 2015, of which \$4,707,000 (44%) related to Roads, \$2,202,000 (21%) related to Community Service, and \$2,217,000 (21%) related to Water Supply.

7.4 There has been expenditure of \$2,235,000 (to 30 June 2015) since the May 2015 financial report was presented to Council.

7.5 Community Services

- **Parks and Reserves** - renewal of the playground equipment at Redwood Park and Centennial Park playgrounds in Te Kuiti. Budgets carried forward from previous financial years were used.
- A budget of \$32,000 for Brook Park remains unspent, but is available if and when the Brook Park Committee agrees on projects to be carried out.
- **Housing and Other Property** - Restoration of the Railway station buildings, including the exterior and structural parts was completed.
- Construction was completed for the refurbishment of the upper level of the building located at 28 Taupiri Street for the relocation of the Community House. Grant funding of \$290,000 was received from the NZ Lottery Grants Board to part fund this project.
- **Recreation and Culture** – The budget of \$137,000 for building renewals upgrade was not spent during the year as the upgrade was completed in 2013/14. The initial planning and design work for the Cultural and Arts Centre court yard renewal is currently underway and this work will now be completed in the 2015/16 year.
- **Public Amenities** - Renewal of car parking around the Cottage and Culture Centre was completed during the year. A contribution was received from The Cottage to fund part of this expenditure. Construction of the new public toilets at Piopio was underway by balance date. There was expenditure on railway security fencing and security cameras during the year which was not budgeted for.

- Land for the soakage field for the Mokau public toilets was purchased from the Ministry of Education.

7.6 Regulation

- Renewal of the access-way and installation of a ventilation system to the Dog Pound facility to make safe.

7.7 Solid Waste Management

- Development of the Cell 2/3 at the District Landfill was complete. This project was started last financial year and the total cost was \$642,000 over the two financial years against a budget of \$774,000.
- High Wall shaping, which involves removing and shaping the earth above the landfill space to prevent landslides, for safety reasons, was completed for a cost of \$50,000. The desired outcomes have been achieved for now, but the area is unstable and future works are likely to be required to ensure ongoing safety.

7.8 Stormwater

- In addition to general renewal works and piping of open water drains, renewal projects were undertaken as a priority in Duke and George Streets and Hospital Road. Work commenced on these projects in the previous financial year and was completed in September 2014.
- Cotter Street stormwater piping contract documentation is currently being prepared. This work will be carried over to the 2015/16 financial year at an expected cost of \$45,000.

7.9 Sewerage

- Minor treatment plant renewal work was undertaken in Te Kuiti, Benneydale and Piopio during the year.
- The budget included expenditure to be carried out for pump station improvements and increasing capacity of the main sewer pipe crossing the river near Esplanade Bridge in Te Kuiti to improve the operational performance of the main pump station. This work was not carried out before June 2015 due to contractor availability and weather and this project will be carried over to the new financial year.
- A new chemical tank for Alumin for the Te Kuiti waste water plant was required to better achieve Health and Safety standards.
- Infiltration investigation work commenced for Te Kuiti. This is ongoing work on the network to identify problems and where one is identified a work plan is developed to correct it. Two areas of significant infiltration have been identified and efforts to eradicate them are advanced.
- Investigations are underway around providing a staff room/ablutions block that is separate from the current laboratory and testing area at the Te Kuiti wastewater plant. This has been identified as a potential health and safety issue at the plant.

7.10 Water Supply

- Some minor renewal works have been carried for Te Kuiti Water Supply, including Kent Street, which is now completed. Due to work in Kent Street it was necessary to replace another section of pipe (approximately 85 metres) and install a rider main to improve service delivery.
- The Te Kuiti water treatment plant is progressing well, to date work includes the installation of two 100m³ tanks and the main pumps and electrical equipment have been purchased ready for installation. The building is substantially completed and chemical tanks have been delivered. Pipe work is well underway. It is expected that some capital expenditure will be carried over into the following year and be completed by February 2016.
- Further capital works was carried out for the raw water storage dam in Mokau during the year and the dam is completed, connected and operating to expectation. The remaining work relating to the upper dam will be completed by April 2016.
- Replacement pipeline along Tui Street, Piopio is about to be awarded to the contractor and was expected to be completed before the end of October 2015. However there has been a delay in this work because property boundaries have needed to be established.

7.11 Roads and Footpaths

- Capital expenditure on renewals worth \$1,082,000 has been completed since the May 2015 financial report.
- The main items of expenditure for the year include emergency reinstatement (\$316,000) at Point Road Mokau, Tawa Street Te Kuiti (\$245,000) and Mangarino Road (\$282,000), unsealed road metalling (\$730,000), drainage renewal works (\$284,000), sealed road surfacing (\$1,138,000), pavement rehabilitation (\$659,000) and bridge repairs (\$471,000).

8.0 TREASURY REPORT

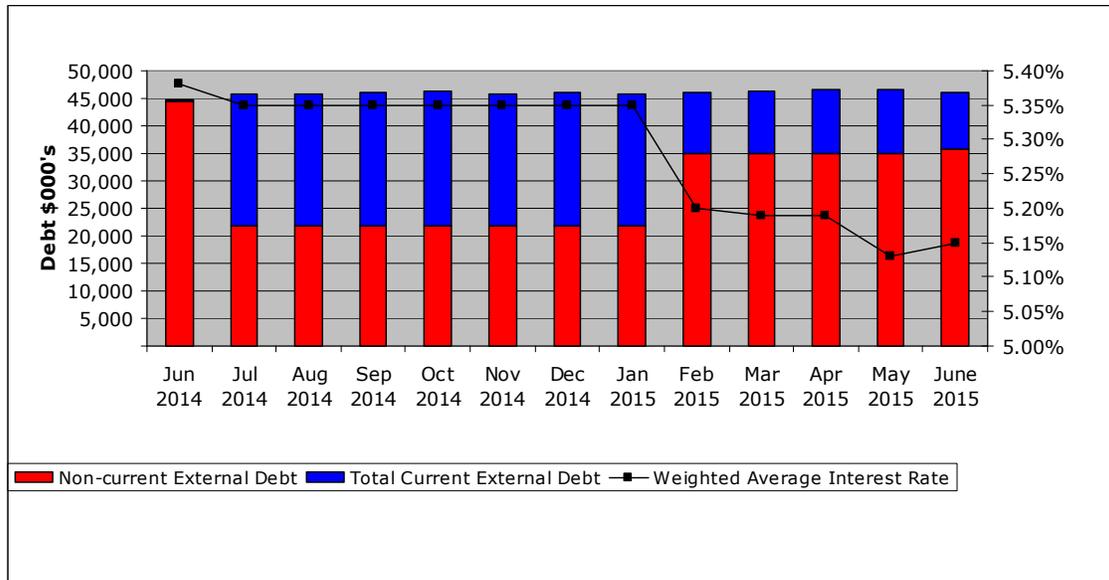
8.1 Set out below is the Treasury Report which provides more information on Council's public debt position and debt financing costs.

8.2 Cash Position

8.3 Council's cash position at 30 June 2015 was \$2,457,000 in funds. At the 30 June 2014 balance date the cash balance was \$955,000.

8.4 Summary of Public Debt Position

8.5 Set out below is a chart recording trends in Council's current and non-current debt for the year ended June 2015. The trend line overlaid is the effective weighted average interest rate currently being paid on all loans.



8.6 At 30 June 2015 the effective weighted average interest rate for all loans excluding finance leases, accrued interest and credit facility line fees was 5.15%. At 30 June 2014 it was 5.38%.

8.7 The reason for the decrease in weighted average interest rate between January and February was that the margin applicable to the Wholesale Advance facility was reduced from 1.15% to 0.80% after negotiation with the bank. Total borrowings under this facility are \$19,000,000 as Term Advances and this reduction in margin represents annualised savings in interest costs of \$67,000.

8.8 Public Debt Position Comparison to Budgets

8.9 Forecasted public debt at 30 June 2015 as per the Exceptions Annual Plan 2014/15 was expected to be \$54 million and \$52.1 million as per the Long Term Plan 2012-22. Actual Public debt was \$46.14 million at 30 June 2015. The lower public debt is partly due to the difference in opening debt for 2014/15 year; the actual public debt at 30 June 2014 was \$44.87 million, \$4.88 million less than EAP 2013/14 forecast.

8.10 Wholesale Advance Facilities (Term Advance and Call Advance Facilities)

8.11 The Term Advance and Call Advance Facilities is a Westpac credit facility (to the value of \$25,000,000) which forms part of Council's debt funding mix and providing working capital requirements over the year. A total of \$19,000,000 was drawn against this facility at balance date, leaving available lines of credit of \$6,000,000.

8.12 A Line of Credit fee of 0.30% (\$75,000 p.a.) of the facility balance applies to this credit facility.

8.13 This facility is used to finance capital expenditure prior to a loan draw down, (such as a Floating Rate Note or Term Advance) or to meet Council's working capital requirements between each of the quarterly rates instalments.

8.14 Details of Loan Portfolio

8.15 The following table records the public debt position and the key terms and conditions for each loan as at 30 June 2015. The classification of current and non-

current loans is based on current loans being those that are due for refinancing or repayment within 12 months of the balance sheet date.

	Loan Start Date	Loan Maturity Date	Effective Interest Reprice Date	Loan Balance	Effective Interest Rate
Current Loans					
Finance Leases				35,263	0.00%
Accrued Interest				309,553	0.00%
Call Advance		1/07/2017		0	4.30%
Floating Rate Notes (Hedged)	31/08/2010	31/08/2015	31/08/2015	5,000,000	6.66%
Floating Rate Notes (Unhedged)	9/11/2012	9/11/2015	10/08/2015	5,000,000	4.64%
Total Current Loans				10,344,816	
Non-current Loans					
Finance Leases				44,150	0.00%
Westpac Term Loan (ICL)	24/11/2011	24/11/2017	17/08/2015	750,000	6.60%
Floating Rate Notes (Hedged)	18/04/2012	18/04/2017	20/04/2020	5,000,000	5.82%
Floating Rate Notes (\$5M Hedged \$1M Floating, ICL)	30/08/2013	30/08/2016	31/08/2015	6,000,000	4.63%
Floating Rate Notes (Unhedged)	6/08/2014	6/08/2017	6/08/2015	5,000,000	4.12%
Term Advance (Hedged)		1/07/2017	17/05/2021	6,000,000	5.70%
Term Advance (Hedged)		1/07/2017	20/04/2020	3,000,000	5.12%
Term Advance (Hedged)		1/07/2017	11/09/2017	5,000,000	4.68%
Term Advance (Hedged)	21/01/2014	1/07/2017	24/01/2017	5,000,000	4.75%
Total Non-current Loans				35,794,150	
Total Public Debt				46,138,966	5.15%
Cash & Liquid Investments					
Term Deposits				2,000,000	
Cash				457,024	
Total Cash & Liquid Investments				2,457,024	
Public Debt Net of Investments				43,681,942	

- 8.16 Total public debt was \$46.14 million and cash assets were \$2.46 million at 30 June 2015 giving a net debt position of \$43.68 million.
- 8.17 On 24 November 2011 an unsecured term loan of \$750,000 was drawn and advanced to Inframax Construction Limited. The term of the loan was for two years and interest resets quarterly. Interest paid monthly by the company to Council for the provision of this funding includes a small margin to cover administrative costs. The maturity of both the loan and the advance has been extended to November 2017.
- 8.18 A \$5,000,000 Floating rate note was issued in August 2014, with a maturity of August 2017 and part of the proceeds were used to repay a Term Advance of \$3,697,000.
- 8.19 In December 2014 the credit limit on the Wholesale advance facility was reduced from \$30 million to \$25 million. The interest rate margin reduced from 1.15% to 0.80% and maturity date extended to 1 July 2017.
- 8.20 Additional hedging of interest rate risk has been undertaken to bring interest rate exposures within policy settings. Three \$5,000,000 notional value interest rates swaps were executed with fixed interest rates ranging from 3.78% to 3.93%, with

forward start dates of January 2017, September 2017 and April 2020 and expiry dates of January 2024, September 2020 and April 2025, respectively.

8.21 Treasury Events since 31 March 2015

8.22 This treasury report portrays the debt position of Council at the 30 June 2015. Since that date a Floating Rate Note was issued for three years on the 24 August 2015 with an interest rate margin of 0.52% over the BKBM (inter bank market float) floating rate. The initial rate set was 3.44%. This note refinances a matured Floating Rate Note which had an interest rate margin of 2.30%. This refinanced debt was previously hedged at an effective interest rate of 6.66%, however the new debt is on floating interest.

8.23 Interest Costs

8.24 The total actual interest paid to lenders for the year was \$2,471,000 against the budget for the year of \$3,103,000; \$632,000 (or 20%) less. Interest paid as a portion of total revenue is 8.4%; Council's Treasury Policy requires this amount does not exceed 15%.

8.25 Financial Derivatives and Hedge Accounting

8.26 Included in the balance sheet are valuation amounts for Derivative Financial Instruments (interest rate swaps). The valuation amount is componentised into current and non-current assets and liabilities held at balance date. At 30 June 2014 the value of swaps was a total net asset of \$238,000. At 30 June 2015 their net value was a liability of \$860,000. This has resulted in an overall loss from cash flow hedges of \$1,089,000 for the effective part which is disclosed as part of Other comprehensive revenue and expense and \$9,000 for the ineffective part which is included in Net Surplus/Deficit. The decrease in value is due to interest rates decreasing recently.

9.0 RECEIVABLES

9.1 Set out below is summary of Receivables (i.e. unpaid rates and other debtor amounts owing) as at 30 June 2015 with comparatives from last year. Rates receivables exclude rates paid in advance which give a more accurate picture of the receivables owing.

Receivables (Amounts in \$1000's)	As at 30.6.14	As at 30.6.15	Variance \$	Var %
Rates Receivable	2,643	2,673	30	1%
Rates Penalties	1,181	1,300	119	10%
Rates and Penalties Receivable	3,824	3,973	149	4%
NZ Transport Agency	966	1,137	171	18%
Ministry of Health Subsidy	752	0	(752)	100%
Extraordinary Water Charges	179	176	(3)	-2%
Other Trade Receivables	1,173	1,884	711	61%
Other Receivables	3,070	3,197	127	4%
Gross Receivables	6,894	7,170	276	4%
Less Provision for Doubtful Debts	(1,636)	(1,608)	(28)	-2%
Total Receivables	5,258	5,562	304	6%

- 9.2 Rates receivables balance increased by 1% from 30 June 2014. This compares favourably with percentage increase in rates revenue and the increase of 9% (\$210,000) last financial year. The reasons for this moderate increase are due the remission of uncollectable rates on multiple owned Maori unproductive freehold land and more active debt recovery action.
- 9.3 Other Trade Receivables increased by \$711,000 mainly due to non receipt of trade waste charges from a major commercial user. Active recovery action is in place..
- 9.4 A more comprehensive analysis or rates arrears will be presented to Council at the November 2015 Council meeting.

Suggested Resolution

The business paper on the Interim Unaudited Financial Report for the year ended 30 June 2015 be received.



VIBHUTI CHOPRA

GROUP MANAGER – CORPORATE SERVICES

- | | |
|------------|---|
| Appendix 1 | Interim Unaudited Cost of Service Statements |
| Appendix 2 | Interim Unaudited Balance Sheet as at 30 June 2015 |
| Appendix 3 | Treasury Report for Waitomo District Council For the quarter ended 30 June 2015 (Bancorp Treasury Services Limited) |
| Appendix 4 | Performance Management Report on Levels of Service and Key Performance Indicators |

Appendix 1: Combined Cost of Service Statements

Summary Cost of Service (Amounts in \$1000's)	Actual 2013/14	EAP Budget 2014/15	YTD Actual June 2015	Variance June 2015	% Variance
Direct Operating Expenditure					
- Leadership	700	977	689	(288)	
- Community Service	1,648	2,075	1,775	(300)	
- Community Development	689	646	837	191	
- Regulation	270	104	106	2	
- Solid Waste Management	961	1,162	1,047	(115)	
- Stormwater Drainage	83	120	91	(29)	
- Resource Management	29	86	76	(10)	
- Sewerage	1,184	948	1,423	475	
- Water Supply	1,315	804	1,378	574	
- Roads and Footpaths	5,592	5,085	4,987	(98)	
Total Direct Operating Expenditure	12,471	12,007	12,409	402	3%
Indirect Expenditure					
- Allocated Costs	4,439	4,824	4,478	(346)	
- Interest	2,437	3,103	2,471	(632)	
- Depreciation	5,106	6,104	5,498	(606)	
Total Indirect Expenditure	11,982	14,031	12,447	(1,584)	-11%
TOTAL EXPENDITURE	24,453	26,038	24,856	(1,182)	-5%
Operating Revenue					
- Leadership	(146)	(146)	(198)	(52)	
- Community Service	(393)	(804)	(1,635)	(831)	
- Community Development	(194)	(78)	(120)	(42)	
- Regulation	(389)	(363)	(430)	(67)	
- Stormwater Drainage	(3)	0	(1)	(1)	
- Resource Management	(50)	(80)	(120)	(40)	
- Solid Waste Management	(899)	(1,090)	(1,001)	89	
- Sewerage	(1,154)	(828)	(1,817)	(989)	
- Water Supply	(1,291)	(1,486)	(783)	703	
- Roads and Footpaths	(6,628)	(5,985)	(6,002)	(17)	
Total Operating Revenue	(11,147)	(10,860)	(12,107)	(1,247)	11%
Rates Revenue					
- General Rate	(2,145)	(3,372)	(3,377)	(5)	
- UAGC	(3,983)	(3,117)	(3,110)	7	
- Targeted Rate	(10,747)	(10,850)	(10,865)	(15)	
- Rates Penalties	(422)	(410)	(471)	(61)	
Total Rates Revenue	(17,297)	(17,749)	(17,823)	(74)	0%
TOTAL REVENUE	(28,444)	(28,609)	(29,930)	(1,321)	5%
Net Operating Cost/(Surplus)	(3,991)	(2,571)	(5,074)	(2,503)	97%

The reasons for variance have been set out in sections 4.4 and 4.5 in the main body of the report and further details are also contained in the COSS for each activity that follows.

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Representation	329	283	272	(11)	
- Strategic Planning & Policy Development	87	433	159	(274)	
- Monitoring & Reporting	174	141	158	17	
- Investments	110	120	100	(20)	
Total Direct Expenditure	700	977	689	(288)	-29%
- Allocated Costs	1,328	1,110	1,107	(3)	
- Interest	483	423	419	(4)	
- Depreciation		362	345	(17)	
Total Operating Expenditure	2,511	2,872	2,560	(312)	-11%
Operating Revenue					
- Representation	(61)	(69)	(125)	(56)	
- Investments	(85)	(77)	(73)	4	
Total Operating Revenue	(146)	(146)	(198)	(52)	36%
Net Operating Cost/(Surplus)	2,365	2,726	2,362	(364)	-13%

The budget for Representation excludes rates penalties revenue which is disclosed as part of rates revenue in the Combined Cost of Service Statement on the previous page.

Net Operating Cost for the Governance Activity was 13% (\$364,000) less than budget for the year ended 30 June 2015.

Total Direct Expenditure was 29% (\$288,000) less than budget for the year.

- This is the net effect of lower expenditure for Mayor's Office and Council and Committees, LTP and audit costs and customer satisfaction survey costs and increase in Policy development and communication costs.
- Included in the budgets was expenditure of \$230,000 for renewal of the District Plan; only \$13,000 was spent during the year on initial scoping work.

Operating Revenue was 36% (\$52,000) more than forecast for the year.

- Interest revenue received on the Call Deposit account and Term Deposits was more than forecast.
- Investments revenue includes interest revenue from the advance to Inframax Construction Ltd. This revenue was more than forecast due the interest rate charged by the bank and on charged by Council to the company is more than forecast. Also royalties revenue from Council owned quarries and a gain on revaluation of Parkside subdivision sections were more than forecast. This additional revenue was offset by a revaluation loss of value of the forestry asset. The reason for this loss is that the cost of harvest and transport of the timber equates to the proceeds received should the trees be harvested now.

Community Service

COMMUNITY SERVICE	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Parks and Reserves	387	509	409	(100)	
- Housing and Other Property	286	430	282	(148)	
- Recreation and Culture	346	443	442	(1)	
- Public Amenities	516	545	545	0	
- Safety	113	148	97	(51)	
Total Direct Expenditure	1,648	2,075	1,775	(300)	-14%
- Allocated Costs	824	787	734	(53)	
- Interest	73	139	83	(56)	
- Depreciation	642	729	673	(56)	
Total Operating Expenditure	3,187	3,730	3,265	(465)	-12%
Operating Revenue					
- Parks and Reserves	(6)	(5)	(53)	(48)	
- Housing and Other Property	(212)	(636)	(1,315)	(679)	
- Recreation and Culture	(100)	(109)	(119)	(10)	
- Public Amenities	(40)	(54)	(139)	(85)	
- Safety	(35)	0	(9)	(9)	
Total Operating Revenue	(393)	(804)	(1,635)	(831)	103%
Net Operating Cost/(Surplus)	2,794	2,926	1,630	(1,296)	-44%

Net Operating Cost for the Community Service Activity was 44% (\$1,296,000) below budget for the year ended 30 June 2015.

Direct Expenditure was 14% (\$300,000) less than budget for the year.

- Housing and Other Property expenditure was less than budget. Rates paid on Council properties were less than what was expected at the time the budgets were prepared.
- Repairs and maintenance expenditure was less than budget for Housing and Other Property and Recreation and Culture. These costs were incurred on an as needed basis.
- Expenditure on Safety was less than budget due to costs for the Fire Group establishment and Civil defence programme being under spent.
- The Passive Reserves Management Plan (\$26,000) and the Esplanade Reserves Strategy (\$34,000) were not undertaken during the year.

Operating Revenue was 103% (\$831,000) more than forecast for the year.

- Parks and Reserves lease revenue was received for the lease of reserve land for the Speedies Road Hydro project. The revenue was backdated to the start of the lease in January 2010.
- Grant revenue of \$553,000 was received from NZ Lottery Grants Board for the restoration of the railway building. This revenue is included as part of Housing and Other Property. The grant revenue budget was included in the 2013/14 EAP. A Trust Waikato donation of \$38,000 was received in December for the railway building project. A \$60,000 grant was received from the North King Country Development Trust for the development of the community space area.
- Council's investment properties were revalued at 30 June 2015 and resulted in a revaluation increase of \$82,000. This gain is non-cash transaction and is included in Housing and Other Property.
- In addition to this a contribution of \$43,000 was also received from Piopio Hall committee towards the capital expenditure associated with the Piopio Hall.
- Swimming Pool revenue, which is included in Recreation and Culture exceeded full year forecast by \$19,000.
- A contribution of \$40,000 from the Te Kuiti Childcare Centre for their share of the new car park adjacent to their premises on the Esplanade, Te Kuiti is included as part of Public Amenities.
- A grant of \$290,000 was been received from the NZ Lottery Grants Board for development of the second floor of the Taupiri Street building.

Community Development

COMMUNITY DEVELOPMENT	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Community Support	436	454	640	186	
- Youth Engagement	115	5	54	49	
- Sister City	6	2	6	4	
- District Development	132	185	137	(48)	
- Agencies	0	1	0	(1)	
Total Direct Expenditure	689	646	837	191	30%
- Allocated Costs	506	445	517	72	
- Interest	1	1	1	0	
- Depreciation	5	5	5	0	
Total Expenditure	1,201	1,097	1,360	263	24%
Operating Revenue					
- Community Support	0	0	0	0	
- Youth Engagement	(134)	(5)	(53)	(48)	
- Sister City	(3)	0	(2)	(2)	
- District Development	(35)	(54)	(43)	11	
- Agencies	(22)	(19)	(22)	(3)	
Total Operating Revenue	(194)	(78)	(120)	(42)	54%
Net Operating Cost/(Surplus)	1,007	1,019	1,240	221	22%

Net Operating Cost for the Community Development Activity was 22% (\$221,000) more than budget for the year ended 30 June 2015.

Direct Expenditure was 30% (\$191,000) more than budget for the year.

- Community Support expenditure was more than budget due to rates and penalty remission applications being processed. Total remissions for the year were \$435,000 compared to a full year budget of \$245,000; the reason for the increase was due to remissions applied at 100% to a number of multiple owned unproductive Maori land properties for both current year rates and rates arrears. These remissions were previously applied on part of these properties that were assessed as being unproductive on behalf of the owners who cannot be located. These properties are also granted 100% remission by the Waikato Regional Council.
- Youth Engagement expenditure was more than budget due to expenditure on 'Reducing Risk Project' being incurred. This expenditure is offset by grant revenue of \$36,000 received from ACC to fund this project. This project was not included in the 2014/15 budgets.
- Expenditure for District Development was less than budget due to reduced expenditure for Events co-ordination and the District Development Board expenditure not spent during the year.

Operating Revenue was 54% (\$42,000) more than forecast for the year.

- Youth Engagement revenue was more than budget due to the grant revenue of \$36,000 received from ACC for the Reducing Risk Project and \$32,000, including \$5,000 of grant revenue carried over from prior year for Youth Projects. Not all of this grant revenue was spent during the financial year and \$17,000 will be carried over to the next financial year.

Regulation

REGULATION	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Regulation	270	104	106	2	
Total Direct Expenditure	270	104	106	2	2%
- Allocated Costs	429	577	576	(1)	
- Interest	2	1	2	1	
- Depreciation	2	2	2	0	
Total Expenditure	703	684	686	2	0%
Operating Revenue					
- Regulation	(389)	(363)	(430)	(67)	
Total Operating Revenue	(389)	(363)	(430)	(67)	18%
Net Operating Cost/(Surplus)	314	321	256	(65)	-20%

Net Operating Cost for the Regulation Activity was 20% (\$65,000) less than budget for the year ended 30 June 2015.

Direct Expenditure was 2% (\$2,000) more than budget for the year.

Operating Revenue was 18% (\$67,000) more than forecast for the year.

- Alcohol licensing revenue was \$21,000 more than forecast for the year.
- Building Control revenue was \$44,000 more than forecast for the year. For the year to June; 155 building consents were issued, compared to 148 issued for the prior year.

Resource Management

RESOURCE MANAGEMENT	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- District Plan Administration	29	86	76	(10)	
Total Direct Expenditure	29	86	76	(10)	-12%
- Allocated Costs	101	91	92	1	
Total Expenditure	130	177	168	(9)	-5%
Operating Revenue					
- District Plan Administration	(50)	(80)	(120)	(40)	
Total Operating Revenue	(50)	(80)	(120)	(40)	50%
Net Operating Cost/(Surplus)	80	97	48	(49)	-51%

Net Operating Cost for the Resource Management Activity was 51% (\$49,000) below budget for the year ended 30 June 2015.

Direct Expenditure was 12% (\$10,000) less than budget for the year.

- Budgeted costs for legal expenses which are usually on charged to resource consent applicants were less than budgeted for the year.

Operating Revenue was 50% (\$40,000) more than forecast for the year due to increased revenue from resource consent applications and LIM revenue.

Solid Waste Management

SOLID WASTE MANAGEMENT	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Collection	270	285	282	(3)	
- Landfill Management	691	877	765	(112)	
Total Direct Expenditure	961	1,162	1,047	(115)	-10%
- Allocated Costs	364	277	296	19	
- Interest	257	284	267	(17)	
- Depreciation	89	70	91	21	
Total Expenditure	1,671	1,793	1,701	(92)	-5%
Operating Revenue					
- Collection	(128)	(120)	(136)	(16)	
- Landfill Management	(771)	(970)	(865)	105	
Total Operating Revenue	(899)	(1,090)	(1,001)	89	-8%
Net Operating Cost/(Surplus)	772	703	700	(3)	0%

Net Operating Cost for the Solid Waste Management Activity was \$3,000 less than budget for the year ended 30 June 2015.

Direct Expenditure was 10% (\$115,000) less than budget for the year.

- Expenditure was less than budget due to the purchase of Emissions Trading Scheme units being significantly less than forecast. WDC purchased ERU's to offset this years obligation which are significantly cheaper than forecast.
- Expenditure on closed landfill post closure, resource consent compliance and asset management plans were also less than forecast.

Operating Revenue was 8% (\$89,000) less than forecast for the year as the volume of rubbish into the landfill was less than estimated volumes. Recycling quantities have been increasing thus contributing to the downward trend of rubbish volumes.

Stormwater Drainage

STORMWATER DRAINAGE	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Te Kuiti Stormwater	79	111	86	(25)	
- Rural Stormwater	4	9	5	(4)	
Total Direct Expenditure	83	120	91	(29)	-24%
- Allocated Costs	111	94	86	(8)	
- Interest	6	6	6	0	
- Depreciation	172	179	174	(5)	
Total Expenditure	372	399	357	(42)	-11%
Operating Revenue					
- Te Kuiti Stormwater	(3)	0	(1)	(1)	
Total Operating Revenue	(3)	0	(1)	(1)	0%
Net Operating Cost/(Surplus)	369	399	356	(43)	-11%

Net Operating Cost for the Stormwater Drainage Activity was 11% (\$43,000) less than budget for the year ended 30 June 2015.

Direct Expenditure was 24% (\$29,000) less than budget for the year as sampling and maintenance costs were less than expected.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$1000's)	Actual 2013/14	EAP Budget 2014/15	YTD Actual June 2015	Variance June 2015	% Variance
Direct Expenditure					
- Te Kuiti	1,041	818	1,298	480	
- Te Waitere	15	18	17	(1)	
- Benneydale	62	55	46	(9)	
- Piopio	66	57	62	5	
Total Direct Expenditure	1,184	948	1,423	475	50%
- Allocated Costs	362	652	480	(172)	
- Interest	511	777	547	(230)	
- Depreciation	714	1,021	734	(287)	
Total Expenditure	2,771	3,398	3,184	(214)	-6%
Operating Revenue					
- Te Kuiti	(1,146)	(825)	(1,812)	(987)	
- Benneydale	(1)	(2)	(1)	1	
- Piopio	(7)	(1)	(4)	(3)	
Total Revenue	(1,154)	(828)	(1,817)	(989)	119%
Net Operating Cost/(Surplus)	1,617	2,570	1,367	(1,203)	-47%

Net Operating Cost for the Sewerage Activity was 47% (\$1,203,000) below budget for the year ended 30 June 2015.

Direct Expenditure was 50% (\$475,000) more than budget for the year.

- The budgets assumed that the costs for all operations and maintenance works for both reticulation and treatment plant would be carried in-house out rather than by external contract. To date this change has been partly implemented. Currently the external contractor carries operation and maintenance of the reticulation, with in-house staff operating the plants. This has resulted in the direct expenditure for Te Kuiti being higher than budget. And consequently, the allocated costs for this activity are less than budget and offset the over spend in direct expenditure.
- As well as additional contractor expenses, there was an increase in the materials required and additional maintenance costs incurred for Te Kuiti during the year. Repairs have been carried out on the Reactor curtain and other equipment, required due to wear and tear. Additional aeration has been required for the sludge pond.
- Costs were also incurred in pipeline maintenance for William, Edward and Hill Streets in Te Kuiti.
- Expenditure on chemicals for Te Kuiti was \$140,000 more than forecast and additional sampling has been required for compliance of the Ultra Violet plant.
- Infiltration repairs were undertaken when identified and there were corresponding savings in power consumption. Pumps are working less and fewer overflows are occurring during heavy rain. Another area of significant inflow has been repaired. Two new sites of infiltration were identified and work is in progress to correct this.
- Generally costs for higher risk operational and maintenance works have increased due to greater emphasis on health and safety aspects. These costs have been passed on by suppliers and contractors.
- Included in direct expenditure is a disposal loss of \$215,000 of old redundant waste water treatment assets. These were written off as part of the final accounting for this asset class and is a non cash transaction

Total Revenue was 119% (\$989,000) more than forecast for the year.

- Trade Waste revenue was more for the year than forecast. The extra revenue is from exceedance charges, where nutrient loads discharged are more than allowable limits. One of the meat companies is disputing some of these charges. It should be noted, however that the larger trade waste users are actively pursuing cleaner levels of discharge, which could impact on future revenue levels.

Water Supply

WATER SUPPLY	Actual	EAP Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	Variance
Direct Expenditure					
- Te Kuiti	826	542	880	338	
- Mokau	175	80	160	80	
- Piopio	262	127	274	147	
- Benneydale	52	55	64	9	
Total Direct Expenditure	1,315	804	1,378	574	71%
- Allocated Costs	357	791	590	(201)	
- Interest	188	422	217	(205)	
- Depreciation	417	570	426	(144)	
Total Expenditure	2,277	2,587	2,611	24	1%
Operating Revenue					
- Te Kuiti	(601)	(627)	(721)	(94)	
- Mokau	(48)	(30)	(19)	11	
- Piopio	(25)	(26)	(33)	(7)	
- Benneydale	(17)	(23)	(12)	11	
Total Operating Revenue	(691)	(706)	(785)	(79)	11%
Subsidy Revenue					
- Te Kuiti	0	(780)	0	780	
- Mokau	(574)	0	0	0	
- Piopio	0	0	0	0	
- Benneydale	(26)	0	2	2	
Total Subsidy Revenue	(600)	(780)	2	782	
Total Revenue	(1,291)	(1,486)	(783)	703	-47%
Net Operating Cost/(Surplus)	986	1,101	1,828	727	66%

Net Operating Cost for the Water Supply Activity was 66% (\$727,000) more than budget for the year ended 30 June 2015.

Direct Expenditure was 71% (\$574,000) more than budget for the year.

- The budgets assumed that the costs for all operations and maintenance works for both reticulation and treatment plant would be carried in-house out rather than by external contract. This change was partly implemented during the year. Currently the external contractor carries operation and maintenance of the reticulation, with in-house staff operating the plants. This resulted in the direct expenditure for Te Kuiti being higher than budget. As additional organisational capacity was not been fully resourced, the allocated costs for this activity were less than budget and offset the over spend in direct expenditure.
- In addition to the change described above, there were additional operational and maintenance costs incurred for both the water treatment plant and reticulation systems for Te Kuiti, Piopio and Mokau. For Te Kuiti there was under expenditure of \$112,000 for Chemicals and Electricity compared with budget.
- Chemicals were changed for Piopio because there were problems with the filters fouling using the existing chemicals resulting in \$31,000 more being spent than budget.

- Generally costs for higher risk operational and maintenance works have increased due to greater emphasis on health and safety aspects. These costs have been passed on by suppliers and contractors.
- During the year two unforeseen power supply related incidents caused major problems at Piopio, Mokau and Benneydale water treatment plants, where both SCADA and Ultra Violet filtration units were affected. Operational practices were changed, with additional safeguards implemented and equipment repaired.
- Water leak investigations were undertaken in Piopio to find leaks that were difficult to identify. Repairs were costly due to location and traffic management requirements.

Total Revenue was 47% (\$703,000) less than forecast for the year.

- Metered water revenue for Te Kuiti was more than forecast due to greater consumption by the major commercial consumers.
- Metered water revenue for Mokau, Piopio and Benneydale was less than anticipated due to the reduced consumption of water, as a result of high unit water rate and reduced consumption of result.
- Subsidy revenue of \$780,000 from the Ministry of Health was forecast for the year (for the Te Kuiti Water Treatment Plant upgrade) on the assumption that the project will be completed in this financial year. This revenue is now forecast to be received in the next financial year, after the completion of the project.

Roads and Footpaths

ROADS AND FOOTPATHS	Actual	EAP Budget	YTD Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2013/14	2014/15	June 2015	June 2015	June 2015	Variance
Direct Expenditure						
- Subsidised Roads	5,412	4,907	4,907	4,787	(120)	
- Non Subsidised Roads	180	178	178	200	22	
Total Direct Expenditure	5,592	5,085	5,085	4,987	(98)	-2%
- Allocated Costs	88	0	0	0	0	
- Interest	916	1,050	1,050	929	(121)	
- Depreciation	3,065	3,166	3,166	3,048	(118)	
Total Expenditure	9,661	9,301	9,301	8,964	(337)	-4%
Operating Revenue						
- Subsidised Roads	(6,552)	(5,911)	(5,911)	(5,911)	0	
- Non Subsidised Roads	(76)	(74)	(74)	(91)	(17)	
Total Operating Revenue	(6,628)	(5,985)	(5,985)	(6,002)	(17)	0%
Net Operating Cost/(Surplus)	3,033	3,316	3,316	2,962	(354)	-11%
Subsidised Roads Maintenance	5,412	4,907	4,907	4,787	(120)	
Subsidised Roads Capital	5,026	4,923	4,923	4,612	(311)	
Combined Maintenance and Capital	10,438	9,830	9,830	9,399	(431)	-4%
Subsidy Revenue for Subsidised Roads	(6,336)	(5,780)	(5,780)	(5,763)	17	0%

Net Operating Cost for the Roads and Footpaths Activity was 11% (\$354,000) less than budget for the year ended 30 June 2015.

Direct Expenditure was 2% (\$98,000) less than budget for the year.

- Overall there is a minor variance to budget for direct expenditure. This was achieved through adjusting expenditure in each work category during the year to bring total expenditure within budget by year end.

Operating Revenue was \$17,000 more than forecast for the year.

- Subsidy revenue is based on both maintenance and capital expenditure and for most work categories the subsidy rate is 59%. Subsidy revenue was slightly less than forecast for the year due to capital and maintenance expenditure being less than budget. offset by more subsidy revenue being received on emergency works .
- Sundry revenue was \$17,000 more than forecast for non subsidised roads.

Appendix 2: Balance Sheet as at 30 June 2015

BALANCE SHEET (Amounts in \$1000's)	Actual Position 30 June 2014	Actual Position 30 June 2015	Variance from 30 June 2015	Long Term Plan 30 Jun 2015	Variance from LTP
Public Equity					
- Retained Earnings	200,063	203,556	3,493	204,958	1,402
- Other Reserves	9,083	9,745	662	2,146	(7,599)
- Revaluation Reserve	70,465	71,480	1,015	71,401	(79)
TOTAL PUBLIC EQUITY	279,611	284,781	5,170	278,505	(6,276)
Current Assets					
- Cash and Cash Equivalents	955	2,457	1,502	100	(2,357)
- Inventories	34	71	37	38	(33)
- Land Subdivision Inventories	0	0	0	985	985
- Other Financial Assets	2	2	0	2	0
- Receivables	5,258	5,561	303	4,953	(608)
- Assets Held for Sale	67	67	0	0	(67)
- Derivative Financial Instruments	0	0	0	0	0
Total Current Assets	6,316	8,158	1,842	6,078	(2,080)
Current Liabilities					
- Payables and Deferred Revenue	3,490	4,042	552	3,863	(179)
- Current Portion of Borrowings	380	10,345	9,965	671	(9,674)
- Provisions	17	17	0	51	34
- Employee Entitlements	505	414	(91)	485	71
- Derivative Financial Instruments	171	317	146	118	(199)
Total Current Liabilities	4,563	15,135	10,572	5,188	(9,947)
NET WORKING CAPITAL	1,753	(6,977)	(8,730)	890	7,867
Non Current Assets					
- Property Plant and Equipment	318,349	324,332	5,983	328,423	4,091
- Intangible Assets	88	99	11	85	(14)
- Forestry Assets	44	0	(44)	39	39
- Investment Properties	635	716	81	657	(59)
- Assets Held for Sale	889	908	19	0	(908)
- Other Financial Assets	3,389	3,386	(3)	837	(2,549)
- Derivative Financial Instruments	409	153	(256)	54	(99)
Total Non Current Assets	323,803	329,594	5,791	330,095	501
Non Current Liabilities					
- Payables and Deferred Revenue	618	459	(159)	0	(459)
- Borrowings	44,485	35,794	(8,691)	51,449	15,655
- Employee Entitlements	61	8	(53)	65	57
- Provisions	781	879	98	928	49
- Derivative Financial Instruments	0	696	696	38	(658)
Total Non Current Liabilities	45,945	37,836	(8,109)	52,480	14,644
NET ASSETS	279,611	284,781	5,170	278,505	(6,276)

TREASURY REPORT

FOR



FOR THE QUARTER ENDED 30 JUNE 2015



BANCORP

BANCORP TREASURY SERVICES LIMITED

AUCKLAND • WELLINGTON • CHRISTCHURCH

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1. MARKET ENVIRONMENT

1.1 GLOBAL MARKETS OVERVIEW (AS AT 30 JUNE 2015)

The June quarter started out with financial markets focussed on the lack of inflation and weak economic growth in the major economies (especially Europe) and, as a consequence, bond yields hovered close to the lows recorded in February. There was a subtle change in the markets focus in May amid signs that the immediate threat of deflation in Europe and the UK had all but disappeared. Even though inflation looked set to rise, it was still expected to remain low compared to historical outcomes for some time, meaning the 'new normal' for interest rates would also be lower.

In June, the financial markets attention shifted to the impending Greek debt deadline, the timing of Federal Reserve ("Fed") interest rate rises and the implications of the slowdown in China's economic growth. Greece's likely non-payment of a EUR1.55 billion to the IMF at the end of June generated increasing financial market volatility as month end approached. US data showed that the US economy rebounded after another harsh winter although the Fed eased market fears once again by emphasising that any tightening path will be gradual, while at the same time firming expectations that the first Fed interest rate hike would occur in 2015.

At its June meeting, the Fed upgraded its assessment of the US economy, concluding that economic activity had expanded moderately after stalling during the March quarter. Specifically, the Fed highlighted that jobs growth has picked up and underutilisation of labour resources has fallen. The Fed wants to see "*evidence of some further progress*" in the labour market to affirm its expectations for inflation to reach the 2.0% target over the medium term. While the Fed members' forecast interest rate normalisation path - the 'dot plot' - showed a median projection of two interest rate hikes this year, it also showed a shallower pace of interest rate rises in 2016.

The European Central Bank ("ECB") again held its monetary policy settings steady at its June meeting despite raising its inflation forecast for this year to 0.3% from zero, in a sign that the immediate deflation threat had eased. The ECB also affirmed that it is committed to the full extent of its bond buying programme, i.e. EUR1.1 trillion to September 2016 at least, even though there were early signs that the ECB's bond buying programme is having the desired effect and is contributing to a "*broad-based easing of financial conditions.*"



The Greek debt crisis dented market sentiment towards the wider European Union even though the immediate threat is one of contagion within the Eurozone should Greece default and abandon the euro. Nevertheless, Europe remains tarnished by weak growth, low inflation and high unemployment.

Bond yields experienced a volatile quarter. In the US, the 10 year Treasury bond climbed off an early April low of 1.80% and rose to 2.50% by mid June, but eased back to close the quarter at 2.37% as the Greek deadline drew closer. In Germany, it was much the same pattern, albeit with even wider trading ranges than in the US. The 10 year bund yield touched a somewhat unbelievable low of 0.07% in mid April, rose to 0.99% by mid June and closed the quarter at 0.76%.

Worried about signs of slowing economic growth and a sharply falling sharemarket (whose recent stellar rise has been driven by borrowed money), the People's Bank of China again cut its benchmark interest rates by 25 basis points in late June, taking its one year lending and deposit rates to 4.85% and 2.00%.

1.2 NEW ZEALAND MARKET OVERVIEW (AS AT 30 JUNE 2015)

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
31 Mar 15	3.50%	3.63%	3.52%	3.55%	3.62%	3.62%	3.75%
30 Jun 15	3.25%	3.26%	3.10%	3.17%	3.43%	3.69%	3.90%
Change	-0.25%	-0.37%	-0.42%	-0.38%	-0.19%	+0.07%	+0.15%

The economic outlook for New Zealand deteriorated during the June quarter, weighed down by weak data prints, further falls in the prices of New Zealand's export commodities (notably dairy) and the Reserve Bank of New Zealand ("RBNZ") embarking on a path of Official Cash Rate ("OCR") cuts.

GDP rose by 0.2% over the March quarter. This was down from 0.7% in the December quarter, the lowest rise since March 2013 and well below market and RBNZ forecasts. GDP rose 2.6% over the March year, from 3.5% in December. The main contributor to the weaker than expected growth figure was a 2.9% fall in the primary industries sector (agriculture, forestry and mining) led by a 2.3% fall in agriculture (because of drought conditions and lower dairy prices) and lower oil and gas exploration and extraction (because of lower international prices).



Migration was one of the few bright spots during the quarter with a net gain of 57,800 people over the May year, a new high, as monthly migration gains returned to above 5,000. There are a number of factors supporting the rise in migration; net departures to Australia have hit the lowest level since 1992, on a combination of less New Zealanders leaving for Australia (down 22.0% from the year to May 2014) and more New Zealander's returning home, as the Australian economy struggles to revitalise itself.

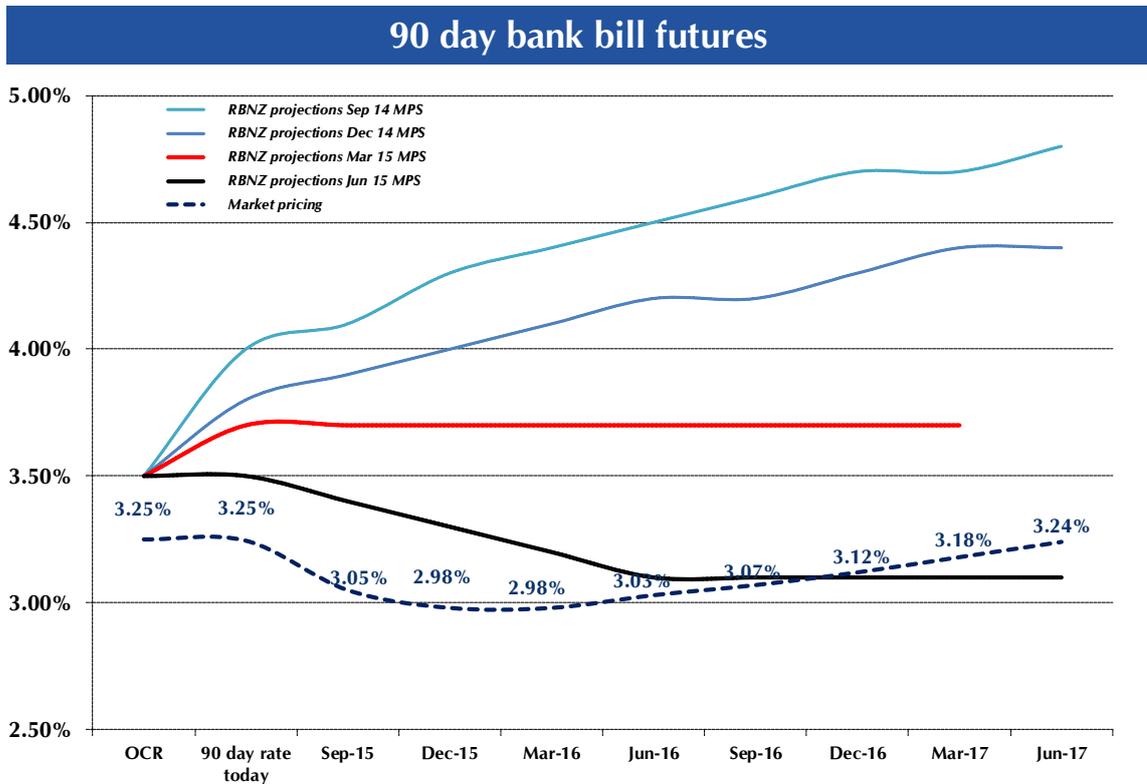
Prices at the two GlobalDairyTrade ("GDT") auctions in June fell by 4.3% and 1.3% with Whole Milk Powder Prices, a critical component of Fonterra's farmgate payout, fell 3.1% and 0.1%. That took the number of consecutive falls in the GDT Price Index to seven, i.e., GDT auction prices fell consistently during the June quarter. It is too early in the 2015/16 season for lower GDT auction prices to cause a revision of Fonterra's 2015/16 payout but, the longer it takes for GDT prices to rebound, the more susceptible Fonterra's payout will be to a downward revision, with negative consequences for dairy farmers, their suppliers and their lenders.

In probably the most anticipated OCR decision in years, the RBNZ cut the OCR by 25 basis points to 3.25% in its June *Monetary Policy Statement* ("MPS"). The RBNZ all but guaranteed a 3.00% OCR at, or by, the September MPS, saying it expected "*further easing may be appropriate,*" and reducing its 90 day bank bill track to 3.10% (3.70% in the March MPS). The RBNZ deemed the OCR cut appropriate given "*low inflationary pressures and the expected weakening in demand, and to ensure that medium term inflation converges towards the middle of the target range.*" Market pricing at the end of June implied an OCR cut in September (to 3.00%) and an 80% chance of another 25 basis points OCR cut in early 2016.

The New Zealand yield curve steepened dramatically over June. By quarter end, the short end of the yield curve had been pulled lower by the OCR cut and expectations for more cuts in 2015, while the longer end was held up by higher global bond yields. The benchmark yield curve measure, the spread between the 2 and 10 years swap rates, rose to 80 basis points at the end of June, up from 23 basis points at the beginning of April.

The chart on the following page shows the prevailing 90 day bank bill futures pricing compared to the RBNZ's projections for the 90 day rate in the September, December, March and June MPSs.





1.3 LOCAL AUTHORITY SECTOR

The Local Government Funding Agency ("LGFA") held its last tender for the quarter on 3 June. In total, \$180 million of fixed rate bonds and Floating Rate Notes ("FRN") were issued, with \$462 million of bids received, representing a bid to cover ratio of 2.6 times. Results of the tender were as follows:

- 15 April 2020 maturity - \$35 million issued at a margin of 38 basis points over swap for an 'A+' rated borrower.
- 15 April 2023 maturity - \$70 million issued at a margin of 46 basis points for an 'A+' rated borrower.
- 15 April 2027 maturity - \$75 million issued at a margin of 54 basis points over swap for an 'A+' rated borrower.

There has been little standalone bond issuance from the sector so far this year with the LGFA filling a gap in its product suite by offering bespoke lending whereby the borrower can nominate the maturity date as far out as April 2027 and the issuance able to be done at any time. Up until recently, the borrower could only access LGFA funding at the specified tender dates which were usually six weeks apart. If a standalone issuer does come to market, we would expect a very favourable outcome given the scarcity of supply this year.

1.4 CREDIT SPREADS

Credit spreads increased during the quarter, not because of any meaningful concerns about conditions in the credit markets but more related to a perception that credit got too cheap and therefore a correction was needed. The chart below shows credit spreads for the Corporate 'A' Grade Bond index (the grey shaded area) and the three years swap rate (red line) dating back to mid-2007.



2. DEBT AND HEDGING

2.1 DEBT

As at 30 June 2015, Waitomo District Council ("WDC") had \$45,750,000 of external debt. Of this, \$19,750,000 was provided by Westpac Bank, with \$19,000,000 drawn on the Wholesale Advance Facility ("WAF") and the balance of \$750,000 on a Term Loan. In addition, WDC had issued \$26,000,000 of FRNs. A breakdown of the funding profile is contained in the table below:

Loans			
Value Date	Reprice/Maturity	Base Rate	Amount
Advance Facility			
20-Apr-2015	20-Jul-2015	3.6500%	5,000,000
10-Jun-2015	10-Sep-2015	3.5050%	5,000,000
20-Apr-2015	20-Jul-2015	3.6500%	3,000,000
15-May-2015	17-Aug-2015	3.5700%	6,000,000
Term Loan			
18-May-2015	17-Aug-2015	6.6000%	750,000
FRNs			
31-Aug-2010	31-Aug-2015	3.4700%	5,000,000
09-Nov-2012	09-Nov-2015	3.5400%	5,000,000
18-Apr-2012	18-Apr-2017	3.6000%	5,000,000
30-Aug-2013	30-Aug-2016	3.4700%	5,000,000
30-Aug-2013	30-Aug-2016	3.4700%	1,000,000
06-Aug-2014	06-Aug-2017	3.6200%	5,000,000
TOTAL			45,750,000

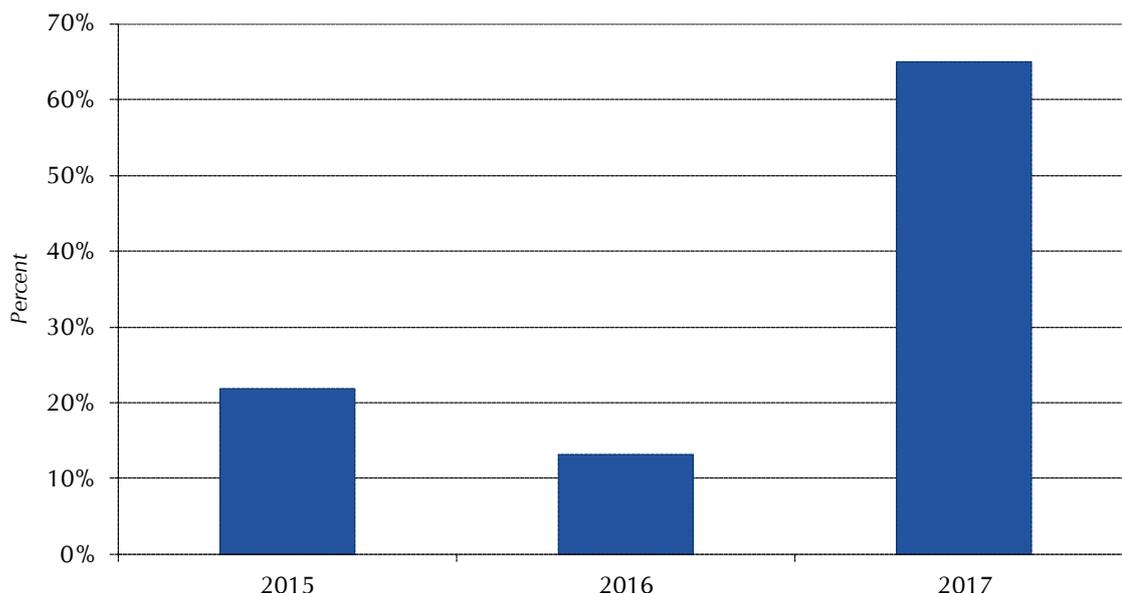
The term loan of \$750,000 has been on-lent to Inframax with interest rate resets every three months. The current rate is 6.60%, with the next reset due on 17 August 2015.

The maturity profile of WDC's debt is depicted in the graph on the following page. It includes the \$26,000,000 of FRNs on issue and the \$19,750,000 million of bank debt (including the Inframax loan). It shows that there is 65.0% of debt maturing in 2017, along with the bank debt there are \$10,000,000 of FRNs maturing in that year.

Section 7.2 of the Liability Management Policy states "*To avoid a concentration of debt maturity dates Council will, where practicable, aim to have no more than 50% of debt subject to refinancing in any 12 month period.*" This is an objective, not an actual requirement, so the 65.0% of debt maturing in 2017 does not constitute a breach of the Treasury Policy.



Waitomo DC Debt Maturity Profile



In August 2015, an FRN for \$5,000,000 will mature. This FRN was issued in 2010 at a margin of 230 basis points, when credit margins were close to their post-GFC peak and WDC's debt projections and associated financing covenants made WDC a less attractive credit proposition than it is now. When the FRN is refinanced (presumably using another FRN), we expect the issue margin to be around 50 basis points. This will produce a saving of approximately \$90,000 per annum.

2.2 HEDGING

As at 30 June 2015, WDC had ten interest rate swaps to convert some of the floating rate exposures associated with the FRNs and bank debt into a fixed rate. Seven of the swaps are current and three are forward starting. Details of the swaps are as follows:

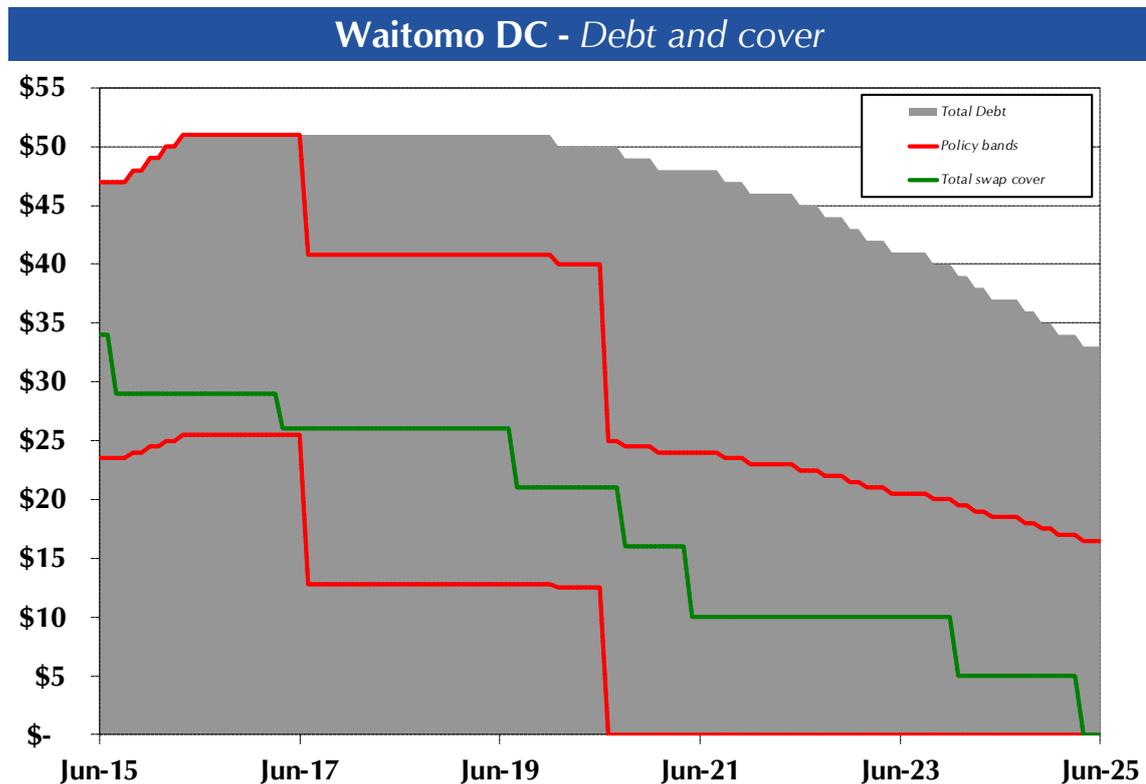
Start Date	Maturity Date	Swaps Rate	Amount	Market Value
30-Nov-2010	31-Aug-2015	4.360%	5,000,000	(\$11,364)
21-Jan-2014	21-Jan-2017	3.950%	5,000,000	(\$69,913)
10-Sep-2012	10-Sep-2017	3.880%	5,000,000	(\$81,233)
30-Aug-2013	30-Aug-2019	3.900%	3,500,000	(\$80,418)
30-Aug-2013	30-Aug-2019	3.900%	1,500,000	(\$34,465)
18-Oct-2013	18-Apr-2020	4.315%	8,000,000	(\$276,870)
31-Mar-2014	17-May-2021	4.900%	6,000,000	(\$443,598)
Total current hedging			34,000,000	
Forward starting swaps				
24-Jan-2017	24-Jan-2024	3.840%	5,000,000	\$44,580
11-Sep-2017	11-Sep-2020	3.780%	5,000,000	(\$6,196)
20-Apr-2020	20-Apr-2025	3.930%	5,000,000	\$99,273
				(\$860,205)

2.3 DEBT AND HEDGING PROFILE

WDC manages its debt under the fixed rate hedging parameters detailed in the table below:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate	Maximum Fixed Rate
0 – 2 years	50%	100%
2 – 5 years	30%	80%
5 – 10 years	0%	50%

The debt profile incorporating these parameters, and the fixed rate swaps and using projected debt figures supplied by WDC is depicted in the graph below.



The graph shows that, as at 30 June 2015, WDC was policy compliant. No new swaps were transacted during the quarter.

WDC's weighted average cost of funds as at 30 June 2015, including the bank line fee and margin, was 5.31% inclusive of the Inframax loan or 5.20% exclusive of this loan. The cost of funds inclusive of the Inframax loan has declined 4 basis points since 31 March 2015. The cost of funds will decline further in August 2015 when the FRN which was issued at a margin of 230 basis points matures and a swap for \$5.0 million at 4.36% matures, with the debt that this swap covers reverting to a floating rate.

WDC's cost of funds continues to be lower than what we would expect other similar local authority 'credits' to achieve.

2.4 POLICY COMPLIANCE (AS AT 30 JUNE 2015)

	Yes/No
<i>Have all transactions been entered into compliance with policy?</i>	√
<i>Are the fixed rate hedging percentages within policy control limits?</i>	√
<i>Is WDC maintaining liquidity within policy control limits?</i>	√
<i>Are all counterparty exposures within policy control limits?</i>	√
<i>Is WDC compliant with the financial covenants contained in the LMP</i>	√

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Appendix 4 - Performance Management Report on Levels of Service and Key Performance Indicators.



Performance Management Report On
Levels of Service and Key Performance Indicators

2014/15

(For the Period Ending 30 June 2015)

Introduction

- 1.1 The purpose of this business paper is to record the detail of non financial performance or service performance for the 2014/15 financial year. These service performance measures were adopted as part of the Long Term Plan 2012-2022. Council uses service performance measures to measure performance in providing services to its Community.
- 1.2 The format of the report is in tabular form and the results are grouped under each major activity;
- Description of the **level of service**, which translates the high level strategic goal into measurable levels of service.
 - The **key performance indicator**, which is a description of the measure that will be monitored throughout the financial year and the life of the Long Term Plan 2012-2022.
 - The **performance target**, which is the quantitative target Council will strive to achieve.
 - **Performance achieved** to 30 June 2015. The result is recorded, whether the target has been achieved and comments to further explain actual results to target result.
- 1.3 The following is provided for each strategic goal within a significant activity;
- **Summary of performance** for the strategic goal to provide context for the measure and the result.

Commentary

- 2.1 Overall, the performance results for all ten activities show an improvement in performance.
- Of the 63 key performance indicators set by the LTP: 49 were achieved, 13 were not achieved and one was not measurable at this time.

Community and Cultural Sustainability Group

Governance: Leadership and Investments

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Leadership				
Decision making in compliance with provisions of the Local Government Act 2002.	Number of challenges to the decision making process.	0	Achieved No challenges to the decision making process for the year ending 30 June 2015.	(a)
Consultation is in accordance with the Special Consultative Procedure outlined in LGA 2002.	Number of challenges to the decision making process.	0	Achieved No challenges to the decision making process in regards to the special consultative procedures for the year ending 30 June 2015.	(b)
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better".	≥ 55%	Achieved – 96% of respondents to the Council's Resident Satisfaction Survey are satisfied that the Council provides effective and useful communications.	(c)
Investments				
Investments contribute to economic and social well-being.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable.	2 reports per year	Achieved – two reports were presented to Council in March 2015.	(d)

Summary of Service Performance

The overall performance for Governance Leadership and Investment Activity for the year ended 30 June 2015 was excellent with all four targets achieved.

Community Service

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys.	≥ 80%	Achieved - 82% of respondents were satisfied with the quality of Parks and Reserves as measured by the 2015 Resident Satisfaction Survey.	(a)
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of users satisfied with the provision and maintenance of Elderly Persons Housing in the User Survey.	> 60%	Achieved – 100% . 15 out of the 20 tenants responded to the survey. 15 out of the 15 tenants were satisfied or very satisfied with the provision and maintenance of Elderly Pensioner Housing.	(b)
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries)	≥ 80%	Achieved - 87% of respondents were satisfied with the quality of Public Amenities as measured by the 2015 Resident Satisfaction Survey.	(c)
Provision of comprehensive library facilities for the community.	Percentage of community satisfied with the quality of the library facilities and service in the annual satisfaction survey and research survey results.	≥ 85%	Achieved - 92% of respondents were satisfied with the quality of library facilities and services as measured by the 2015 Resident Satisfaction Survey.	(d)
Provision of effective pool facilities for the community.	Percentage of community satisfied with the quality of the pool facilities and service in the annual satisfaction survey and research survey results.	≥ 70%	Achieved - 75% of respondents were satisfied with the quality of pool facilities and services as measured by the 2015 Resident Satisfaction Survey.	(e)
Provision of effective Arts and Culture facilities for the community.	Percentage of community satisfied with the quality of the Arts and Culture facilities and service in the annual satisfaction survey and research survey results.	≥ 75%	Achieved - 88% of respondents were satisfied with the quality of the Arts and Cultural facilities as measured by the 2015 Resident Satisfaction Survey.	(f)

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.	100%	Achieved All Building Warrant of Fitness for Council facilities are current.	(g)
Pool is safe for use of pool patrons at all times.	Pool accreditation in place.	100%	Achieved Pool accreditation is in place to 30 April 2016.	(h)
	Number of pool non complying water quality readings per year.	< 5	Achieved The number of non-complying water quality readings as at 30 June 2015 was nil.	(i)
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event.	40%	Achieved – 89% of respondents that responded to this question in the Residents Satisfaction Survey stated they could survive on their own for 3 or more days.	(j)
Council will ensure that staff are equipped and trained to efficiently man the Civil Defence headquarters in an emergency	One major training exercise involving Civil Defence headquarters staff will be held per year	One exercise per year	Achieved – One major exercise was held on 6 May 2015 involving Civil Defence headquarters staff in a welfare exercise. Additional staff training held included Foundational training and Welfare training.	(k)
Playground equipment is safe to use for parks and reserves playground users	Number of accidents directly attributable to playground equipment failure	Nil accidents	Not Achieved One minor accident recorded that was directly attributable to the failure of playground equipment.	(l)

Summary of Service Performance

The overall performance for Community Services for the year ended 30 June 2015 was more than satisfactory with eleven out of the twelve performance targets achieved and one not achieved.

(l) The target for playground equipment is safe to use was not achieved due to a loose board on the bridge at Piopio Playground. This was inspected and rectified immediately with a complete overhaul of the unit undertaken promptly.

Community Development

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.	100%	Achieved All funding rounds advertised in the Waitomo News, WDC Website and Facebook page, as per the Community Development Fund Policy.	(a)
Support the positive development of youth within the District.	Youth Council makes one submission to Council per year.	1 per annum	Achieved The Youth Council lodged a submission to the Long Term Plan in May 2015.	(b)
	Youth Council undertakes two youth related projects per year.	2 per annum	Achieved 1. The Youth Council hosted 'Waitomo's Got Talent' on 12 September 2014. 2. Youth Council Members promoted and assisted with the Youth Bio Diversity Forum at the Ruakuri reserve on 29 May 2015. Ninety youth attended the forum.	(c)
Council will support major District events that build community pride and raise the District's profile.	Number of major District events held on time and to budget.	One Major event (the Muster) and one minor event (the Christmas Parade)	Achieved 1. The Christmas Parade was held on Friday 12 December 2014. 2. The Muster was successfully held on Saturday 11 April 2015. Both events were held on time and within budget.	(d)

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Council through its membership of the Hamilton and Waikato Regional Tourism Organisation will ensure enhanced presence in national and international markets for the District.	Number of District Promotion opportunities taken by the Hamilton and Waikato Regional Tourism Organisation in key publications and industry events.	> 4	Achieved Seventeen District promotion opportunities were taken in key publications and industry events.	(e)
Council will support business expansion and diversification, and encourage the development of work-based skills.	District Economic Development Board Strategy developed and implemented.	25% of the programmes identified within the District Economic Development Board Strategy are implemented.	Not measurable. Council has confirmed its intention to not proceed with the implementation of a Board at this time. As an alternative to meeting its objective of supporting businesses, an Economic Development Action Plan for the Waitomo	(f)

Summary of Service Performance

The overall performance for the Community Development Activity for the period ending 30 June 2015 was good with five of the six performance targets achieved and one not measurable.

(e)	<p>The District was profiled through a range of activities, initiatives and events, including the following:</p> <ul style="list-style-type: none"> • Cricket World Cup 2015 & FIFA u-20 World Cup pre and during tournament media and consumer activities • Explore Central North Island Collective and Cycling & Mountain Biking Tourism Marketing Network • Tour the North Island Australian Campaign • Short Escapes Domestic Campaigns x 3 • Explore Your Own Backyard Domestic Campaign x 2 • Chinese New Zealanders Domestic Campaign • Hamilton and Waikato Convention Bureau Planner 2015 • Hamilton and Waikato Official Regional Visitor Guide 2015 • International and domestic media, business events and travel trade familiarisation tours • Profile at tradeshows including the Explore Central North Island Travel Trade Expo, Australian Insights, TRENZ and Kiwilink India, China, Convene • Advertorial in domestic and international publications including Onboard magazine, NZ Today magazine, Fitness Journal, AA Cycle Guide • Consumer, trade and media e-Newsletters • Regional cycling brochure and museum trail guide • Hamiltonwaikato.com website, video and social media channels
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Regulation

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2014	
All food and liquor retail premises will be inspected and appropriately registered and licensed.	Percentage of registration or licensing of food and liquor retail premises inspected annually.	100%	Achieved All inspections of licensed food and alcohol retail premises were completed.	(a)
Provision of an effective environmental health service for the community.	Customer satisfaction survey rating on Environmental Health Service.	> 50%	Achieved 88% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective environmental health service as measured by the 2015 Resident Satisfaction Survey.	(b)
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days.	90%	Achieved 93% of building consents were processed within 15 working days.	(c)
Council will ensure that consented building works adhere to the Building Code.	Percentage of consented buildings under construction (inspected) to ensure code compliance.	100%	Achieved 100% of consented buildings under construction were inspected to ensure compliance.	(d)
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control.	> 50%	Achieved 82% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective building control service as measured by the 2015 Resident Satisfaction Survey.	(e)

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2014	
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year.	Urban 100% Rural 10%	Achieved. All property inspections in both the urban and rural areas were completed.	(f)
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control.	≥ 50% good or above	Achieved 78% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective animal control service as measured by the 2015 Resident Satisfaction Survey.	(g)

Summary of Service Performance

The overall performance for Regulation for the year ended 30 June 2015 was excellent with all seven performance targets achieved.

Environmental Sustainability Group

Solid Waste Management

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

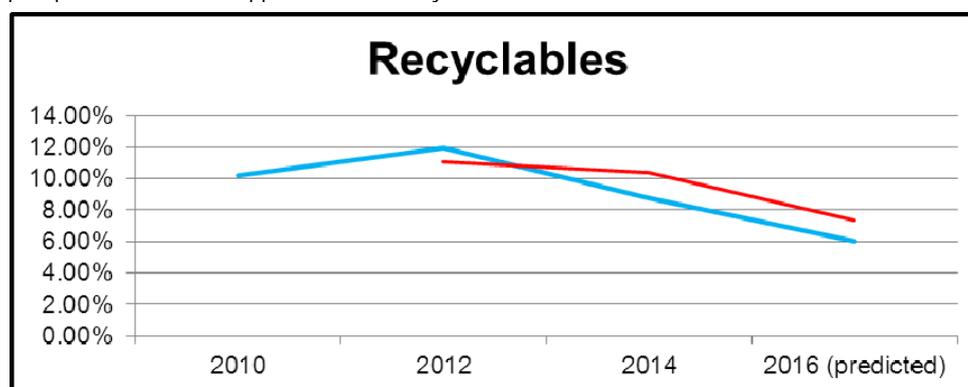
WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2014	
Users find the recycling facilities safe to use.	Percentage of users rate the safety of Council's recycling facilities as satisfactory or better.	75%	Achieved – 96% of respondents rated the safety of the recycling facilities as satisfactory or better as measured by the 2015 Resident Satisfaction Survey.	(a)
Provision of effective waste service for the community.	Customer satisfaction survey rating on waste transfer stations.	60%	Achieved – 87% of respondents who used this service are satisfied with the provision of waste transfer stations to the rural community as measured by the 2015 Resident Satisfaction Survey.	(b)
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use.	70%	Achieved – 95% of respondents rated rural waste transfer stations safe to use and 97% of respondents rated the Waitomo District Landfill (location of urban waste transfer station) safe to use; as measured by the 2015 Resident Satisfaction Survey.	(c)
Users find the landfill facility safe to use.	Percentage of users rate the safety of Council's landfill facility as satisfactory or better.	75%	Achieved – 97% of respondents are satisfied with the safety of the landfill facility as measured by the 2015 Resident Satisfaction Survey.	(d)
The solid waste management facilities are open and accessible to users at advertised times.	Number of complaints per month due to facilities not being open at advertised times.	<1	Achieved – No complaints received for the year ended 30 June 2015.	(e)

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2014	
Reduce quantity of recyclables like paper and plastics in bag collection that goes to landfill.	Percentage of reduction per annum leading to 10% reduction by 2016 and 15% by 2022 (both measured against the 2010 Biennial Waste Audit)	2%	Not Achieved	(f)
Reduce the quantity of organic waste like food scraps etc in bag collection that goes to landfill.	Percentage of reduction per annum achieved through continual education leading to 10% reduction by 2022 (measured against the 2010 Biennial Waste Audit).	1.5%	Not Achieved	(g)
Provision of an effective solid waste service for the community.	Number of complaints received per month regarding solid waste activities.	≤ 10	Achieved – All months within the year ended 30 June 2015 had ten or less complaints for this performance target.	(h)

Summary of Service Performance

The overall performance for the Solid Waste Management for the year ended 30 June 2015 was **good**. Six out of the eight Performance targets were achieved. Two performance targets (*f* and *g*) were measured against the 2010 Waste Audit shown in the table below, which were not achieved.

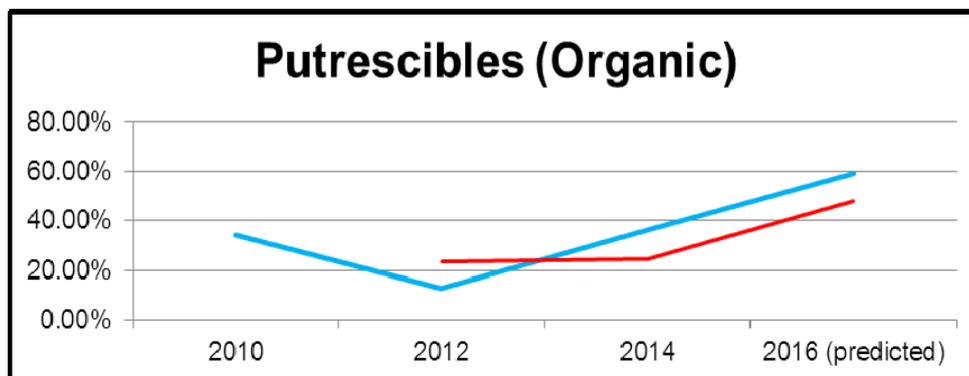
(f) The performance target for 'the percentage of reduction of the quantity of recyclables such as paper and plastics entering the landfill per annum leading to 10% reduction by 2016 and 15% by 2022 (both measured against the 2010 Waste Audit)' was not achieved. The results from the 2014 Waste Audit identified a decrease in recyclables compared against the 2012 Waste Audit, however it was not significant enough to allow for this target to be met over the following two year period. (The 2010 Waste Audit has been graphed to show how recyclable waste is trending in the future) WDC provides community education articles about the importance of waste minimisation and to encourage residents to assist in the diversion of recyclable waste from landfill. WDC will continue to provide targeted educational programmes to raise awareness of the benefits of waste reduction and services available in support of this, plus promotion of and support for community initiatives.



Recyclables (Average)	2012	2014	2016 (predicted)
	12%	9%	6%
Percentage Change		-3%	

Actual —————
Trend Line —————

- (g) The performance target for 'the percentage of reduction per annum achieved through continual education leading to 10% reduction by 2022 (measured against the 2010 Waste Audit)' was not achieved. A total average of 36.31% of putrescibles (organic/food waste) was identified through the Waste Audit as being disposed of within the kerbside refuse bags, indicating a significant increase since the 2012 Waste Audit. The below graph and table shows a reversal in trend for putrescibles, in turn indicates that it is unlikely to meet the required target by 2022 should this trend continue. Continual education to the public for home composting may minimise this particular type of waste. On a regular basis WDC publish waste minimisation articles in the Waitomo News to raise public awareness as part of their plan to reduce organic waste. (The 2010 Waste Audit has been graphed to show how Putrescible (Organic) Waste is trending in the future).



Organic (Average)	2012	2014	2016 (predicted)
	13%	36%	59%
Percentage Change		+23%	

Actual —
Trend Line —

Summary of Audit Report

The 2014 Waste Audit was carried out over four Waitomo District townships. The following number of kerbside refuse bags were collected from random properties in the following towns - Te Kuiti (20) Waitomo (10) Mokau (10) and Piopio (10).

The purpose of this audit is to get a gauge of the types of waste that get disposed of into landfills, detailing the quantity of each type of waste by weight and percentage. This provides WDC with information as to how we form our policies around waste management such as access to recycling facilities, landfill design and the cost of council rubbish bags. The audit uses the twelve primary waste categories in the Ministry for the Environment's Waste Analysis Protocol 2002; being paper, plastics, putrescibles (organic materials/food waste), ferrous metals, non-ferrous metals, glass, textiles, nappies and sanitary, rubble and concrete, timber, rubber and potentially hazardous

Type of recyclable waste	2014 Waste Audit	2012 Waste Audit
Rubble, concrete, timber and rubber	Negligible	Negligible
Plastic (<i>recyclable</i>)	9.83%	Negligible
Metal (ferrous metals)	5.43%	4.00%
Metal - non-ferrous metals (<i>recyclable</i>)	0.67%	4.10%
Glass (<i>recyclable</i>)	8.16%	2.30%
Plastic Wrap*	17.25%	47.2%
Paper Wrap (<i>recyclable</i>)	16.34%	29.4%
Putrescibles (organic/ food waste)	36.31%	15.4%

Sanitary & Nappies	22.20%	Not reported
Potentially Hazardous (eg: hair dye, chemicals)	3.57%	Not reported
Textiles (eg: fabric)	11.30%	Not reported

The amount of rubble, concrete, timber and rubber in the refuse bags collected for the 2014 audit was negligible. The 2014 audit results show a dramatic increase since the 2012 Waste Audit in putrescibles (organic materials/food waste). Minor increases since the 2012 Waste Audit included plastic and glass which are both included in the recyclables. Significant waste items previously audited but not reported were, sanitary products and nappies which have been evaluated and carried 22.20% of the total waste contained in kerbside refuse bags. Other items previously audited but not reported were, potentially hazardous, textiles and other (generally the unclassified items which are negligible). On the positive, there has been a significant decrease in plastic wrap and paper wrap in comparison to the previous 2012 waste audit.

Resource Management

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Council will ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate district wide development.	Percentage of notified consents processed within 80 working days of receipt.	90%	Not Achieved Two notified resource consent were granted during the year outside the 80 working day timeframe.	(a)
	Percentage of non-notified consents processed within 20 working days.	90%	Achieved 100% of non notified consents were processed within 20 working days.	(b)
All premises where resource consent have been issued will be monitored at least biennially to ensure compliance.	Percentage of consented premises visited each year.	50%	Achieved All premises where resource consents have been issued have been monitored.	(c)

Summary of Service Performance

The overall performance for Resource Management was good with two out of the three performance targets achieved for the period ending 30 June 2015.	
(a)	The Council processed two notified resource consents for the period ending 30 June 2015. Both of the consents were from the same applicant for the same project, one consent being for land use and the other concerned a notice of requirement. These applications were processed simultaneously. Three extensions of time (pursuant to section 37 of the Resource Management Act 1991 ('RMA')) were processed for these applications to allow a total of 144 working days for processing pursuant to the RMA. Council granted both of these resource consents at the same time within 116 working days of receipt, 28 days earlier than statutorily required.

Stormwater Drainage

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Threats to public health and property will be limited.	Percentage of urgent requests dealt with within one working day.	90%	Achieved –A total of eight complaints were received for the year ended 30 June 2015, all of which were dealt with within one working day.	(a)
Service requests and complaints are processed as they come in.	Completion time (working days following receipt) for customer follow up on outstanding requests/complaints.	< 5 days	Achieved	(b)
Stormwater quality will be managed effectively.	Percentage of Stormwater pollution incidents are corrected within time frames agreed with Waikato Regional Council.	100%	Achieved - No service request complaints were received regarding stormwater pollution incidents for the year ended 30 June 2015.	(c)
	Response time for investigation of all reported pollution incidents associated with Stormwater discharge following notification.	<12 hours	Achieved - No service request complaints were received regarding pollution incidents associated with stormwater discharge for the year ended 30 June 2015.	(d)
	Number of Stormwater abatement notices issued.	Nil	Achieved - There were no stormwater abatement notices issued for the year ended 30 June 2015.	(e)

Summary of Service Performance

The overall performance for Stormwater Drainage for the year ended 30 June 2015 was *excellent*, with all five performance targets being achieved.

Sewerage and Treatment and Disposal of Sewage

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Sewage treatment is managed without adversely affecting the quality of the receiving environment.	Number of complaints regarding receiving water quality as a result of effluent discharge as measured in Request for Service (RFS) system.	≤ 2	Achieved - No service request complaints were received for the year ended 30 June 2015.	(a)
Sewage is managed without risk to public health.	Number of sewage overflows into habitable buildings due to faults in the wastewater system (measured by RFS system).	≤ 1	Achieved - No service request complaints were received for the year ended 30 June 2015.	(b)
A reliable removal and treatment service is provided.	Number of sewage overflow events per year at any one wastewater scheme.	≤ 2	Not Achieved	(c)
Resource Consent for TKWWTP is renewed and complied with	Percentage compliance with renewed TKWWTP Resource Consent	100%	Achieved – Council began complying with the renewed Resource Consent for TKWWTP in January 2015. Compliance reports are submitted to Waikato Regional Council as required and no compliance issues have been identified for the year ended 30 June 2015.	(d)

Summary of Service Performance

The overall performance for Sewerage and Treatment and Disposal of Sewage for the year ended 30 June 2015 was **good**. Three out of the four performance targets were achieved and one was not achieved.

(c)	<p>The performance target for the <i>'number of sewage overflow events per year at any one wastewater scheme'</i> was not achieved for the year ended 30 June 2015. A total of 21 service request complaints were received for the year ended 30 June 2015 in relation to the following schemes 7 (Te Kuiti), 13 (Piopio), 1 (Benneydale) and 0 (Te Waitere).</p> <p>Most of these complaints were as a result of blockages caused by prohibited items entering the sewerage pipes and restricting the flow such as rags, other clothing items, toys and so on, causing the wastewater to back up and overflow.</p> <p>A majority of the complaints were received from Piopio residents who are on a simplified (or conventional) sewerage</p>
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	<p>system which, if not managed correctly by the householder, presents more blockages which is the case with most of these complaints. Piopio township residents are sent a reminder and guide to their onsite wastewater collection and treatment system every six months to educate them and assist in the reduction of these issues.</p>
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Economic Sustainability Group

Water Supply

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Water supply is adequate for public health purposes.	Percentage compliance with NZ Drinking water Standards 2005 as measured in WINZ database	95%	Not Achieved	<i>(a)</i>
	Public Health Risk Management plans adopted and implemented.	100%	Achieved	<i>(b)</i>
	Confirmed illnesses attributable to consumption of Council water supply services.	Nil	Achieved - No service request complaints were received for the year ended 30 June 2015.	<i>(c)</i>
	Number of complaints per annum regarding water supply quality, at any supply scheme.	<10	Not Achieved	<i>(d)</i>
	Percentage of customers who are satisfied with the quality of their drinking water as measured by Resident Satisfaction Survey.	75%	Not Achieved – 57% of respondents who use Council supply are satisfied with the quality of their drinking water as measured by the 2015 Resident Satisfaction Survey.	<i>(e)</i>
Water resources are used efficiently and sustainably.	Percentage of the fire hydrants meeting bi-annual compliance test with the fire fighting standards.	75%	Achieved – 85% of fire hydrants meet bi-annual compliance test with fire fighting standards.	<i>(f)</i>
Water supply to customers is reliable.	Percentage of customers who are satisfied with the reliability of their water supply services as measured by Resident Satisfaction Survey.	75%	Achieved – 92% of respondents are satisfied with the reliability of their water supply as measured by the 2015 Resident Satisfaction Survey	<i>(g)</i>

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
Failures and service requests are responded to promptly.	Percentage of supply disruptions restored within 4 hours after first notification.	90%	Not Achieved	(h)

Summary of Service Performance

The overall performance for Water Supply for the year ended 30 June 2015 was *average* with four performance targets being achieved and four not achieved.

(a)	<p>The performance target of <i>'Ninety-five percent compliance with NZ Drinking Water Standards 2005 as measured in Water Information New Zealand (WINZ) database'</i> was not achieved to the year ended 30 June 2015 with a result of 50%.</p> <p>WDC is still in the process of upgrading water treatment plants to comply with Drinking Water Standards 2005 (revised 2008). Waikato District Health Board (WDHB) confirms Council's compliance on an annual basis, and are running one year behind.</p> <p>The project to construct and commission the upgrades to Te Kuiti Water Treatment Plant commenced in 2014 and is still in progress with the installation of pipework and electrical equipment currently underway. This project is progressing well as planned. Upgrades have also previously taken place at the water treatment plants at Mokau, Benneydale and Piopio.</p>
(d)	<p>The performance target of <i>'less than 10 complaints per annum regarding water supply quality at any supply scheme'</i> was not achieved as at the year ended 30 June 2015. A total of 266 service request complaints were received for the entire year pertaining to the schemes as follows - Te Kuiti (196 or 74%), Piopio (44 or 17%), Mokau (22 or 8%) and Benneydale (4 or 1%) schemes. This was an increase of 10 complaints over all schemes from the 2013/14 year.</p> <p>The main reasons for the complaints were from leaks, lack of water supply generally caused due to a leak, water toby issues, discoloration and odour.</p> <p>Te Kuiti</p> <p>Te Kuiti received nearly three quarters of the total complaints due to it's higher population. The Te Kuiti Water Treatment Plant upgrade commenced late 2014 consisting of a major refurbishment of the infrastructure throughout the whole plant. This is still in progress but is expected to be completed by April 2016. The aim of this upgrade is to allow for better quality water supply to the public.</p> <p>Mokau</p> <p>The Mokau Raw Water Storage upgrade for the lower dam was completed late 2014. The upgrade of the existing Upper Dam, involving redesign to comply with earthquake standards has been delayed. Extensive consultation with local Iwi is envisaged due to the sensitive nature of the location of the upper dam where the area has been identified as having Maori gardens with archeological significance. These upgrades are an essential requirement for the raw water to be fed into the recently constructed lower dam. Consultation is due to commence later in 2015.</p> <p>Piopio</p> <p>The main reason for the number of complaints for Piopio was leaks. These leaks are largely due to pipework and fittings that have come to the end of their effective life, and will require upgrading in the short to medium term. Installation of a new pumping line to the reservoir is proposed for Piopio for an estimated cost of \$147,000 spread over two years from 2016 to 2017. This should improve the quality and supply of water to the public.</p>

	<p><i>Benneydale</i> No major water issues were reported for Benneydale.</p>
(e)	<p>The performance target of <i>75% of customers who are satisfied with the quality of their drinking water</i> was not achieved. Overall 57% of respondents were satisfied with the quality of their drinking water. In comparison to the 2014 Resident Satisfaction Survey there was an overall increase in satisfaction levels of 8%.</p> <p>The main reasons given for dissatisfaction were similar to last year with poor taste and chlorine taste the most common reasons for dissatisfaction and a few respondents mentioning dirty water. Some of our respondents commented that water quality is getting better.</p> <p>The upgrade of the Water Treatment Plant in Te Kuiti is expected to make a difference to the earthy taste complained about by Te Kuiti residents which is a result of low carbon dosing. This will be remedied through the upgrades which will enable automated adjustment of the dosing plant.</p> <p>At all our water treatment plants, the current 'taste and odour' treatment practices will continue with ongoing reviews of chemical dosage levels with the aim to provide pleasant tasting drinking water to the community. Some of the continual improvements seem to be making a difference as evidenced by the improvement in satisfaction ratings.</p>
(h)	<p>The performance target of <i>'ninety percent of supply disruptions restored within 4 hours after first notification'</i> was not achieved for the year ended 30 June 2015. A total of 170 complaints were received for the year, of which (96 or 56%) were achieved, and (74 or 44%) were not achieved</p> <p>The main reasons for these complaints were for leaks in water supply from minor leaks in pipework and damaged or leaking tobies. Complaints pertained to the following townships - Te Kuiti (126 or 74%), Mokau (12 or 7%) and Piopio (32 or 19%) and Benneydale (nil).</p> <p>All efforts are made to attend to supply disruptions as promptly as possible. Those complaints that are not dealt with within the four hour timeframe are generally due to either availability of staff and/or contract staff or where further investigation is required.</p> <p>Mains replacement programmes in place for the Te Kuiti, Mokau and Piopio schemes should reduce the number of supply disruptions to these communities in the future.</p>

Roads and Footpaths

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

WHAT WE DO (LEVEL OF SERVICE)	HOW WE MEASURE SUCCESS (PERFORMANCE MEASURE)	PERFORMANCE TARGET	OUR PERFORMANCE TO 30 JUNE 2015	
The rideability of the roading network is maintained in good condition and is 'fit for purpose'.	The number of service complaints from ratepayers in any one month regarding the condition of the roading surface.	<4 / month	Not Achieved	(a)
	Sealed road lane kilometres exceeding a NAASRA* roughness count rating of 150. Measured on a bi-annual basis.	<8%	Achieved – 6.50% as per the bi-annual NAASRA roughness audit results.	(b)
The network's traffic marking and signage facilities are up to date, in good condition and 'fit for purpose'.	Number of service complaints per month regarding missing, damaged or inaccurate road signage.	<3 / month	Not Achieved	(c)
The roading network is open and accessible to users.	The number of road closures per month due to weather events (defined as bank slippages or blockages or flood events) lasting more than 24 hours.	≤1 / month	Achieved	(d)
	The number of complaints per month regarding damaged footpaths.	<3 / month	Not Achieved	(e)
	Time of response to reported defects and faults.	Within 24 hours	Not Achieved	(f)

* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicate an acceptable level of ride comfort.

Summary of Service Performance

<p>The overall performance for Roads and Footpaths for the year ended 30 June 2015 was <i>poor</i>. Two out of the six performance targets were achieved, four were not achieved.</p>	
(a)	<p>The target of <i>'less than four service complaints per month in any one month regarding the condition of the road surface'</i> was not achieved. A total of 155 complaints were received for the year ended 30 June 2015, with all 12 months exceeding the target. This is however a decrease from the previous years reported complaints of 168.</p> <p>The main reasons for a large portion of the complaints throughout the year were due to potholes on rural roads and bitumen bleeding on sealed roads (both urban and rural) due to higher temperatures over the warmer Summer/Autumn season.</p> <p>The problems with potholes on our rural roads occur mainly on our unsealed roads. As we are a large rural district a significant part of our road network is unsealed. These potholes are exacerbated by weather conditions (anything from moderate to heavy rainfall) and increased heavy traffic flow. We are increasingly experiencing more heavy vehicle movements on our rural unsealed roads from the likes of stock and logging trucks. Periodic forestry activities continue to have a significant effect on some of these roads. Overweight permits have increased for quarries and this is also having a detrimental effect.</p> <p>It is likely that the high number of complaints in relation to potholes is reflective of more reporting of this problem over time, as two independent audits during the year indicated an improvement over the previous years in technical levels of maintenance of our roading network.</p> <p>Bitumen bleeding on sealed roads is a reflection of climatic conditions and age of the tarseal. Our summers are getting hotter and this is having an adverse effect on bitumen on our sealed roads.</p> <p>The Council's roading staff team and the road maintenance contractor are immediately advised of all road surface incidents and these are attended to according to urgency, and reviewed on a weekly basis through operations and maintenance meetings between Council and the road maintenance contractor.</p>
(c)	<p>The performance target of <i>'three or less service complaints per month regarding missing, damaged or inaccurate road signage'</i> was not achieved for the 2014/15 year. A total of 14 complaints were received for the year ended 30 June 2015, an increase on the previous years' 10 complaints.</p> <p>Five of the complaints were for damaged or missing signs, six were for missing signage, two were for replacement/removal of signage and one was for graffiti on signage. Ten out of the twelve months were achieved, with January and April both receiving three complaints resulting in this target not being achieved.</p> <p>Historically, the issue of damaged and missing road signs have been the result of theft and vandalism. Vehicles damaging signs is also a factor. It is difficult to investigate these occurrences with any prosecutions being achieved as there is no method in place to monitor or police this. Damaged and missing signs and posts are rectified promptly by the Council's road maintenance contractor. Ongoing monitoring is in place to identify any non-compliant signage and replace.</p>
(e)	<p>The performance target for <i>'The number of complaints per month regarding damaged footpaths being less than <3'</i> was not achieved for the 2014/15 year. A total of nine complaints were received for the year ended 30 June 2015, with March having three complaints resulting in this performance target not being achieved. All other months achieved this target. A significant programme of ongoing footpath improvements has commenced and should improve WDC's performance in this area for the coming year.</p>
(f)	<p>The performance target of <i>'Time of response to reported defects and faults within 24 hours'</i> was not achieved. A total of 82 complaints were received for the year ended 30 June 2015. 51 (62%) notifications were responded to within the required timeframe and 31 (38%) notifications were responded to outside the 24 hour timeframe.</p> <p>The Council's roading staff and road maintenance contractor are immediately advised of all road defects and faults, which are attended to according to urgency, and reviewed on a weekly basis through operations and maintenance meetings with Council. Often these works are programmed into the contractors operations and maintenance schedule. Urgency of the matter is determined on whether it bears an immediate health and safety risk to the road users. Unfortunately our contractual response times do not always align with the timeframe in this performance target. Due to the nature of the defect it is not always possible to fix the defect or fault within the agreed response time with the contractor. Response times are being followed up with the Council's contractor and revised procedures to be put in place should improve achievement of this target.</p>

Document No: 371250**File No:** 037/00B**Report To: Council****Meeting Date:** 29 September 2015**Subject:** Policy Review Programme

Purpose of Report

- 1.1 The purpose of this business paper is to present the findings of a review of WDC's policies. This review was undertaken as part of the Policy & Bylaw work stream of the Waikato Mayoral Forum.

Risk Considerations

- 2.1 No risks have been identified in regards to matters contained in this business paper as the policies that have been identified for deletion are not currently in operation.

Background

- 3.1 The purpose of the Regulatory Bylaws and Policy's work stream of the Waikato Mayoral Forum is to achieve greater consistency and quality in regulatory instruments across the Waikato and to create efficiencies by Councils working collaboratively to produce these documents.
- 3.2 A proposal to consolidate Waikato Councils' policy documents to reduce the number of policies and eliminate unused and out of date polices was approved by the LASS board on 12 December 2014. The aim of this policy review and consolidation process is to ensure a consistent assessment across all Councils, and to identify and assess common policies and bylaws to determine where the differences are and need to be.
- 3.3 Councils throughout the region have or are in the process of completing a high level assessment of all their policies in order to identify a list of policies for deletion and those prioritised for review. This exercise has resulted in the identification of a potential 295 policies across the region for deletion.
- 3.4 The intention is that a streamlined list of policies from each Council will identify commonality and facilitate the production of a regional list of policies for collaborative review for consideration by the regional governance group.

Commentary

- 4.1 This business paper presents the results of the review for WDC's adopted policies. The detail of this review is contained in Attachments 1 and 2.
- 4.2 Attachment 1 is the standard policy review template developed for use by those Councils participating in the regional review. This includes a description of the policy, the reason the policy exists, links to other policy/bylaws and a space for comments and recommendations.

- 4.3 The regional review process involved completing a separate spreadsheet for the following categories of policies:
- Legislatively required
 - Strategic
 - Operational
 - Democracy / governance
 - New / proposed
- 4.4 WDC policies fall under 3 headings.
1. Legislatively required
 2. Strategic
 3. Operational
- 4.5 There are no new or proposed policies at the time of writing this report.
- 4.6 The spreadsheets titled legislatively required, strategic and operational contain Council's 18 currently 'active' policies relating to a range of Council functions and services.
- 4.7 A review of these policies concluded that we are in good shape in terms of the number of external policies we have in place and the frequency of their review. WDC does not have any superfluous policies in this 'active' list that need to be considered for deletion. Via the roadmap these policies are kept under regular review and therefore there is no proposal to review or amend these policies earlier than scheduled.
- 4.8 However, as part of this policy review process a Policy Manual was identified that contained policies adopted by Council between 1992 and 2001. These policies cover a wide range of activities, however, they have not been in use for some time and are not widely known across the organisation. The majority of these policies have been superseded by other current documentation, legislation or otherwise become redundant through the passage of time.
- 4.9 Attachment 2 contains a spreadsheet for this Policy Manual which provides a description of the policy, year of adoption, whether it is an internal or external policy, a column for relevant comments and recommendation with rationale for it. All 89 of the policies included in the Policy Manual are recommended for deletion.
- 4.10 The comment and rationale section of this spreadsheet provides an explanation as to why the policy in the manual is proposed for deletion. In the majority of cases the reason for deletion is that the policy has been superseded, either by legislation, another policy or other documents containing the operational details.
- 4.11 A number of the policies in the manual are simply very short position statements which do not need to form a policy and are now incorporated into other documentation such as AMPs or LTP or Annual plan documents.
- 4.12 The policy manual also includes a number of human resources policies which are internal policies and are superseded by our current staff policies.

4.13 There were 5 policies identified in the Policy Manual review process, where the information was not considered suitable for a policy at this time, but was information that should be captured elsewhere. These 5 policies are highlighted in the spreadsheet and are:

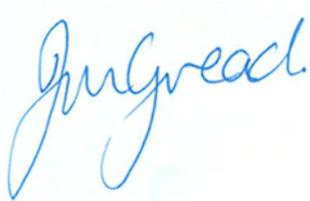
- Costal Erosion
- Piopio and District Museum Trust Building
- Sister City Committee
- Roads – Rural (part policy only)
- Occupation of unformed legal road

4.14 It is recommended that Council delete all 89 of the policies in the Policy Manual and move the relevant information in the policies identified in 4.13 above to a new location. With the exception of the Piopio and District Museum Trust Building, the new location for this information has yet to be finalised, but could be documentation such as AMPs or operating procedures.

4.15 The historic information on the Piopio and District Museum Building will be appropriately stored in our document management system.

Suggested Resolutions

- 1 The business paper on the Policy Review Programme be received.
- 2 That Council revokes the 89 policies included in Attachment 2 to this paper "Policy Manual – Policies from 1992 to 2001 for Revocation"



JO GREARD
POLICY PLANNER

16 September 2015

Attachment: 1 Regional Review of Policies 2015 Templates (357076)
 2 Policy Manual – Policies from 1992 to 2001 for Revocation (373863)

NAME OF THE POLICY	SPONSOR	DESCRIPTION OF POLICY	REASON POLICY EXISTS	LINKS TO OTHER POLICIES/ BYLAWS	COMMENTS	RECOMMENDATION
<i>Group & Name</i>		<i>Short overview of key points</i>		<i>Rationale for this policy? What are the main problems that the policy aims to solve?</i>		
WORKSHEET 1 - LEGISLATIVELY REQUIRED						
Policy on Elected Members' Allowances and Recovery of Expenses	Executive Office	<ul style="list-style-type: none"> Sets out rules on claiming of expenses by elected members and the resources available to them during term of office. 	Legislatively required under Schedule 7 Clause 6, 7, 7A and 8 of the Local Government Act 2002.		Adopted in September 2013. Due for review September 2016.	Policy for Review - September 2016
Governance Statement	Executive Office	<ul style="list-style-type: none"> Governance Statement is a collection of information summarising how a council engages with its communities, how it makes its decisions and how residents and ratepayers can become involved in those processes. 	Legislatively required under section 40 of the Local Government Act 2002. Must be adopted within six months following the triennial election.	Links to Code of Conduct	Adopted following the October 2013 elections.	Policy for Review 2016/17 (within 6 months of 2016 election)
Code of Conduct	Executive Office	<ul style="list-style-type: none"> Provides guidance on the standards of behaviour that are expected from elected members of WDC. Sets out governance principles elected members will observe. Includes roles and responsibilities of Elected members and Chief Executive Officer. Guidance for decision making. 	Legislatively required under section 40 and Schedule 7, clause 15 of the Local Government Act 2002.	Links to Governance Statement	Reviewed on 26 November 2013. To be reviewed following 2016 elections.	Policy for review post 2016 elections
Financial Contributions Policy	Customer Services (Environment & Regulatory Services)	<ul style="list-style-type: none"> Outlines Council's policy on the collection of financial contributions. 	Council is legislatively required to have either a financial contributions policy or a development contributions policy. Financial Contributions Policy currently included in Chapter 25 of Waitomo District Plan.		To be reviewed as part of the District Plan review.	District Plan Review due to commence 2015
Financial Delegations Register	Executive Office	<ul style="list-style-type: none"> Sets the delegated financial authority of GMs and other specified positions. 	Legislatively required. Provides the legal basis for individual positions to conduct their work and make decisions		Established following the October 2013 elections.	As and when required.
To be considered as part of the LTP Process						
Revenue and Financing Policy	Corporate Services	<ul style="list-style-type: none"> Summarises the Council's view on the equitable funding of its activities. Addresses all potential revenue and funding sources open to the Council and how and when it uses these sources. 	Legislatively required	Linked to: <ul style="list-style-type: none"> Treasury Policy Community Outcomes Rates Remission Policy Financial Strategy 	Reviewed as part of the 2015-25 LTP process.	No change to policy. No further review required until 2018-2028 LTP

NAME OF THE POLICY	SPONSOR	DESCRIPTION OF POLICY	REASON POLICY EXISTS	LINKS TO OTHER POLICIES/ BYLAWS	COMMENTS	RECOMMENDATION
Significance and Engagement Policy	Corporate Services	<ul style="list-style-type: none"> • Outlines Council's approach to determining significance and level of engagement for decisions as required by Section 76AA of the Local Government Act 2002. • Includes thresholds, criteria and procedures that Council will use in assessing which decisions considered to be significant and require engagement with the community. 	Legislatively required	Linked to Communication Strategy	Requirement of Local Government Amendment Act 2014. Adopted by Council 25 November 2014. Review scheduled for October 2017.	No change to policy until next scheduled review in October 2017.
Treasury Policy (Includes Council's Investment and Liability Management Policies)	Corporate Services	<ul style="list-style-type: none"> • Provides details for the management of investments and debt • Provides support and detail to the Financial Strategy and the Revenue and Financing Policy, both included in the LTP 	Provide guidance in managing Treasury function to minimise risk.	Linked to Revenue and Financing Policy and Financial Strategy.	Reviewed as part of the 2015-25 LTP process	No change to policy. No further review required until 2018-2028 LTP
Policy on Remission of Rates (Including Remissions and postponements of Rates on Maori Freehold Land)	Corporate Services	<ul style="list-style-type: none"> • Incorporates all Rates Remission Policies. • Read in conjunction with the Revenue & Financing Policy and the Funding Impact Statement outlined in the LTP 	<ul style="list-style-type: none"> • Policy in relation to rates remissions on Maori Freehold Land is a legal requirement. • If Council wishes to remit rates on other types of land or in other circumstances, a remission policy is the mechanism to do this. 	Linked to Revenue and Financing Policy	Reviewed as part of the 2015-25 LTP process	No change to policy until next scheduled review in September/October 2016.
Policy on Appointment of Directors to Council Controlled Organisations	Corporate Services	<ul style="list-style-type: none"> • Sets objective and transparent process for the appointment of directors of CCO's 	Legislatively required		Reviewed as part of the 2015-25 LTP process.	No change to policy. No further review required until 2018-2028 LTP
Policy on Council Controlled Organisations	Corporate Services	<ul style="list-style-type: none"> • Sets out Council's policy statement, objectives and performance targets for CCO's Council has an interest in. 	Schedule 7 of the Local Government Act 2002 requires LTP to include the local authority's significant policies and objectives in relation to ownership and control of any CCO.		Reviewed as part of the 2015-25 LTP process	No further review required until 2018-2028 LTP
HARM AND SAFETY						
Policy on Gambling Venues	Customer Services	<ul style="list-style-type: none"> • Outlines the controls in the District (e.g. location and number of machines) for Class 4 gambling venues and NZ Racing Board venues providing racing betting or sports betting services. 	Legislatively required		Revised Policy adopted August 2014. Due for Review July 2017.	No further review required until next scheduled review July 2017.
Dog Control Policy	Customer Services	<ul style="list-style-type: none"> • Dog access rules (prohibited areas, restricted areas and exercise areas). • Encourages responsible dog ownership. • Supported by Dog Control Bylaw which allows for enforcement. 	Legislatively required	Links to Dog Control Bylaw	Policy was last reviewed in 2011 and is due for review.	Review underway

NAME OF THE POLICY	SPONSOR	DESCRIPTION OF POLICY	REASON POLICY EXISTS	LINKS TO OTHER POLICIES/ BYLAWS	COMMENTS	RECOMMENDATION
Policy on Earthquake Prone Buildings	Customer Services	<ul style="list-style-type: none"> • Sets out the Council's policy for the management of earthquake prone buildings. • Current passive approach. 	Legislatively required. However, this policy will be affected by the pending changes to the Building Act 2004 that results from the Canterbury Earthquakes Royal Commission and the Building (Earthquake-Prone Buildings) Amendment Bill.		As this policy will be heavily influenced by (and is likely to be redundant as a result of) the Building (Earthquake-prone Buildings) Amendment Bill no further action recommended at this time. This Bill was been reported to the Local Government and Environment Committee and they have issued an interim report and called for further submissions on the revised Bill. The submission period for the revised Bill closed on 16 July 2015.	No further action required at this time
Policy on Dangerous and Insanitary Buildings	Customer Services	<ul style="list-style-type: none"> • Sets out WDC's response to the policy requirements in terms of the Building Act 2004 in relation to dangerous and insanitary buildings. • Current reactive approach 	Legislatively required.		Legislative requirement to review policy every 5 years. Policy last reviewed July 2011. Due for review by June 2016.	Policy scheduled for review commencing February 2016

NAME OF THE POLICY	SPONSOR	DESCRIPTION OF POLICY	REASON POLICY EXISTS	CONSEQUENCES OF POLICY NOT EXISTING	LINKS TO OTHER POLICIES /BYLAWS	COMMENTS	RECOMMENDATION	ELECTED MEMBERS NOTES
	<i>Group & Name</i>	<i>Short overview of key points</i>	<i>Rationale for this policy? What are the main problems that the policy aims to solve?</i>	<i>Legislative/social/political/financial implications</i>				<ul style="list-style-type: none"> • No change? • Move to management policy/SOP? • Review policy context? • Delete policy?
WORKSHEET 2 - STRATEGIC								
Community Development Fund Policy	Customer Services	<ul style="list-style-type: none"> • Provision of community assistance for the 'not for profit' sector to create a strong social base and meet local needs. • Provides guide to how funding can be obtained and provides Elected Members and staff guidance when making decisions and recommendations. 	Provides clear guidelines on the criteria and robust processes for both internal and external stakeholders, providing clear accountability for public/ratepayers.	Without an endorsed transparent process for the allocation of community grant funding, decision making would be adhoc.	Links to Community Outcomes.	Recently Reviewed 26 August 2014. Next review due August 2017.	Review Policy August 2017.	
Provisional Local Alcohol Policy	Customer Services	Sets out rules to be applied to applications for on, off, club and special licences, temporary authorities and managers certificates within the Waitomo District.	LAP is intended to set a clear framework to be applied to all such applications.	Without a policy in place, the provisions in the Sale & Supply of Alcohol Act 2012 are the only tools available to utilise when processing applications.		This policy is subject to an appeals process and must obtain final approval by the Alcohol Regulatory Authority before becoming operational. Review date to be set once operational date has been determined	No further action required at this time.	

NAME OF THE POLICY	SPONSOR	DESCRIPTION OF POLICY	REASON POLICY EXISTS	CONSEQUENCES OF POLICY NOT EXISTING	LINKS TO OTHER POLICIES /BYLAWS	COMMENTS	RECOMMENDATION	ELECTED MEMBERS NOTES
		<i>Group & Name</i>	<i>Short overview of key points</i>	<i>Rationale for this policy? What are the main problems that the policy aims to solve?</i>	<i>Legislative/social/political/financial implications</i>			<ul style="list-style-type: none"> • No change? • Move to management policy/SOP? • Review policy context? • Delete policy?
WORKSHEET 3 - OPERATIONAL								
Citizens Awards Policy	Customer Services	<ul style="list-style-type: none"> • Documents awards presented to WDC citizens (including nominee categorisaiton and eligibility criteria) • Includes process for assessment of nominations and appointment of working party. 	To document the principles that form the basis for the WDC Citizen Awards.	Without an endorsed process for the WDC Citizen Awards, decision making would be ad hoc and could jeopardise existence of awards due to a lack of process.	N/A	Due for Review November 2016.	Review Policy November 2016.	

Policy Manual - Including policies adopted from 1992 to 2001 for Revocation					
Name of the Policy	Year of Adoption	Description of Policy	Comments and Rationale	Recommendation	Internal/External
Policy Statement Register and Delegated Authority Register Review	1999	Delegated authority to update the policy statement register and delegated authority register in certain circumstances. This included the ability to include review clauses in certain Council policies, removing policies or delegations overtaken by events etc	Requirement superseded. Policy Statement Register no longer exists and any amendments to Council adopted policies are authorised by Council not the CE. The delegations register contains the financial delegations from the CE to staff and therefore no further authority from Council is required for the CE to be able to review the delegations register.	Delete Policy	Internal
Chief Executive - Role and Responsibilities	1999	Outlines roles and responsibilities of CE	Superseded by section 42 of the Local Government Act 2002 (Chief Executive)	Delete Policy	Internal
Management Structure	1999	Sets out Management Structure that existed at the time and style of management to be followed	New management structure in place	Delete Policy	Internal
Staff-Appointment	1999	Outlines that Council appoints CE and CE appoints the staff. Includes provision for advertising nationally Executive and Team Leader positions	The appointment of the CE and staff are included in Local Government Act 2002 (LGA) and therefore no policy is necessary. Nearly all of Council's positions are now advertised nationally via the internet	Delete Policy	Internal
Staff Retirement Age	1999	Policy to encourage staff to optimise their period of retirement	WDC can not force or require staff to retire because of their age	Delete Policy	Internal
Corporate Support Team	1999	Objectives and performance measures for secretarial/administrative services and information services	Superseded by current job descriptions	Delete Policy	Internal
Smoke-Free Environment Act 1990	1999	Sets out smoke free policy for Council buildings	Superseded by Council's internal Smoke Free Policy	Delete Policy	Internal
Meetings - Council	1996	Sets dates for Council meetings	Requirement superseded. Schedule of meetings adopted by Council in December each year	Delete Policy	Internal
Members Remuneration and Allowances	1995	Deals with Elected Members Remuneration and Allowances	Superseded by Policy on Elected Members' Allowances and Recovery of Expenses Policy adopted September 2013	Delete Policy	External
Human Resource Management	1999	Sets out objectives in relation to EEO legislation and Good Employer obligations	Superseded by Council's internal Equal Opportunities Policy and Council's Good Employer obligations under LGA	Delete Policy	Internal
Equal Employment Opportunity Programme	1999	Promotion of equal employment opportunities	Superseded by Council's internal Equal Opportunities Policy	Delete Policy	Internal
Council Representatives on Outside Organisations	2001	List of which Councilors were on various outside organisations	Superseded	Delete Policy	Internal
Standing Orders	1995	Adoption of model standing orders	Superseded by subsequent adoption of standing orders. Current version of Standing Orders adopted 19 October 2010 and reconfirmed 24 October 2013	Delete Policy	External
Support Services - Finance Team - Objectives/Performance	1999	Objectives and performance measures for Support Services - Finance Team	Superseded by current job descriptions	Delete Policy	Internal
Assets Fixed - Residual Values	1993	Sets out the Residual Value and Depreciation Rate for Fixed Assets	Superseded. Information contained in our current Accounting Policies in LTP and Annual plan documentation	Delete Policy	External
Assets - Fixed and Infrastructural Maintenance v Capital Expenditure	1999	Sets out policies in relation to capital and maintenance expenditure	Superseded by information now contained in our LTP and Annual Plans	Delete Policy	External
Rating - Uniform Annual General Charge (Cost of Governance and Piopio Community Board)	1999	Sets out how the activities of Governance and Piopio Community Board will be funded	Superseded by Council's Revenue and Financing Policy	Delete Policy	External

Name of the Policy	Year of Adoption	Description of Policy	Comments and Rationale	Recommendation	Internal/External
Rating - Exemption of Maori Freehold Land from Payment of Rates	1992	All requests for exemption of rates on Maori Freehold land be declined	Superseded. Policy for exemption of rates on Maori Freehold land included in Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Rate Penalty Remission Policy	2001	Outlines criteria for rates penalty remission	Superseded by Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Rating Remission Grants	1993	Outlines rate remission policies	Superseded by Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Insurance for Elected Members and Management - Injury	1996	Deals with any money received by Council in excess of any actual expenditure incurred in respect of an insurance claim for Elected Members and Management Injury	Insurance policy no longer held.	Delete Policy	Internal
Rates Postponement in Case of Hardship	1996	Process for applications for postponement of rates in case of hardship	Superseded. Rate relief in case of hardship provided for by Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Rates Remission on land voluntarily preserved for natural or historic or cultural purposes - Part XIIB of the Act.	1996	Sets out the types of properties to be considered for rates remission on basis of land voluntarily preserved for natural or historic or cultural purposes	Superseded by legislation and Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Resource Management	1999	Objective: To ensure any conditions imposed by Council in relation to planning consent are complied with within three months of the proposal being completed	All Resource Management issues now addressed within the District Plan	Delete Policy	External
Development Levies	1999	Policy: In general Council will not impose Development Levies	Superseded by Financial Contributions Policy in District Plan	Delete Policy	External
Environmental Health	1999	Within constraints of reasonable staff resources WDC will promote an environment which will enhance health and wellbeing of all citizens	Superseded by Regulatory AMP	Delete Policy	External
Dangerous Goods	1999	Provision for administration and enforcement of Dangerous Goods Act 1974	Act repealed.	Delete Policy	External
Liquor Licensing	1999	To ensure that Liquor Licences are issued in accordance with s.100 of the Sale of Liquor Act 1989	Act repealed, policy not necessary	Delete Policy	External
Building, Plumbing and Drainage	1999	Policy to efficiently administer and enforce the Building Act and Regulations	Provision now contained in Regulatory AMP	Delete Policy	External
Re-siting of Existing Houses	1999	Provides for Bonds when re-siting existing houses	Bonds for re-sited dwellings now set as part of Council's fees and charges	Delete Policy	External
Animal Control	1999	To administer and enforce Dog Control Act 1996, Impounding Act 1995 and Council's Control of Dogs Bylaws 1997	Provision now contained in Regulatory AMP	Delete Policy	External
Esplanade Reserves	1999	Interim measure until District Plan confirmed in relation to Esplanade Reserves	District Plan adopted therefore no need for interim measure	Delete Policy	External
Costal Erosion	1995	Policy states Council will not make ex gratia payments or grants to owners or occupiers of property adversely affected by costal erosion and will not undertake remedial or protection works or supply resources for work on private land	Coastal erosion will continue to be an issue for our District. Erosion at Mokau to be addressed via Managed Retreat Policy to be developed	Delete Policy. This information to be included in a location yet to be determined.	External
Properties	1999	To efficiently manage, maintain and advise on development of Council properties	Superseded. Management of Council properties now addressed in Housing and Other Property AMP	Delete Policy.	External

Name of the Policy	Year of Adoption	Description of Policy	Comments and Rationale	Recommendation	Internal/External
Housing	1999	Sets out Council rental properties to sell or rent and sets market rate for rentals	Superseded. Management of Council properties now addressed in Housing and Other Property AMP	Delete Policy.	External
Land Disposal	1995	Sets out process for disposal of land	Superseded. Covered by legislation and Housing and Other Property AMP	Delete Policy	External
Chattels in Rental Housing	1999	Sets out policies in relation to flooring, light fittings and improvements to rental properties	Provisions contained in rental agreements as appropriate	Delete Policy	External
Ex-Ministry of Works Building, Queen Street, Te Kuiti	1999	Deals with historic gifting and leasing arrangements for Ex-Ministry of Works Building, Queen Street.	Delete Policy	Delete Policy	Internal
Cultural and Arts Centre Land	1999	Council intends to retain the land lying between Esplanade, King Street and Jennings Street for possible future development	Superseded by Housing and Other Property AMP	Delete Policy	External
Piopio and District Museum Trust building	1999	Historic Purchase details	No longer relevant	Delete Policy but archive this information.	Internal
Housing for the Elderly	1999	Occupancy criteria for housing for the elderly	Criteria included in application form	Delete Policy	External
Halls - Public	1999	Sets out that hire charges for Waitomo Cultural and Arts Centre will be reviewed annually and a discount offered for 5 consecutive days use. Also includes provisions in relation to public halls in the district	Superseded. Covered by Fees and Charges and Housing and Other Property AMP	Delete Policy	External
Libraries	1999	Sets out where a library service will be provided and charges for residents	Superseded by Library Strategy and Fees and Charges	Delete Policy	External
Conveniences - Public	1999	Sets out detail of Public Toilets	Superseded. Management of Council toilets now addressed in Public Amenities AMP	Delete Policy	External
Visitor Information Services	1999	Goal of disseminating up to date information and selling a range of services normally provided by an accredited Regional Visitor Information Network Office via the Te Kuiti visitor Information Centre	Superseded by Community Development Strategy	Delete Policy	External
Camping Grounds	1999	Objective to provide a camping facility at Te kuiti and Marokopa. Sets maximum stays at Te Kuiti campground	Te Kuiti and Marokopa camp grounds now leased out by Council. Therefore policy setting maximum stays no longer relevant	Delete Policy	External
Swimming Facilities	1999	For Council to provide a swimming facility in Te Kuiti and contribute to the cost of operating the pool at the Piopio baths	Te Kuiti swimming facility now included in the Recreation and Culture AMP. The pool at Piopio is now operated by Piopio Primary/College	Delete Policy	External
Parks and Reserves	1999	To maintain reserves for sport, recreation and passive users and to progressively replace playground equipment in parks and reserves	Superseded by Parks and Reserves AMP	Delete Policy	External
Recreational Reserves - Urban	1999	Sets out use and cost sharing arrangements at Centennial Park, Te Kuiti Domain and Ward Street Reserve	Superseded by Parks and Reserves AMP and relevant reserve management plans	Delete Policy	External
Reserves - Rural	1999	Sets out which reserves are under the control of local committees and which are under the direct control of Council	Superseded by Parks and Reserves AMP, Brook Park Reserve Management Plans and Te Nau Nau Reserve Protection Plan	Delete Policy	External
Hillary Commission	1999	Sets out the process for Council's involvement in administering the Hillary Commission Local Community Sport Fund	Council no longer involved in administering this fund	Delete Policy	External
Creative New Zealand - Funding Scheme and Assessment Committee	1994/1995	Sets out the process for Council's involvement in administering the local Creative Communities Funding scheme	Creative New Zealand now issue Administrators and Assessors guides which we are required to use, therefore policy no longer relevant	Delete Policy	External
Cemeteries	1999	Lists the cemeteries in the district and sets as an objective a high standard of management and maintenance at the cemeteries	Superseded by the Public Amenities AMP	Delete Policy	External
Civil Defence	1999	To maintain the Waitomo Civil Defence Organisation in a state of readiness to meet emergency situations	Superseded by the Public Amenities AMP	Delete Policy	Internal

Name of the Policy	Year of Adoption	Description of Policy	Comments and Rationale	Recommendation	Internal/External
Airfield Te Kuiti	1999	To maintain Te Kuiti Airfield and facilities at a level commensurate with demand.	Superseded by the Recreation and Culture AMP	Delete Policy	External
District Development	1999	Sets out objectives to stimulate community pride and social awareness and stimulate district-wide commercial growth	Superseded by Long Term Plan documentation, such as Council vision and focus areas, as well as Community Development AMP	Delete Policy	External
Funding - Application Form	1999	Includes a funding application form for use where funds over \$1000 are requested from Council	Policy no longer required. Funding applications to Council processed in accordance with the Community Fund Development Policy	Delete Policy	External
Community Service Award	1999	Sets out the process for Community Service Awards	Superseded by Citizens Award Policy	Delete Policy	External
Bravery Awards	1999	Sets out the process for Bravery Awards	Superseded by Citizens Award Policy	Delete Policy	External
Shearing Capital of the World Trademark	1995	Sets out provisions for using Shearing Capital of World Trademark	Trademark currently registered, however, not used often. Given Council's focus on encouraging people to undertake activities which promote our district, it is recommend that this policy is deleted as it sets charges for use of the trademark and requires licence agreements to be entered into	Delete Policy	External
Sister City Committee	1993 & 1994	Terms of reference for Sister City Committee	Terms of reference for Sister Committee have not been reviewed since adoption in 1993/94. Update of Sister City Committee documents incorporated into the roadmap for 2015-18. Scheduled for review December 2016	Delete Policy. This information to be included in a location yet to be determined.	External
Treescape Te Kuiti - Felling of Mature Trees	1996	Requirement to call for objections when felling a mature tree on public land	Policy no longer required as this process is no longer followed	Delete Policy.	External
Plant operations	1999	Council to maintain an adequate range of suitable plant and machinery to enable all Council groups to undertake their required duties.	Specific policy no longer required. Detail of deliverability of Council's activities covered in AMPs.	Delete Policy.	External
Sewerage Systems	1999	To provide an adequate piped sewer and sewage treatment within the District where practical and economically viable.	Superseded by Wastewater AMP	Delete Policy	External
Water Supply	1999	To provide, maintain and develop where practicable & economically viable an adequate and potable water supply.	Superseded by Water AMP	Delete Policy	External
Land Drainage	1999	Sets out provision for storm water and drainage systems in urban areas and rural drainage.	Superseded by the Infrastructure Strategy, Urban Storm water AMP and Roads and Footpaths AMP	Delete Policy	External
Rural Fire Authority	1999	Sets out policies in relation to rural fire in terms of statutory requirements and volunteer groups.	Superseded by Public Amenities AMP.	Delete Policy	External
Roading Services	1999	To provide an adequate roading network	Superseded by Infrastructure Strategy and Roads and Footpaths AMP	Delete Policy	External
Roads - Urban (Te Kuiti)	1999	Sets out hierarchy of urban streets and replacement dates for bridges, as well as details of programmes for street maintenance, street cleaning, street lighting, shape correction treatment and resealing.	Superseded by Infrastructure Strategy, Roads and Footpaths AMP and Rooding Contract Specifications	Delete Policy	External
Roads - Piopio	1999	Sets out programme for street maintenance, street cleaning, street lighting, shape correction treatment and resealing.	Superseded by Infrastructure Strategy, Roads and Footpaths AMP and Contract Specifications	Delete Policy	External
Roads - Rural	1999	Sets out operational and maintenance provisions in relation to rural roads in respect of: roading hierarchy, maintenance, cleaning, street lighting, culvert replacement, shape correction treatment, minor safety improvements, resealing, seal extension, roadside weeds, roadside drains, abandoned vehicles, trees, plantings, gates and cattle stops on no exist roads and no exist rural roads	Superseded by Infrastructure Strategy, Roads and Footpaths AMP and Land Transport Bylaw However, the section on 'No Exit Rural Roads' is not covered elsewhere and is still followed. Also not included elsewhere are some of the provisions in relation to gates and cattle stops on no exist roads.	Delete Policy. This information to be included in a location yet to be determined	External

Name of the Policy	Year of Adoption	Description of Policy	Comments and Rationale	Recommendation	Internal/External
Motor Sports Events on Council's Roads	1995	Sets out conditions for the temporary closure of roads for motor sports events	Process for road closures in the case of events covered in Local Government Act 1974 and Transport (Vehicular Traffic Road Closure) Regulations 1965. Detail of the process included on WDC application form for temporary road closures.	Delete Policy	External
Footpaths	1999	Set out Council's maintenance, cleaning and construction objectives in relation to footpaths at the time.	Superseded by Infrastructure Strategy and Roads and Footpaths AMP and contract specifications	Delete Policy	External
Road Signs	1992	Includes provisions for traffic signs installed by Council and other information signs.	Superseded by Roads and Footpath AMP and Public Places Bylaw (consent for signage).	Delete Policy	External
District Marketing Policy	2001	Sets out provision for promoting the district, including marketing activities and involvement in visitor information.	Superseded by Long Term Plan documentation and Community Development Strategy.	Delete Policy	External
Consultation with Tangata Whenua	1997	Sets out the intended process for consulting with Maori at that time.	Superseded by Long Term Plan documentation.	Delete Policy	External
Performance of Functions and Delivery of Services.	1997	Sets out process for reviewing the delivery of services in-house verses other methods. Chief Executive was to report back on this review by 31 December 1997.	Event in the past, policy no longer required.	Delete Policy.	Internal
Occupation of Unformed Legal Road	1997	To adequately maintain unformed legal road until required for development of a road, including current occupancies terms and when these will terminate.	Policy requires review.	Delete Policy. This information to be included in a location yet to be determined	External
Asset Management Policy for Infrastructural Assets	1998	Sets out objectives for Asset Management	Superseded by current AMPs and Infrastructure Strategy.	Delete Policy.	External
Waitomo District Council Archives	1999	Purpose of this policy is to broadly outline the purpose, objectives, the conditions which define the scope of archival activities, the authorities under which they operate and the services offered to users.	Substantial parts of this policy relate to repealed Acts and the policy is focused on hard copy archiving. Policy not relevant for today's practices. Internal Records Management Policy to be developed	Delete Policy	Internal
Dog Control Policy	1997	Policy aims to promote the control of dogs so that people can enjoy the benefits of dog ownership without adversely affecting other members of the community.	Superseded by the Dog Control Policy 2011.	Delete Policy	External
Tenders and Contract Administration	1999	Sets out guidelines to cover situations where Council is purchasing works, goods or services.	Superseded by current internal Procurement Policy and internal procedures.	Delete Policy	Internal
Plant Policy	1998	Sets out the previous fleet management policy, which included contracting with a fleet management company and allocation of vehicles	Superseded by internal Motor Vehicle Safe Driving and Fleet Management Policy	Delete Policy	Internal
Dust Coat Seal Strips	1999	Unsealed roads and Council contribution towards dust coat seal	Council no longer makes this contribution. No budget allocated	Delete Policy	External
Supply of Treated Water to Water Carrying Contractors and Roding Contractors	1999	Sets out the conditions for supply of treated water to water carrying contractors and roading contractors	Provisions now contained in Water Services Bylaw, Permit application and conditions	Delete Policy	External
Service Requests	1999	Sets out process for dealing with service requests	Detail of procedure now incorporated into the service request system itself	Delete Policy	Internal
Definition of Material Error	2000	Set the threshold for material error for purposes of s122T(2) of Local Government Act 1974	Section of Local Government Act 1974 repealed. Policy no longer necessary	Delete Policy	Internal
Rates Relief Policy	2000	Policy for rates relief for businesses locating or expanding within the Waitomo District	Superseded by Council's Policy on Remission of Rates (Including remissions and postponements of rates on Maori Freehold Land)	Delete Policy	External
Band Rotunda	2001	Set out process for use of Band Rotunda when it was located in the Railway Plaza, Rora Street	Band Rotunda now located in Brook Park and covered by Brook park Committee	Delete Policy	External

Document No: 374165**File No: 097/002A****Report To: Council****Meeting Date: 29 September 2015****Subject: Waitomo District Plan Gaps and Needs Assessment**

Purpose of Report

- 1.1 The purpose of this business paper is to inform Council about the Gaps and Needs Assessment (GNA) of the Waitomo District Plan that has recently been carried out.

Background

- 2.1 Waitomo District Council's District Plan (DP) was developed in 1998-1999 after which it went through the procedural steps like Submissions, Hearings, Appeals and other parts of the consultation and decision-making process. The District Plan finally became operative in March 2009.
- 2.2 Given the considerable lapse of time between the DP development to when it became operative meant that Plan was already out of line with some legislative requirements and the resource management policy environment by the time it became operative in 2009. This was recognized by Council at the time and a review of the DP has been part of Council's planning since 2011/12.
- 2.3 The 2012-22 LTP signaled the start of the review of the Operative Waitomo District Plan (ODP) in the first 3 years, however, the reform of the Resource Management Act (RMA) followed, and the Waikato Mayoral Forum established 'aligned planning' as a work stream. Due to the uncertainty with regard to the imminent change Council decided to await the outcome of these processes before embarking on the planned review. The 2014/15 EAP stated Council's intention to defer the review until 2014/15 year.
- 2.4 In February 2014, Council discussed the DP Review Options Update paper. This paper outlined the work that was required to be carried out to the ODP to bring it in line with legislative requirements.
- 2.5 Amendments to the ODP required to give effect to National Environmental Standards were carried out and adopted by Council on 25 June 2014. Standards included:
- NES for Telecommunications Facilities
 - NES for Electricity Transmission Activities
 - NES for Assessing and Managing Contaminants in Soil to Protect Human Health
- 2.6 The 2014 Review Options paper also reiterated the recommendation for a staged review to ensure that the ODP met all legislative requirements.

- 2.7 This previous work of early 2014, largely focussed on scoping the District Plan review against statutory requirements such as the National Environmental Standards and National Policy Statements. That assessment is more than 18 months old and some of the NES and NPS are more advanced now. The regional policy environment has also changed with the Regional Policy Statement not far from becoming operative which all DPs in the Waikato region will need to give effect to.
- 2.8 Given this backdrop a Gaps and Needs Assessment (GNA) of WDC's ODP has been undertaken in August- September 2015 to analyse whether the ODP is 'fit for purpose' to effectively respond to existing and future issues and opportunities for resource management, land use and economic development and to appropriately give effect to higher order statutory documents. This assessment builds on the previous District Plan Review scoping work.
- 2.9 This GNA is forward focussed and is intended to provide a more holistic, albeit preliminary, view of the gaps and needs of the current DP in relation to an assessment of Council's desired direction for the District.
- 2.10 The intent behind this assessment is for it to provide an overview of where the DP remains relevant and where the gaps are which will assist Council in taking a better informed view of the scope for a DP review, and therefore the planning and timing of such a review, in order to achieve key outcomes sought.
- 2.11 While District Plans must respond to statutory requirements, and are generally thought of as regulatory in nature, they can also be key mechanisms for achieving desired land use and economic outcomes in the District.

Commentary

Scope

- 3.1 The scope of the GNA was primarily to assess the ODP on the following four points:
1. Does the current District Plan meet the operational needs of the users (both practitioners and customers)? If not, what needs are not being met?
 2. Is the current District Plan geared towards meeting the future needs of the District? (e.g. in terms of land use, economic development and foreseeable issues). If not, what are the gaps?
 3. Does the current District Plan align with statutory requirements of a District Plan; national, regional and any other? If not where are the gaps?
 4. Are there any gaps in the OWDP in terms of form and structure as assessed against contemporary best practice?

Methodology

- 3.2 The GNA was carried out by GMD Consultants and the GNA report is enclosed as **Attachment 1** of this business paper.
- 3.3 The methodology being followed to carry out the assessment has three core work areas:

1. **Assessment of Plan Administration** – this covers assessment of types of consents, issues with administration, what’s working or not in the view of practitioners
2. **Plan Alignment** – an overview of the extent to which the existing Plan reflects the statutory requirements, policy statements, standards and other Regional policies. This part is expected to build on, but not duplicate, the work previously undertaken in 2013.
3. **Alignment with Future Direction** - the key directions and issues WDC is seeking to respond to through the review of the Plan, and the degree to which the existing Plan aligns or potentially impedes/misaligns with those issues and directions. The outcomes sought for the District and future direction was assessed through interviews with Senior Management and workshop with Council.

Key Findings

3.4 ODP Structure:

- 3.4.1 That the structure of the ODP is relatively simple thereby making it easy to use.
- 3.4.2 Largely meets the needs of the practitioners; however, the structure could be improved for ease of use of practitioners that are unfamiliar with the ODP like Commissioners and new staff.
- 3.4.3 While the structure is logical it might not always meet the needs of the users in terms of clarity and usability. This is because it lacks an overview of the structure and explanations of how it hangs together or starting points for determining status of activities.
- 3.4.4 Overall there is scope for improvement with regard to the structure but careful consideration of an overall style is required up front especially, if a staged review is planned so that inconsistency of reviewed aspects can be avoided.

3.5 ODP content

- 3.5.1 The ODP is permissive rather than of prescriptive nature and this rationale is clearly reflected in the Introduction. Broadly speaking, the permissive presumption of the OWDP is consistent with the purpose of the RMA.
- 3.5.2 The ODP largely adopts an ‘activity-based’ philosophy. This means that an activity (nature, scale, intensity) are the key determinant of whether it is permitted. This approach is characteristic of many second generation district plans around the country.
- 3.5.3 Strong evidence suggests that activity based plans are more effective, generally easier to understand and are cheaper for applicants, and very few if any Councils appear to be pursuing effects-based second generation plans.
- 3.5.4 Despite this tick on the content of the ODP a significant criticism levied at the ODP is that its simplicity leads to lack of clarity and certainty.
- 3.5.5 The permissiveness of the plan compounds this issue because everything starts of as being permitted. As an example, if someone wants to build a house the ODP does not state whether it is permitted or not and where that applies. Plan users can be left trying to interpret a number of performance standard provisions to determine if building a house is going to be permitted or otherwise.

- 3.5.6 Another key consideration is “ensuring that a future desired state is articulated”. The ODP does not provide readers (or developers and users) with a clear overall picture of what is to be achieved in the main areas of the district and how each zone is proposed to be developed.
- 3.5.7 Although, this can be somewhat pieced together from the objectives and policies for each zone, this can lead to multiple interpretations, and it is relatively inefficient.
- 3.5.8 Another issue identified in the GNA report with a permissive DP is that activities are developing ‘out of zone’ and this can cause adverse environmental effects over the longer run like large areas of relatively incompatible use, difficulty in planning for infrastructure and upgrades due to uncertain land use patterns and inefficient use of existing services and infrastructure.
- 3.5.9 Even in the short term, ad hoc growth and development can cause a number of issues particularly in relation to nuisance effects and reverse sensitivity issues e.g. a residence establishing in the industrial zone can complain about noise, dust, odour etc.
- 3.5.10 The permissive nature of the ODP is compromising the benefits that adherence to zoning brings like minimizing adverse effects, efficient use of infrastructure and upholding the values of sensitive areas.
- 3.5.11 Practitioners and the public consider boundary encroachment issues not to be very sensible and these make up a significant number of resource consents.
- 3.5.12 No clear guidance on consultation requirements in the ODP.
- 3.5.13 The ODP provides little assistance on what should be monitored and how.
- 3.5.14 The ODP carries significant risk with regard to the scale and legibility of the planning maps which makes it difficult to ascertain property and zone boundaries with any real accuracy. The ODP planning maps do not reflect any of the principles that are considered good practice for planning map development.

3.6 Statutory alignment of ODP

- 3.6.1 Local authorities are required to ‘give effect’ to National Policy Statements (NPS) in all relevant RMA plans and recent case law from the Supreme Court has determined that to ‘give effect’ is ‘to implement’. Where existing district plans do not already give effect to National Policy Statements, they must be amended through a RMA Schedule 1 process in order to do so.
- 3.6.2 The GNA report identifies that there are a number of NPS’, National Environmental Standards (NES) and other statutory requirements against which the existing provisions in the ODP need to be reviewed and amended for adequacy. These are:
- NPS for Freshwater Management
 - NZ Coastal Policy Statement
 - Proposed NES for Plantation Forestry (has gained momentum in last few months)
 - Proposed Waikato Regional Policy Statement

3.6.3 The ODP must also take into account the following that have been developed since the ODP became operative:

- Vision and Strategy for Waikato River
- Draft Maniapoto Environmental Management Plan

3.7 ODP alignment with future state

3.7.1 The last section (section C) of the GNA report assesses whether the ODP is able to meet the future direction envisioned by Council and the current and future issues that have been identified. Following are the key findings and gaps in terms of identified or potential issues:

- While pressures for built development remain relatively low along the Waitomo Coast, there is an inherent risk that the OWDP provisions are not currently strong enough to prevent a proliferation of coastal development should demand increase.
- The OWDP does not identify the coastal environment in accordance with the characteristics identified in the NZCPS, and therefore it is unclear where and how the Policies of the NZCPS apply
- With regard to natural hazards, the ODP identifies risk management as the basis for identifying areas within which risk will be managed. However, application of provisions that relate to acceptable, tolerable and intolerable risk are not clearly evident.
- The ODP does not identify high risk flood zones, residual risk zones or floodplains, in order to give effect to the Proposed Waikato RPS. Technical hazard expertise is needed to confirm the spatial extent of hazard areas, and provide advice on the level of risk associated with each.

3.7.2 In terms of assessment of the ODP against existing and future opportunities the following gaps have been identified:

- There is a relative shortage of available industrial and commercial land for new development. Council may wish to consider making additional land available and designated for commercial and industrial uses.
- There is no urban design criteria in the ODP. Inclusion of some urban design and/or amenity provisions as performance standards, may assist to assure business owners a suitable and pleasant commercial environment
- There is a need to provide clearer statements of acceptability of new commercial and industrial activity in the rural zone. Even if they do require resource consent to assess and manage the effects of the activity.
- In the absence of any strategic overarching guidance, tourism hotspots are developing in an ad-hoc manner that has or could have detrimental infrastructure/servicing and amenity effects.
- Potential new development hotspots (e.g. Benneydale) are not zoned to service tourism growth. Under the current provisions, an activity relies largely on the permissive assumption of the ODP. Worst case, this could result in numerous ad-hoc small scale activities occurring, with the potential for incompatible land uses to establish together

- There is significant opportunity to capitalise on lifestyle living demand, based on a range of benefits the district has to offer.
- By virtue of its permissive regime, the OWDP is not preventing rural residential living opportunities from occurring but neither is it promoting this opportunity through policy direction.

Recommendation

- 4.1 The Waitomo District Plan GNA report has identified that in terms of its form, and layout the ODP is simple and permissive and generally follows sound principles (e.g. activity based).
- 4.2 However, a number of gaps and improvements have been identified with the ODP in terms of its structure, content, alignment with statutory higher order documents, other policy documents that the ODP must give regard to and in terms of the ability of the ODP to support the envisioned future direction of Council for the District.
- 4.3 The review of the District Plan can be undertaken in a staged manner with the priority given to ensure higher order statutory documents are given effect to. However, such an approach would require careful planning and it would be critical to ensure planning for the entire review to be conducted at the beginning and not just panning of each stage. This would avoid the issue of inconsistency and therefore confusion and irregularities in the final Plan.
- 4.4 The GNA report identifies gaps throughout the ODP starting from the strategic direction level. One of the significant gaps identified is any structure plans or 'state of nation' for the different townships within the District.
- 4.5 Given that the gaps are widespread, it is prudent to consider a full review of the ODP instead of a staged review.
- 4.6 Although a full review can be costly, experience of other Councils have shown that staged reviews can end up costing more in the long run and therefore a full review is recommended.
- 4.7 A full review can also be more effective from a consultation perspective otherwise it will need to be made very clear to the stakeholders and community about what aspects are out of scope and that can quickly get confusing and inefficient. This is because people generally talk about and work to what their issues are and strait-jacketing matters into 'in-scope' and 'out of scope' can be problematic.
- 4.8 In considering the timing of a full DP Review the key matters to consider are:
- 4.8.1 **Central government direction** – the GNA report notes that the Government is currently actively promoting reform to the RMA, and some of the recent and proposed reforms that have significant future implications for the District Plans include:
- Changes to the way in which Section 32 cost-benefit analysis of Plan reviews or Plan changes are to be undertaken, with a much stronger emphasis on economic analysis;
 - Changes to the structure and content of plans, through the development of single plans with a nationally prescribed format;

- comprehensive management of natural hazards in planning, following the Christchurch earthquake
 - Maori interests and values to be considered earlier in resource management planning processes
 - Ongoing development of NPS' and NES'
- 4.8.2 Adequate time has to be put aside for planning (milestones/tasks/consultation/timelines) the review.
- 4.8.3 Experience of DP reviews shows that it could take about 2-3 years to complete the review.
- 4.9 Given the considerations noted above it is recommended that a full DP review be commenced in the 2016/17 financial year after October 2016 with the planning for the review (including resource requirements) starting towards the end of the current year (2015/16).

Suggested Resolutions

1. The business paper on Waitomo District Plan Gaps and Needs Assessment be received.
2. The recommendation for the full Waitomo District Plan Review to commence in 2016/17 after October 2016 with planning for the review starting towards the end of the 2015/16 financial year be adopted.



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Attachment

Gaps and Needs Assessment of Waitomo District Plan (#375154)

Gaps and Needs Assessment of the Waitomo District Plan

GMD Consultants Ltd

Final Version

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EXECUTIVE SUMMARY

This report provides a preliminary assessment of the ability of the Operative Waitomo District Plan ('OWDP') to effectively respond to existing and future resource management issues and opportunities, and appropriately give effect to higher order statutory documents.

The report provides a general overview of the extent to which:

1. the OWDP meet the operational needs of the users (both regulators i.e. consenting staff, and customers);
2. the OWDP is geared towards meeting the future needs of the District in terms of land use, economic development and foreseeable issues and opportunities;
3. the OWDP aligns with statutory requirements of a District Plan as directed by regional and national legislation; and
4. there are any gaps in the OWDP in terms of form and structure as assessed against contemporary best practice.

The permissive approach that underpins the OWDP is not inconsistent with the purpose of the RMA, and the philosophy is broadly sought to be retained. However, primarily as a result of the permissive approach currently promulgated by the OWDP there are several significant gaps and needs that have been identified.

Environmental bottom lines in the OWDP do not reflect the current statutory requirements of higher order documents. In particular, the OWDP does not give effect to the New Zealand Coastal Policy Statement ('NZCPS') and Proposed Waikato Regional Policy Statement ('Proposed Waikato RPS'). The areas of greatest deficiency appear to be in relation to preservation of natural character, protection of landscapes, protection, maintenance and enhancement of indigenous biodiversity and management of coastal hazards. However there are numerous other resource management areas that would require a degree of review and amendment to give effect to higher order statutory documents.

While there remain a number of provisions of the OWDP which could be considered to give effect to higher order statutory documents, this is often due to the broad or unspecific way in which they are articulated. The sometimes ambiguous nature of the OWDP provisions would not provide sufficient certainty that the NZCPS or Proposed Waikato RPS is being appropriately implemented through the OWDP. Where language is unambiguous, it is often inconsistent with the language of higher order statutory documents e.g. "Avoid, remedy or mitigate..." as opposed to just "Avoid...". Recent case law has clarified the intent and meaning of the directive language used in the NZCPS, and the broad general language of the OWDP is not consistent with these decisions.

As a result of the permissive approach of the OWDP, activities are often establishing in an ad hoc 'out of zone' manner e.g. commercial activity developing in a Residential Zone. There is significant uncertainty for those establishing 'in zone' as to what to expect by way of surrounding land use activity, and for infrastructure providers seeking to provide or plan for upgraded services. Part of the issue is that the OWDP does not have a clear overarching strategic direction or desired future state land use pattern stated for the district, nor great detail of what is sought to be achieved in each zone

(or for townships/villages/landscapes etc.). In the absence of an overall strategic direction or future desired state, development is being considered from a short term ad-hoc perspective, and there is difficulty planning long term for new infrastructure and upgrades. Areas of potential growth (e.g. Bennydale, Mokau) are also at risk of developing in an ad-hoc manner in the presence of a permissive rule regime, and absence of any future state planning such as a structure plan. The simple zonings of these areas (Residential zoning surrounded by Rural Zoning), do not facilitate well planned land use for the type of activity that is anticipated in the future (e.g. accommodation and commercial services).

The OWDP provisions were not developed within the context of needing to give effect to the Vision and Strategy. While the OWDP contains provisions that may assist to give effect to the Vision and Strategy, a thorough review of the OWDP in relation to the Vision and Strategy objectives, and in collaboration with iwi and other key stakeholders, needs to be undertaken before the district plan could be considered to give effect.

Coastal development, natural hazards, mixed (ad-hoc) development and water quantity have been identified as the most significant issues facing the Waitomo District within the next 10 years. With respect to coastal development and mixed development, the permissive nature of the OWDP is not adequately addressing the issue, and in many respects could be identified as a significant contributing factor to existing and emerging adverse land use patterns. While OWDP provisions address the risk of hazards for new development, it does little to address the issues associated with existing development and long term strategic thinking for managing coastal erosion. While existing use rights will apply, there is significant scope for the district plan establish a policy for long term managed retreat and risk reduction/avoidance. Spatial extent of hazards areas may also need reviewing.

Economic development, tourism, lifestyle living, primary production, forestry and extractive industry have been identified as the key opportunities for Waitomo District within the next 10 years. The permissive nature of the OWDP is not generally preventing opportunities per se, however it is doing very little to encourage them. Broadly speaking, the OWDP is lacking positive and enabling objectives and policies for to promote and encourage activities. This a significant gap. There is a need for objectives and policies that have a positive tenor, using words such as 'enable', 'promote' and 'provide for'.

In many respects the gaps and needs associated with identified issues and opportunities merely act to illustrate the gaps and needs that more fundamentally underpin the OWDP, irrespective of what the specific issues and opportunities are.

It is important to note that present and historical low levels of development are currently mitigating the risk of exacerbated issues as a result of most of the points made above. However long term adverse land use patterns are emerging, some of which are occurring in sensitive and valued environments (e.g. areas of high amenity such as hillsides and coastal areas). There is a real risk that the fundamental reasons that are creating opportunities (e.g. natural landscapes and features, indigenous biodiversity) could be compromised through a permissive policy and rule framework, and lack of future state planning.

From a structure and form perspective, the OWDP generally fits with good practice approaches for district plans, particularly the broad simple structure which will be familiar to practitioners.

Reasonably minor amendment would enhance ease of use for practitioners further, particularly for those who are unfamiliar with the OWDP and are reading it for the first time.

However, while the general structure is logical (introduction, provision, definitions, appendices) the OWDP does not always meet the needs of the general public in terms of clarity and usability. The need to apply more than one chapter of the OWDP to a proposal can be overlooked, and the need to cross reference can lead people far from their original query. There is no readers guide to assist usability of the OWDP. The permissive approach also establishes a regime whereby most activities are not explicitly identified as being permitted or otherwise, and therefore certainty is not immediately provided to plan users as to what can occur in each zone.

The OWDP planning maps are not produced in accordance with current good practice, and are difficult to interpret. Inaccurate and illegible maps make it difficult to ensure the provisions of the OWDP are being applied in the correct place. Difficult interpretation, uncertainty, and potential inaccuracy make the OWDP a significant liability, particularly where OWDP provisions are not being applied to the correct areas.

1. INTRODUCTION

This report provides a preliminary assessment of the ability of the Operative Waitomo District Plan ('**OWDP**') to effectively respond to existing and future resource management issues and opportunities, and appropriately give effect to higher order statutory documents.

The intent behind this assessment is to provide an overview of where the OWDP remains relevant and where the gaps and needs are. This will assist Waitomo District Council in taking an informed view of what the options for an OWDP review are (including the timing of such a review) in order to achieve key outcomes sought.

The report will also add to the previous statutory analysis undertaken between 2009 and 2014. In the last 5 years the statutory landscape has changed considerably, and it is timely to review the OWDP in light of the directions prescribed in higher order statutory documents. Most notably, the District Plan must 'give effect' to the Proposed Waikato Regional Policy Statement ('**Proposed Waikato RPS**') once it becomes operative, and give effect to the New Zealand Coastal Policy Statement 2010 ('**NZCPS**'). It must also give effect to Te Ture Whaimana o Te Awa o Waikato, the Vision and Strategy for the Waikato and Waipa Rivers.

Undertaking this assessment is also an opportunity to determine contemporary 'best practice' for District Plan preparation and writing, and how this might be applied in respect to the review of the OWDP.

2. BACKGROUND

The current District Plan was adopted by Council on 17 February 2009, becoming operative on 1 March 2009.

The length of time taken to reach the approval process of the OWDP (7 years) meant that, at the time of adoption of the OWDP, there were already amendments necessary in order to bring the OWDP in line with the legislative environment at the time and the changed circumstances of the District. Also apparent was the need to integrate the second generation Plan with other Waitomo District Council planning strategies such as the Long Term Plan and Asset Management Plans.

At a Council meeting held in February 2009, and at the same time as adopting the OWDP to become operative, Council resolved to undertake a staged review of the Waitomo District Plan implementing reasonably minor plan changes to deal with statutory requirements. Council further resolved to undertake a staged review of the Plan to commence in the 2011/2012 year.

A report to Council in September 2011 highlighted community concerns being raised regarding subdivision provisions for coastal areas within the Rural Zone of the District, particularly in relation to the impacts on the natural character of the coastal areas affected.

An Issues and Options Paper was prepared to generate thought and discussion regarding the Rural Zone subdivision provisions, actual and perceived issues in relation to subdivisions, and options to address the subdivision related issues.

During development of the Long Term Plan 2012-2022 Council signaled that a review of the OWDP would commence during the planning cycle. The review would consist of a staged review in order to bring the OWDP into line with the legislative environment including changes to the Regional Policy Statement and various national policy statements as well as changed circumstances in the District.

Reform of the Resource Management Act ('RMA') followed, as did the concurrent Waikato Mayoral Forum work stream. Uncertainty in regard to imminent change was apparent and Council therefore agreed to await the outcome of these processes before embarking on the planned review.

The Exceptions Annual Plan 2014/2015 confirmed Council's decision to defer the commencement of the review to 2014/2015. The EAP further noted that a OWDP review is an onerous and extremely resource intensive process and given that a range of potential changes were imminent, Council considered it advisable to await the outcome of the RMA reforms and WMF processes before embarking on a review. It was noted that a thorough scope and needs analysis would be undertaken given the changes in circumstances.

Forming part of the Draft EAP 2014/2015 process, a Strategic Issues Workshop was held with Council on 12 February 2014. Council received an update on initial scoping work that had been undertaken to inform the OWDP review including presentation of an Options Update paper.

The Options Update paper confirmed work completed during the period 2011 – 2013:

- Submissions on Proposed National Policy Statement on Biodiversity
- Issues and Options Paper on Rural Subdivision
- Preparation of material and attendance at public Open Days on Rural Subdivision and consultation with Iwi
- Submissions on the Proposed Waikato Regional Policy Statement
- Review of Territorial Authority Collective submission to Proposed Waikato Regional Policy Statement and preparation of business paper to Council
- Review of Te Maika Trust proposal and attendance at various meetings with Trust and key stakeholders
- Drafting of District Plan amendments to give effect to national Environmental Standards
- Review of RMA Reform Bill and LGNZ draft submission
- Consultation meeting with Waikato Regional Council representatives regarding District Plan Review and requirements for assistance with Significant Natural Areas data
- Review of DIA Development Contributions Discussion document

The Exceptions Annual Plan 2014/2015 confirms that an initial scope and needs analysis has been conducted and that specific Plan amendments will be made in 2014/2015 to bring the OWDP in line with legislative changes and any relevant Policy Statements. The Exceptions

Annual Plan 2014/2015 further noted that a watching brief on the Waikato Mayoral Forum work and the parliamentary process will be maintained prior to any concrete decision being made in this area.

Amendments to the OWDP required to give effect to National Environmental Standards were adopted by Council on 25 June 2014. Standards included:

- NES for Telecommunications Facilities
- NES for Electricity Transmission Activities
- NES for Assessing and Managing Contaminants in Soil to Protect Human Health

The 2015-25 Waitomo District LTP confirms the OWDP review occurring between 2015 and 2018. The main focus in this LTP planning cycle is to commence a staged review of the OWDP in order to bring the OWDP into line with the current legislative environment including changes to the Regional Policy Statement and various national policy statements as well as changed circumstances in the District itself.

The development of structure plans and a Development Contributions Policy are identified as being ancillary matters considered as part of the review process.

3. SCOPE

The report builds on a previous analysis of the OWDP undertaken in 2013/14 which focussed largely on a review of the OWDP against statutory requirements of National Environmental Standards. The scope of this report is aimed at answering four key questions:

1. Does the OWDP meet the operational needs of the users (both regulators i.e. consenting staff and customers)?
2. Is the OWDP geared towards meeting the future needs of the District in terms of land use, economic development and foreseeable issues and opportunities?
3. Does the OWDP align with statutory requirements of a District Plan as directed by regional and national legislation?
4. Are there any gaps in the OWDP in terms of form and structure as assessed against contemporary best practice?

In undertaking the assessment for question 3, the following National Environmental Standards are considered to be out of scope, having recently been reviewed and provisions adopted into the OWDP:

- NES for Telecommunications Facilities
- NES for Electricity Transmission Activities
- NES for Assessing and Managing Contaminants in Soil to Protect Human Health

The findings in this report should be used as a guide for further work and consultation, and should not replace a complete RMA Section 32 analysis or community and stakeholder consultation.

While a number of key findings lend themselves to particular solutions, it is intended that this report is focussed on identifying gaps and needs, which will then inform subsequent discussion about potential solutions, and where the focus of an OWDP review may need to be.

4. STRUCTURE OF REPORT

This report is comprised of four parts:

Part A: Assessment of Existing District Plan Administration

Part B: Statutory alignment of District Plan

Part C: Future Direction of District Plan

Part D: Review Process

PART A: ASSESSMENT OF EXISTING DISTRICT PLAN ADMINISTRATION

5. PART A OVERVIEW

This section provides an overview of the existing administration of the OWDP, particularly the degree to which it meets the operational and informational needs of practitioners and the public. To assist in the assessment of usability, interviews were conducted with Waitomo District Councillors, senior and management staff from Waitomo District Council, and senior staff from the consultancy firm contracted to process resource consents on behalf of Waitomo District Council. Key findings from these interviews are outlined below in respect to OWDP structure and content, with subsequent planning discussion and key points detailed for identified issues and gaps.

5.1 DISTRICT PLAN STRUCTURE

5.1.1 Key findings from interviews

- The broad structure of the OWDP is considered simple and logical. The OWDP has an introductory chapter providing an overview of plan administration, two sections containing the regulatory provision, a definition section, and a set of appendices to support the regulatory provisions. From a practitioner's perspective, the structure looks and feels relatively 'familiar' in that it reflects the key elements and structure of many district plans in New Zealand.
- Having a Zone chapter and District Wide chapter (and in some instances application of a policy overlay) is causing some confusion for the general public. It requires plan users to look at multiple parts of the plan to determine activity status or general requirements. In doing so, a considerable amount of cross referencing is required. Users are often 'taken down a trail' that takes them further from their original plan query, and it is easy to get lost in the OWDP. Combining the district wide and zone chapters was suggested as a potential solution.

5.1.2 Discussion

Developing a user friendly plan has been a key driver for plan changes and second generation plan reviews. A district plan that is easily accessible to a wide variety of audiences in terms of availability and legibility is likely to increase its relevance and understanding for that audience. There are also likely to be spin off advantages such as an increased compliance with rules, reduced compliance costs and time delays, and maximising opportunities to improve environmental results.

The RMA contains a great deal of guidance relating to the content of district plans, but very little to guide the way in which plans are structured. To a large extent the structure of plans has developed as a result of evolution, and in relation to the content it is required to provide. The fact that local authorities are left to themselves and their communities to decide the

structure of plans has seen the structure and organisation of plans vary significantly between districts.

In addition to reviewing the existing OWDP structure, a range of other district plan structures from around the country have been reviewed. This has highlighted that the OWDP has considerable strengths (e.g. it is comparatively simple compared with other plans that potentially have up to 15 different chapters that could apply to any one activity), as well some areas that could be improved. Overall, the research has highlighted that there is no single solution to how to structure a district plan.

The key findings highlight a symptomatic issue of district plans – they will be relatively unfamiliar to the public, and therefore difficult to interpret quickly due to the infrequency with which a member of the public will need to refer to it. The purpose of a district plan under the RMA is “*to assist territorial authorities to carry out their functions in order to achieve the purpose of the Act*”, which suggests that the intended primary users are territorial authorities, with in-house expertise in the form of RMA practitioners. However in reality district plans affect individuals and property owners, and public use of a district plan is frequent.

Despite the flexibility afforded to local authorities to establish their own structure, there is merit in achieving a degree of commonality of structure with other district plans in regionally and nationally, as a matter of good practice. Commonality:

- enables business and the public to understand the role and structure of RMA plans through adopting a structure that is familiar;
- allow similarities and differences between plans to be quickly identified and evaluated by those preparing, using or monitoring plans;
- allows central and regional government to prepare national/regional level guidance that aligns with how plans are structured; and
- allows new staff to quickly adapt to using the plan, therefore achieving greater efficiencies in administration.

In essence, it is about structuring in accordance with user expectations and conventions. In this respect, there are some overarching principles that user friendly district plans display in respect to structure, and may be considered ‘good practice’:

- *Assist users to find information quickly*

The most significant issue with the OWDP structure appears to be that members of the public are turning to the Zone Chapter without realising the District Wide Chapter or overlays also apply. People picking up the plan for the first time, particularly members of the public, won’t want to spend an inordinate amount of time understanding the structure of the plan in order to find the information they’re looking for. The same principle applies to practitioners and Environment Court judges/commissioners, although with more experience they will be more accustomed to tuning themselves to new plans. One of the most important aspects of this is ensuring that people are aware of linkages and the application of multiple chapters. Having a ‘readers guide’ as part of the introduction is a

common way to help alleviate this problem, providing a quick overview of plan structure and content. Recent examples of this can be found in the Proposed Waipa District Plan, which includes a thorough user guide as Part A of the document, or the Proposed Rotorua District Plan, which has a user guide prior to the table of contents.

- *Keep it simple*

A principle that is as much about content as it is about structure, simplicity encourages understanding and compliance. A key objective of second generation District Plan reviews has been to simplify the document and improve clarity and usability for the general public. This is somewhat in response to central government direction and leadership in the RMA reform space, but more importantly because the public is increasingly seeking out information themselves, and expectations are high that information is readily accessible and easy to interpret.

In comparison to most other district plans in the country, the structure of the OWDP is relatively simple, based around an introductory chapter, a zone chapter, a chapter that contains provision which apply district-wide, and appendices containing technical information. Within each chapter the structure remains simple, reflecting the key elements of RMA requisites for district plans (issues, objectives, policies, rules etc.) in an order that is characteristic of recently reviewed district plans.

- *Identify the hierarchy and structure accordingly*

Second generation district plans form part of a much wider suite of plans and strategies. For example, district plans must give effect to national policy statements and regional policy statements, take into account iwi authority planning and must have regard to relevant documents prepared under other legislation e.g. growth strategies or Regional Land Transport Strategies. Recognising and describing the relationship between the various plans and strategies is important to user understanding, describing rationale, and providing line of sight between district plan provisions and the higher order documents that are prescribing policy direction.

The OWDP does recognise a broader suite of relevant documents, however there is no description of the relevant documents, nor more importantly the relationship of the OWDP to each. Recently reviewed district plans generally reflect a structure within the introductory sections that reflects the cascade of statutory documents (e.g. RMA at the top, then NPS, NES, RPS, District Plan etc.), their relationship to other relevant documents prepared under other legislation. This is commonly supported with a diagram illustrating the relationship. While not necessarily a gap, the OWDP could certainly be enhanced in this area.

- *Maintain familiarity*

This structure of the OWDP hasn't changed significantly over time, creating a degree of familiarity with practitioners who use the OWDP regularly. Before embarking on significant new plan changes or a full plan review, there is benefit in considering the future structure of the district plan with a view to simplifying and improving, but overall

maintaining a consistency. There needs to be some clear long term thinking around plan structure, particularly if Council wishes to proceed with a staged review. In reviewing the OWDP there are various chapter structures that can be followed. Where these materially differ from the existing structure, the consequences of this will need to be considered carefully. There could be a significant transition period where the structure of the Plan could be confusing to users if not carefully managed.

5.1.3 Summary of key findings and gaps

Taking into account the key findings from staff interviews, and having undertaken a review of the OWDP, the OWDP structure is considered to:

- Largely meet the needs of practitioners who are familiar with the relatively simple plan structure and the need to reference more than one chapter for single proposals. However ease of use for practitioners who are unfamiliar with the plan (e.g. new staff, commissioners, Environment Court judges) could be improved; and
- While the general structure is logical (introduction, provision, definitions, appendices) the OWDP does not always meet the needs of the general public in terms of clarity and usability. The need to apply more than one chapter of the OWDP to a proposal can be overlooked, and the need to cross reference can lead people far from their original query.

Based on this overall summary, the following specific gaps and needs are noted:

- The OWDP generally fits with common and good practice approaches to plan structuring, particularly the broad simple structure.
- The structure of the plan is not explained in the Introduction section, making it difficult for new plan users to quickly ascertain how the OWDP reads. Currently the OWDP outlines the strategy of the plan, but not the way in which it hangs together, and starting points for determining the status of activities. The reduced user friendliness of the plan due to the absence of a readers guide is exacerbated by:
 - the OWDP having separate zone and district wide chapters (meaning users need to refer to both);
 - having policy areas which overlay zones (which also need to be referred to); and
 - the OWDP not explicitly identifying activities as being permitted or otherwise e.g. explicitly stating that building a house is permitted subject to performance standards.
- The numbering system is logical, but lists are sometimes bulleted rather than numbered (which is not good practice, particularly when the plan is being referenced in a hearing or Environment Court).
- Having a zone chapter and district wide chapter is causing some administrative issues, particularly with respect to members of the public who are unaware that multiple

chapters may apply. ‘Folding’ the district wide provisions into the individual zone provisions is suggested as a potential solution, which has the benefit of:

- largely enable the public to have a one-stop chapter to consider in respect to their proposal;
- if necessary, enable what were district-wide provisions to be specifically tailored to the zones to which they relate.

However this approach will increase the relative bulk of the district plan, and will be relatively unfamiliar to most practitioners who will be used to more streamlined plans with district-wide provisions.

- The existing structure and writing style of the OWDP is relatively consistent throughout. There is potential for misalignment or differing styles if a staged approach is taken to reviewing the OWDP. Determining preferred structure and style from the outset is important, as is determining means for managing the transitional period between differing structures/styles.

5.2 DISTRICT PLAN CONTENT

Note that District Plan content is also addressed under Parts B and C of this report. This section should be read in conjunction with the summary and recommendations made in those Parts.

5.2.1 Key findings from interviews

- The OWDP is premised on a permissive regime, where most activities are permitted subject to compliance with performance standards. For the general public the difficulty is that nowhere in the plan does it explicitly state that particular activities are permitted (for example building a house).
- The quality and accuracy of the OWDP planning maps is a significant concern. Still in paper format, the plans have been updated manually over time. Property and zone boundaries are unclear, and the scale of the maps is making it difficult to read and interpret information.
- There is no future focus or vision for what the townships should look like, including Waitomo Village structure plan which is yet to be implemented through the OWDP). As a result, development continues to occur in a relatively ad hoc manner, and it is difficult to plan long term for infrastructure upgrades and renewals.
- The gap between the OWDP and direction from higher order statutory documents is clearly noticeable, and not assisting the consideration of resource consents or control of current permitted activities in sensitive areas. It is particularly noticeable in respect to the coastal environment, natural character and landscapes.
- While the permissive nature of the OWDP provides a high degree of flexibility and provides an ‘open door’ for investment (particularly compared with nearby districts), it is important that it still occurs with parameters that maintain environmental bottom lines and provides for coherent, well planned growth. ‘Enabling’ is considered to be a better

word to describe the intent of the plan, and this fits better with Councils drive for a vibrant community.

- Permitting activities 'out of zone' is not considered to be working well. Development is establishing ad-hoc, and in some instances creating de facto mixed use zones such as in the northern part of Te Kuiti. There is real potential for nuisance complaint, and it is difficult to plan for long term infrastructure requirements. It is also potentially leading to inefficient use of infrastructure in zones better suited for the activities establishing elsewhere.
- While the zonings provide some definition for townships, town boundaries are not explicitly identified. People establishing activities on the edge of town (for example in the Rural Zone just beyond a Residential Zone) are unclear (or have expectations) of their ability to be serviced by the reticulated network.
- The balance between significant and minor issues that are dealt with by the district plan is considered about right. The exception is boundary encroachment issues, which make up a significant number of resource consent and are considered by practitioners and the public to be insensible and onerous in some circumstances.
- There is adequate line of sight between rules, and the issues, objectives and policies to which they relate.
- There is no clear guidance on who should be consulted with, and under what circumstances.
- Subdivision provisions are currently working well, including minimum lot size. The exception is for coastal areas, where landowners are seeking to subdivide land in a manner that may have implications for coastal landscape and natural character values.
- Council is comfortable continuing with the use of incentives (for example, for protection of significant biodiversity), particularly where it helps enable economic growth
- Council is seeking to put more emphasis on monitoring, and the OWDP provides little assistance as to what should be monitored and how.

5.2.2 Discussion

5.2.2.1 The OWDP Strategy

The OWDP is considered to have a permissive, rather than prescriptive nature. The rationale is clearly reflected in the Introduction to the OWDP, which sets the tone for the provisions that follow:

The Strategy of the Waitomo District Plan

In order to achieve the legislative requirements the Council has developed a strategy which is permissive in relation to the use and development of land while at the same time being compatible with the philosophy of sustainable management. It only

includes rules where they are clearly required to meet the purposes of the Act. These rules apply to different geographic areas in the District in the form of zones. The reasons for the choice of this strategy are as follows:

- *The use of zoning as a planning tool has proven successful in the past in controlling environmental effects.*
- *Zoning offers a degree of certainty and familiarity to the public.*
- *The adoption of a permissive stance in the regulation and control of land uses, and a reduction in the number and complexity of rules is consistent with the balance inherent in Section 5(2) of the Resource Management Act 1991. The Act sets up an enabling system of resource management which is focused on the control of the adverse effects of activities on the environment, rather than the activities themselves.*

Broadly speaking, the permissive presumption of the OWDP is consistent with the purpose of the RMA (although the term ‘enabling’ is even more appropriate and consistent). Section 5 of the RMA is essentially made up of two parts – the first being to sustainably manage the use, development and protection of resources in a way that enables people and communities for their wellbeing, and the second to ensure that environmental bottom lines are maintained by avoiding, remedying and mitigating effects:

Purpose

(1)The purpose of this Act is to promote the sustainable management of natural and physical resources.

(2)In this Act, sustainable management means managing the use, development, and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while—

(a) sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and

(b) safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and

(c) avoiding, remedying, or mitigating any adverse effects of activities on the environment.

Despite the ongoing relevance and desire for an enabling district plan, it is clear from discussion and review of existing land use patterns that the permissive nature of the OWDP is currently an issue, as development occurs ‘out of zone’, with potential for the issue to be significantly exacerbated with growth and development increases. Sensitive areas such as the coastal environment are at risk due to the permissive nature of the OWDP allowing development, with little ability for Council to apply control over the number, or nature, of development. While part of the issue relates to an imbalance over the latter part of the

purpose of the RMA (the need to avoid, remedy, mitigate effects on the environment), it is as much about a tension being created between desired social, economic and cultural wellbeing outcomes e.g. economic wellbeing taking precedence over social wellbeing. This presents itself as a fundamental issue with the content of the OWDP, and is discussed in more detail in section 5.2.2.4 below.

5.2.2.2 *The Activity Based Approach*

The OWDP largely adopts an ‘activity-based’ philosophy. This means that an activity and/or the nature, scale and intensity of that activity are the key determinant of whether an activity is allowed to proceed without the need for resource consent, or otherwise. This approach is characteristic of many second generation district plans around the country. The principle of an activity-based plan is sound, despite not necessarily being immediately comparable to the effects based philosophy of the RMA to manage the effects of activities and not necessarily the activities themselves. In essence, for activity based plans much of the ‘assessment of effects’ is undertaken in plan development, when the Council and community make decisions about what level of risk of effects they are willing to accept with regard to activities permitted in each zone (e.g. for visitor accommodation occurring in the residential zone, the community accepts that there will be the effects of up to 6 persons coming and going from a site).

Strong evidence suggests that activity based plans are more effective, and very few if any Councils appear to be pursuing effects-based second generation plans. It is widely acknowledged that activity-based District Plans are generally easier to understand. Experience also suggests that applicants for resource consent tend to pay more with effects-based plans as technical experts are often required to interpret the provisions, and processing is more time extensive.

Despite the activity based philosophy, a significant criticism of the OWDP is that it often does not provide people wanting to understand what they can and cannot do with their property with a high degree of certainty. The combination of having an activity based plan that starts with the presumption that everything is permitted, integrated with performance standard, is one of the main problems with the readability and user-friendliness of the OWDP. Such an approach can be confusing and unclear. For example, one of the most common activities a person might wish to undertake is building a house on an empty section (or just extending an existing house). Nowhere in the OWDP does it state that this activity is permitted. Plan users can be left trying to interpret a number of performance standard provisions to determine if building a house is going to be permitted or otherwise. This may be relatively simple for planning practitioners familiar with the approach, but the general public preference is for absolute and explicit certainty. To illustrate the issue, the Residential Zone permitted activity rule currently reads:

Permitted Activities

Any activity that complies with the Conditions for Permitted Activities set out in Rules 11.5.3 and 11.5.4, subject to Rule 11.5.2 and the provisions of Section 12, Landscape Policy Area.

Rather than explicitly identifying (common) activities as being permitted, as in the example shown below (additions in underline):

Permitted Activities

Any activity that complies with the Conditions for Permitted Activities set out in Rules 11.5.3 and 11.5.4, subject to Rule 11.5.2 and the provisions of Section 12, Landscape Policy Area. This includes, but is not limited to:

- a. A dwelling*
- b. Extensions and alterations to an existing dwelling*
- c. Accessory buildings to a dwelling, including garages and sheds*
- d. A home occupation*

5.2.2.3 Applying a Forward Focus

A key consideration for plan development, particularly one with an aim of being enabling, is ensuring that a future desired state is articulated. At present the OWDP does not provide users with a clear overall picture of what is to be achieved in key areas of the district. The OWDP currently has a very brief introduction to each zone, but there is little detail of the intent in which the Council and Community would like the zone to develop.

To an extent this can be pieced together from the objectives and policies for each zone, this can lead to multiple interpretations, and it is relatively inefficient.

There are a number of other methodologies that provide greater overarching direction in the OWDP, but the most common recent approach in second generation district plans is to have a 'Strategic Direction' section which leads in as the overarching framework to the district plan. These sections are often developed by proposing overarching goals designed to shape the way the District develops in the future (for example, the protection of the natural environment and ecosystems that make Waitomo unique, or, creating an environment within which business will establish and thrive). One of the advantages of a strategic direction in the district plan is that it signals direction upfront. It also allows Council to 'test' that direction in advance and recalibrate overall policy direction if necessary. It also demonstrates that Council is committed to achieving progress through a variety of means, including statutory documents.

An alternative/additional approach, particularly for key areas or 'hotspots' is to undertake structure planning, implemented through the district plan as a means of applying regulation to achieve desired land use pattern and infrastructure layout.

Structure planning has occurred for the Waitomo Village area, although it is noted that the OWDP is yet to reflect the outcomes of the exercise. Comments from those interviewed reflect community and Council concern with the ongoing ad-hoc development occurring in the Waitomo Village area. This is in the absence of the structure plan having statutory teeth to manage development in an integrated and holistic manner.

Structure planning is particularly useful when there is a need or desire to:

- provide integrated management of complex environmental issues within a defined geographical area;
- coordinate the staging of development over time;
- ensure co-ordinated and compatible patterns and intensities of development and infrastructure provision across parcels of land in different ownership, and between existing and proposed areas of development and redevelopment;
- provide certainty to developers, Council, key stakeholders and the community regarding the layout, character and costs of development in an area identified for growth or redevelopment.

With a number of areas already reflecting ad-hoc mixed land use (e.g. Te Kuiti), a desire to encourage growth and economic development, and a number of potential future hotspots of growth and development (e.g. Mokau, Bennydale, Piopio), structure planning may be a particularly useful tool to guide district plan development.

Structure planning of course has a time and cost associated with it, and in that respect further development of structure plans may not fit with the OWDP review program. As a minimum the review should incorporate the Waitomo Village Structure Plan, and Council may wish to consider earmarking other areas for future structure planning in the district plan.

5.2.2.4 *Keeping in Zone*

With or without a future state for the District articulated in the OWDP, it is important to consider the long term implications of a permissive plan that allows for development 'out of zone' e.g. commercial activity in a residential area. Comment from those interviewed, and a review of existing land use patterns clearly identify a long term trend towards mixed land use and development occurring in desirable spots (e.g. rural residential congregating in areas of high amenity). While low growth currently keeps rates of change relatively low in most parts of Waitomo, there is strong evidence that the permissive nature of the OWDP is generating adverse effects. In doing so, the OWDP is not giving the community the level of confidence and certainty of land use patterns that they are expecting.

At present, and in the short term, ad hoc growth and development is causing a number of issues. This is particularly in relation to nuisance effects and reverse sensitivity issues, where activities expected in the zone cannot operate without complaint e.g. A residence establishing in the industrial zone complains about noise, dust, odour etc;

In addition, longer term implications are starting to emerge, and include:

- Large areas of relatively incompatible land use;
- Difficulty planning for new infrastructure and infrastructure upgrades due to uncertain land use patterns; and
- Inefficient use of existing infrastructure and services.

A long used resource management tool, zoning serves a critical purpose for resource management planning, and it is important that the integrity of the OWDP zones is upheld if good long term planning outcomes are to be achieved. The purpose of zoning is to segregate uses that are thought to be incompatible. In practice, zoning also is used to prevent new development from interfering with existing uses and/or to preserve the "character" of a community. The permissive provisions of the OWDP are not assisting to achieve any of these outcomes, and evidence is suggesting that long term the issue will continue under the current regime, undermine compatible land use patterns, and potentially compromise the values of sensitive/valued areas.

It is important to note that reviewing the OWDP to address this issue does not need to compromise the desire to retain an enabling district plan. For example, promotion and enabling of development can be achieved through appropriate availability of land zoned for a particular purpose, providing enabling provisions for activities that meet the expected outcomes for that zone. Controls are applied (by way of restrictive activity status) that enable careful consideration of the merits of activities that don't immediately appear to lend themselves to that zone. Such an approach works best when guided by the context of an overall future state sought, as described in section 5.2.2.3 above.

5.2.2.5 Resource consent applications

It is useful to supplement the above discussion on the permissive nature of the OWDP with an assessment of the types of activities that the OWDP is requiring obtain resource consent. Table 1 below provides an overview of consents approved and declined by type.

Table 1: Activities requiring resource consent 2010-2015

Consent type	Number of consents applied for	Number approved	Number declined
Building Bulk	10	10	0
Power generation, oil exploration telecommunication and investigation	14	14	0
Requiring authorities (NORs, alteration to designation etc)	2	2	0
Buildings in hazards zones	4	4	0
New commercial uses	14	14	0
New industrial uses	4	4	0
New residential uses	3	3	0
Signage	0	0	0
Extraction/cleanfill/forestry	6	6	0
New asset or asset upgrade (wastewater treatment plant, roading etc)	6	6	0
Car parking / easements ROW/ retaining walls	11	11	0
Subdivision / boundary adjustment / amalgamation	62	62	0
Other Boundary dispensation	23	23	0
Landscape policy area	3	3	0

From a land use perspective, the table shows a relatively significant proportion of consents processed for boundary adjustments. Following this is a group of activities that could be considered as more significant proposals such as oil exploration and telecommunication investigation, and commercial development. Discussion with staff indicates that the commercial development is generally occurring out of zone, and requiring consent due to scale. None of the consents were declined.

Broadly speaking the number of consents being processed is relatively low, and in comparison to anecdotal evidence and a review of land use patterns, reflects the permissive nature of the OWDP.

The degree to which proposals requiring resource consent may not 'fit' with expectations of the district plan is also crudely reflected in the activity status of the applications. Table 2 below breaks down consents received by activity status, and provides a sense of consent complexity/(dis)agreement by looking at the consent track applications go down.

Table 2: Activities status and decision making method for resource consents 2010-2015

Activity Status	Number of consents	Number of consents decided under delegated authority	Number of consents decided by hearing committee	Number of consents decided by Environment Court
Controlled	99	97	2	0
Restricted Discretionary	0	0	0	0
Discretionary	49	49	0	0
Non-Complying	20	20	0	0

The table reflects a high proportion of activities as having a controlled activity status, meaning that there is a degree of acceptance that the activity is appropriate in the area it is locating (controlled activities cannot be declined).

5.2.2.6 *Statutory alignment*

This issue is addressed in detail in Part B of this report, however it is worth noting the difficulties that arise for practitioners and applicants as a result of the OWDP not giving effect to higher order statutory documents. When considering an application for resource consent, the consent authority must have regard to higher order documents such as the Proposed Waikato RPS and NZCPS. To 'have regard' is not at the same level of statutory weighting as 'giving effect'. This can make it difficult for practitioners and decision makers to rationalise misaligned policy directions between the OWDP and higher order documents. It can also be confusing for applicants who are unclear why two different policy approaches may be being considered. In effect, inconsistency can lead to uncertainty and confusion, as well as a lack of ability to apply the appropriate level of rigour to resource consent applications. There is also a degree of risk

5.2.2.7 Planning Maps

The first thing a plan user generally does is determine their zoning from the planning maps, in order to establish which parts of the plan will apply. The planning maps, along with the plan rules, are the most commonly referred to parts of the plan. The maps and rules are generally where ‘the rubber hits the road’ for people. As with rule text, accuracy in what maps portray and how they portray it is very important, particularly as they identify where particular plan provisions will apply.

Significant risk is carried with the current OWDP, as their scale and legibility makes it difficult to ascertain property and zone boundaries with any real accuracy.

As with plan structure, the RMA does not prescribe what planning maps should include or look like. However there are a number of principles that are considered to be good practice for planning map development:

- Lot boundaries for properties clearly shown, and at a scale where they are easily distinguishable from neighbouring lots
- Provide landmark information that assists in the location of individual properties or features e.g. road names, streams.
- Show detail without being overly cluttered (for example, patterns can be effective, but become distracting if every zone uses them and additional information is then overlaid)
- Have a key that can remain visible when maps are opened
- Have 'key maps' (small maps or diagrams that show how the map being viewed relates to surrounding maps)
- Have 'index maps' that indicate which maps cover which parts of the district.
- Colour can help distinguish areas/zones, but can also be a problem for photocopying, and are more costly to produce.

Aside from an index map, the OWDP planning maps do not reflect any of the principles above.

5.2.3 Summary of key findings and gaps

Taking into account the key findings from staff interviews, and having undertaken a review of the OWDP, the OWDP content is summarised as follows:

1. The permissive approach that underpins the OWDP is not inconsistent with the purpose of the RMA, and the philosophy is broadly sought to be retained. However, as a result of the permissive approach currently promulgated by the OWDP:
 - Environmental bottom lines in the OWDP do not reflect the current statutory requirements of higher order documents;
 - Activities are developing in an ad hoc ‘out of zone’ manner e.g. commercial activity developing in a Residential Zone. There is significant uncertainty for those establishing

'in zone' as to what to expect by way of surrounding land use activity, and for infrastructure providers seeking to provide or plan for upgraded services; and

- Low levels of development are currently mitigating the risk of exacerbated issues as a result of the above two issues, however long term adverse land use patterns are emerging, some of which are occurring in sensitive and valued environments (e.g. areas of high amenity such as hillsides and coastal areas).

In addition to this overall summary, the following specific points are made:

2. Resource consent data reflects the permissive nature of the plan, there being low levels of development that require resource consent. Where consent is required, approval is generally obtained without the need for a hearing, and consent activity status is at the less restrictive end of the scale (primarily controlled activities).
 3. The permissive approach establishes a regime whereby most activities are not explicitly identified as being permitted or otherwise, and therefore certainty is not immediately provided to plan users as to what can occur in each zone.
 4. The OWDP does not have a clear overarching strategic direction or desired land use pattern outcome for the district, nor what is sought to be achieved in each zone (or for townships/villages/landscapes etc). In the absence of an overall strategic direction, development is being considered from a short term perspective, and there is difficulty planning long term for new infrastructure and upgrades.
- The OWDP has yet to be amended to give effect to the Waitomo Structure Plan. In the absence of a plan for the village with statutory/regulatory weight, development continues to occur in an ad-hoc fashion.
 - Other identified areas of potential growth (e.g. Bennydale, Mokau) are at risk of developing in an ad-hoc manner in the presence of a permissive rule regime, and absence of any future state planning such as a structure plan. The simple zonings of these areas (Residential zoning surrounded by Rural Zoning), do not facilitate well planned land use for the type of activity that is anticipated in the future (e.g. accommodation and commercial services).
 - The town boundaries (which may include growth areas) are not defined. This does not provide certainty for the public seeking to connect to services, and for infrastructure providers planning upgrades and new services.
 - The number of resource consents for bulk and location infringements is relatively significant, and often considered unnecessary or onerous given the conditions under which they are required e.g. remote rural areas.
 - The planning maps are not produced in accordance with current good practice, and are difficult to interpret. Inaccurate and illegible maps make it difficult to ensure the provisions of the OWDP are being applied in the correct place.

PART B: STATUTORY ALIGNMENT OF DISTRICT PLAN

This section provides an assessment of the OWDP against current and pending higher order RMA statutory documents. It should be noted that the Government is currently actively promoting reform to the RMA, and some of the recent and proposed reforms have significant future implications for the District Plans. Some of these include:

- Changes to the way in which Section 32 cost-benefit analysis of Plan reviews or Plan changes are to be undertaken, with a much stronger emphasis on economic analysis;
- Changes to the structure and content of plans, through the development of single plans with a nationally prescribed format;
- comprehensive management of natural hazards in planning, following the Christchurch earthquake
- Maori interests and values to be considered earlier in resource management planning processes
- Ongoing development of National Policy Statements and National Environmental Standards.

Inevitably the face of resource management planning will always be evolving, and therefore the assessment below is only able to represent a point in time.

6. NATIONAL POLICY STATEMENTS

Local authorities are required to ‘give effect’ to National Policy Statements in all relevant RMA plans. Recent case law from the Supreme Court has determined that to ‘give effect’ is ‘to implement’. Where existing district plans do not already give effect to National Policy Statements, they must be amended through a RMA Schedule 1 process in order to do so.

Irrespective of whether a district plan gives effect to a NPS or not, local authorities must still ‘have regard’ to a national policy statement in determining applications for resource consents (section 104 (1) (b) (iii)), and ‘have particular regard’ to it when considering notices of requirement for heritage orders and designations. In this respect, the implications of having a district plan that does not give effect to an NPS is that the NPS has not been through a more rigorous process of determination as to how it might apply at a local (district) scale.

6.1 NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT

6.1.1 Overview

The objectives and policies in the National Policy Statement for Freshwater Management 2014 (**‘NPS-FM’**) provide regional councils with direction as to how they are to manage fresh water in their regional policy statements and regional plans, and in the consideration of resource consent applications.

6.1.2 Implications for Waitomo District Plan

On the face of it, the NPS-FM has limited applicability to the district plan as the provisions are directed at Regional Councils. However the district plan can be directed by the regional policy statements (which is giving effect to the NPS-FM), so long as those directions fit within territorial functions under section 31 of the RMA. For example, the regional council may adopt a policy in its regional policy statement directing the management of contaminants such as sediment or nutrients. Those contaminants could be associated with particular land uses to which the district council does have assigned functions to manage and control. The Proposed Waikato Regional Policy Statement does just that, providing direction for district plans to assist in managing the adverse effects of activities to maintain or enhance the identified values of fresh water bodies. It does so largely through directive methods that are aimed at implementing Policy 8.3 of the Proposed Waikato RPS (specifically Methods 8.3.7 and 8.3.9). Further detail on the implementation requirements of these methods is provided in respect to the Proposed Waikato RPS in section 8 below.

District councils may also be affected by regional plan provisions that set limits on contaminants in any discharges to fresh water from infrastructure owned or managed by the district councils e.g. stormwater, or limits set on maximum rates of water quantity take for municipal water supply. Such regional provisions can have implications for the rate and way in which a district is able to develop and grow. Where a regional plan introduces provisions that affect land use, territorial authorities must consider the implications of this for district plans. For example, regional controls may encourage land-use change, and it would be appropriate for district plans to then appropriately support that change.

Waikato Regional Council is currently progressing Plan Change 1 to the Waikato Regional Plan: Healthy Rivers Wai Ora. While still in its drafting phase, the plan change aims to identify values associated with the Waikato and Waipa Rivers, and then set limits and targets for each of the water bodies. It is likely that the plan change will result in a combination of methods to limit how much contaminant enters waterways. This may include regulating or encouraging certain land use practices. With notification of Plan Change 1 likely in 2016, key directions of Plan Change 1 should be available for consideration in respect to the Waitomo district plan review.

6.1.3 Summary of gaps and key finding

- The NPS-FM provides significant direction for Regional Councils, who must give effect to the NPS through statutory documents.
- The Waikato Regional Council has reviewed its Regional Policy Statement, which now provides direction for district plans to manage activities in a way that takes into account effects on water bodies and their margins.
- The OWDP contains a number of provisions that are aimed at controlling the effects of land use for the purpose of managing water quality, which will assist in giving effect to the Proposed Waikato RPS and indirectly the NPS-FM. However despite the existing provisions

contained with the OWDP, the broader requirements to deliver of other legislation (for example the Vision and Strategy), mean that the existing provisions will need to be reviewed for adequacy (see section 9 below for more detail)

6.2 NEW ZEALAND COASTAL POLICY STATEMENT

6.2.1 Overview

The New Zealand Coastal Policy Statement 2010 (NZCPS 2010) is the only mandatory national policy statement under the Resource Management Act 1991 (RMA). The purpose of the NZCPS 2010 is to state policies to achieve the purpose of the in relation to New Zealand's coastal environment. It came into force on 3 December 2010, wholly replacing the NZCPS 1994. The objectives and policies of the NZCPS are intended to guide decision makers in drafting policy statements and plans that in any way relate to the coastal environment.

There are key changes to the NZCPS which have significance for the Waitomo District Plan given that it was made operative prior to the gazetting of the NZCPS. These include:

- greater direction on protection of natural character, outstanding landscapes, and indigenous biodiversity;
- more extensive guidance and criteria for determining the appropriateness of activities in the coastal environment, including the need to strategically plan for development and management of coastal resources;
- a stronger requirement to identify where water quality is degraded and should be enhanced, including through controls on land use;
- direction on maintenance of public access to and along the coast, identifying walking access, and better management of vehicles on beaches; and
- increased policy direction on the management of coastal hazard risks.

Another notable difference is that the NZCPS includes a greater number of policies that make direct provisions for human use of the coastal environment. These policies can establish tension that may be difficult to rationalise alongside the requirements for environmental protection. This has recently manifested itself in *Environmental Defence Society Inc v The New Zealand King Salmon Co Ltd*, the implications of which are significant for statutory plan development. These implications are outlined in section 6.2.3 below.

In general, the NZCPS identifies a number of matters for local authorities to address but in many instances leaves room to develop management responses to address these matters as they see appropriate. With this in mind it is also important to recognise that the Proposed Waikato RPS has also given effect to the NZCPS by providing its own interpretation and direction at a regional scale. This includes direction for district plans, and therefore some of

the 'interpretation' of the NZCPS has already been undertaken, albeit at a regional level and leaving some scope for application to local circumstance.

6.2.2 Implications for the Waitomo District Plan

For the Waitomo District Plan to give effect to the NZCPS it must first identify the area of the Waitomo District to which the NZCPS applies. The NZCPS applies to all areas of the 'coastal environment' which is defined by a number of characteristics identified in Policy 1 of the NZCPS, and has the potential to include land some way inland from mean high water springs. All subsequent policies in the NZCPS will apply to the identified coastal environment, and the Waitomo District Plan needs to interpret and apply these policies in a manner that gives effect to the NZCPS, but also 'makes sense' given the values and characteristics of the Waitomo coastline.

Appendix 1 of this report contains a table with an overview of each of the 29 policies contained within the NZCPS, and the general extent to which the OWDP gives effect to the policies. It should be noted that this assessment is not exhaustive, as the Policies of the NZCPS are often extensive and detailed in nature. It is also necessary to consider the NZCPS 2010 as a whole when implementing each policy, as many of the policies interrelate and cannot be considered only in isolation. A summary of findings is provided in section 6.2.4 below.

6.2.3 Environmental Defence Society v New Zealand King Salmon

The way in which the NZCPS is implemented through plans has been the subject of recent case law from the Supreme Court. The King Salmon decision is significant for RMA law and practice, including district plan preparation and review, and it is worth noting some of key aspects of the decision in respect to the way in which the Waitomo District Plan will need to give effect to higher order documents.

Being a decision of the Supreme Court, the decision is of significant importance for resource management law. In the decision of the Supreme Court they made comment that the issues *"have not previously been considered by this Court and has the potential to affect all decisions under the RMA"*. The decision has been widely dissected by the resource management profession who have been eager to understand how it will influence future plan and decision making.

In summary, the King Salmon case concerned an application by New Zealand King Salmon for a plan change and resource consents to establish and operate nine salmon farms in the Marlborough Sounds. The application was initially heard by a Board of Inquiry which granted the plan change and four consents. The Board considered that the proposed activities would have significant adverse effects on an Outstanding Natural Landscape (ONL) and as such would not give effect to NZCPS policies which require the avoidance of adverse effects of inappropriate activities on ONLs. Despite this, the Board, having had regard to Part 2 of the RMA, took an overall broad judgment approach in relation to the competing principles of sustainable management (providing for wellbeing, but also sustaining, safeguarding, avoiding

etc.). The Board concluded that the plan change and consents should be granted. The decision was appealed by the Environmental Defence Society to the High Court and then to the Supreme Court. The Supreme Court held that the Board had erred in its application of the overall broad judgment approach and that by granting the plan change the Board did not give effect to the NZCPS.

The key findings of the Court were:

- To 'give effect to' means to 'implement';
- To 'avoid' means to 'not allow';
- Local authorities have an obligation to implement the objectives and policies in the NZCPS;
- Policies 13(1)(a) and 15(a) of the NZCPS are directive and are intended to have a binding effect - they are bottom lines (this can be extrapolated to apply to other NZCPS policies)
- The NZCPS gives substance to Part 2 of the RMA and there is no need to refer back to Part 2 unless:
 - The NZCPS is invalid;
 - The NZCPS does not address the relevant issue; or
 - There is uncertainty or conflict between the provisions.

Implications for district plans are significant, and include:

- That there is an obligation to implement the objectives and policies of the NZCPS and other National Policy Statements.
- Careful consideration will need to be given to the way in which provisions are drafted as the words will be interpreted to mean exactly what they say. Clarity and certainty in policy direction is essential. There will not be the flexibility that was afforded by the previous overall judgment approach in relation to policy implementation
- When considering the NZCPS decision makers must not refer to Part 2 of the Act or take an overall broad judgment approach unless there is uncertainty or the field is not covered.
- There is movement away from an overall board judgment approach to the implementation of the higher order RMA planning documents. Without reverting to an overall judgment approach, an enabling policy in one part of the district plan may not be able to be implemented if it needs to override a specific avoidance policy in relation to adverse effects on the environment in another part of the plan.
- If the Regional Policy Statement (a higher order document) identifies areas as having certain values and directs that adverse effects are to be avoided in those areas, then to give effect to those provisions the District Plan must prevent activities that would have adverse effects on those values.
- Objectives and policies which are directive will be given more weight than those that are expressed in less directive terms.

6.2.4 Summary of gaps and key findings

The following points provide a summary of the discussion above, and the NZCPS assessment table contained in Appendix 1 of this report:

- The OWDP does not identify the coastal environment in accordance with the characteristics identified in the NZCPS, and therefore it is unclear where and how the Policies of the NZCPS apply;
- Because the OWDP was made operative prior to the NZCPS being gazetted, its provisions have not been developed with the policy directions of the NZCPS in mind;
- While a number of provisions of the OWDP could be considered to give effect to the NZCPS, this is often due to the broad or unspecific way in which they are articulated. The broad and sometimes ambiguous nature of the OWDP provisions would not provide sufficient certainty and that the NZCPS is being appropriately implemented through the OWDP. Recently case law has clarified the intent and meaning of the directive language used in the NZCPS, and the broad general language of the OWDP is not consistent with these decisions; and
- Specific expertise, notably ecological, landscape and coastal hazard expertise, would be required to assess the extent to which the OWDP provisions give effect to the indigenous biodiversity, landscape, natural character and coastal hazard provisions of the NZCPS.

6.3 PROPOSED NATIONAL POLICY STATEMENT FOR INDIGENOUS BIODIVERSITY

6.3.1 OVERVIEW

The proposed National Policy Statement on Indigenous Biodiversity (NPS) sets out the objective and policies about managing natural and physical resources to maintain indigenous biological diversity under the RMA.

It is intended to provide clearer direction to local authorities on their responsibilities for managing indigenous biodiversity. It outlines policies and decision-making frameworks for identifying and managing indigenous biodiversity found outside the public conservation estate.

The proposed NPS would require district and some regional plans to identify areas of significant biodiversity. It contains criteria for identifying areas of indigenous vegetation and habitats of indigenous animals that have been recognised as being rare and/or threatened at a national level.

Local authorities would be required to manage the effects of activities through district and regional plans and resource consent decisions (or be satisfied that effects are managed by other methods) to ensure there is no net loss of significant indigenous biodiversity.

The draft NPS was last consulted on between January and May 2011. At that stage submissions raised a number of questions and issues, and the proposed NPS is currently on hold, pending further analysis.

6.3.2 Implications for Waitomo District Plan

In the absence of any NPS for indigenous biodiversity, the Proposed Waikato RPS provides the most significant direction for district plans in respect to indigenous biodiversity, and in many respects it is consistent with the approach that the draft NPS for Indigenous Biodiversity was taking prior to being put on hold. Given the direction of the Proposed Waikato RPS, and the fact that there is no indication that the draft NPS will be back on the governments agenda in the short to medium term, it is recommended that Waitomo District Council focus on giving effect to the indigenous biodiversity provisions of the Proposed Waikato RPS and NZCPS.

6.3.3 Summary of gaps and key findings

- The Proposed NPS for Indigenous Biodiversity is currently on hold.
- In the absence of an NPS, the higher level guidance for managing biodiversity is provided by the NZCPS and Proposed Waikato RPS. As detailed in sections 2 and 4, the OWDP does not currently give effect to the relevant provisions of either of these documents.

7. NATIONAL ENVIRONMENTAL STANDARDS

7.1 PROPOSED NATIONAL ENVIRONMENTAL STANDARD FOR PLANTATION FORESTRY

7.1.1 Overview

The Ministry for Primary Industries is currently progressing a draft National Environmental Standard for Plantation Forestry (NES-PF). This is a proposal to change how plantation forestry activities are managed under the RMA. A key component of NES-PF is erosion susceptibility classification, used to identify land where forestry activities would be permitted or require resource consent. The classification uses colour coding (green, yellow, orange and red) to group land into low, moderate, high and very high erosion susceptibility classes. These classes have been used to inform the activity status for various forestry activities.

If implemented, the NES-PF would replace district council's existing district plan rules for managing plantation forestry. It would provide a nationally consistent approach that the central government describes as being "*responsive to local environments*". Some forestry activities may be treated differently than they are in current plans. In some areas, the proposed NES-PF rules may be more stringent than current rules; in other areas, they may be

more lenient. There will also be areas where councils have the flexibility to apply more stringent rules than those in an NES-PF. It will be important for the Council reviewing the district plan to understand when and how this flexibility can be applied.

7.1.2 Implications for Waitomo District Plan

If implemented, the District Council will no longer be required to substantively develop forestry specific rules in plans because an NES-PF will prescribe these rules. Again in the words of central government *“this will reduce the costs of plan development and litigation”*.

A review of the NES indicates a relatively permissive regime. Under the NES-PF, forestry activities that have minor adverse environmental effects will be permitted (as long as associated conditions are complied with). As a result, the Council will be required to monitor permitted activity conditions.

Very limited discretion is available within the NES. There are some areas of the district that Council or the community may want to achieve a different environmental standard or where the receiving environment is valued or sensitive, e.g. the Waikato and Waipa River Catchment. Council would be unable to vary the rules put in place by the NES to take account of these receiving environments.

Development of the NES-PF appears to have gathered significant momentum in recent months, which suggests that central government is committed to finalising and gazetting the NPS in the short term. As such, the NES-PF will likely be available for consideration and inclusion by the time the Waitomo District Plan commences district plan drafting.

7.1.3 Summary of key findings and gaps

- The NES-PF is still in a draft form, but recent attention suggests sustained and quick progress towards gazettal.
- The NES-PF would replace district council’s existing district plan rules for managing plantation forestry. At present the provisions of the draft NES-PF suggest a relatively permissive regime, and would impose a number of new provisions on the OWDP allowing forestry to be established, maintained and harvested.

8. PROPOSED WAIKATO REGIONAL POLICY STATEMENT

8.1 Overview

The purpose of a regional policy statement is to achieve the purpose of the RMA by providing an overview of the resource management issues of the region, and policies and methods to achieve integrated management of the natural and physical resources.

The Proposed Waikato RPS was notified on 3 November 2010. Decisions on the Proposed Waikato RPS were notified on 2 November 2012, following consideration of all submissions

received by a hearing panel of commissioners. Appeals to the RPS were received, and at the time of writing, all but the biodiversity provisions of the Proposed RPS were resolved by consent order or decision as a result of Environment Court hearing. The biodiversity provisions are agreed by all parties, and a draft consent order is currently before the Environment Court for approval. Therefore the Proposed RPS, despite not yet being operative, is substantively beyond challenge.

8.2 Implications for the Waitomo District Plan

In accordance with Section 75 of the RMA, district plans must 'give effect' to Regional Policy Statements. Of particular note is that the Proposed Waikato RPS includes a provision that states that **Councils must notify any amendments to give effect to the RPS within two years of the RPS becoming operative**. Given the current progress made to resolve appeals to the Proposed RPS, it would not be unrealistic to consider that the Proposed RPS will be made operative in the latter part of 2015 (although this is at the discretion of Waikato Regional Council).

Regional policy statements do not contain rules, but rely on policies and methods to be translated to regulatory provisions such as rules in district or regional plans. In general the term 'control' is used in the Proposed Waikato RPS methods where it is anticipated that rules will be necessary to implement the method (which may or may not be in combination with non-regulatory methods).

The Regional Policy Statement adopts two standard terms for providing direction to district plans:

- The term **shall** has been used where methods are of a directive nature, where little discretion is intended to be exercised, and where it is intended that district plans shall give effect to the method.
- The term **should** has been used where it is intended that the direction should be followed, except where there are good reasons not to, as demonstrated in a s32 report or other appropriate evaluation or analysis.

Appendix 2 provides an overview of each of the 15 Chapters contained within the Proposed Waikato RPS, and the general extent to which the OWDP gives effect to the chapters. It should be noted that this assessment is not exhaustive, as the Policies and Methods of the Proposed Waikato RPS are extensive and often detailed in nature. It is also necessary to consider the Proposed Waikato RPS as a whole when implementing the policies and methods, as many of the policies interrelate and cannot be considered in isolation.

8.3 Summary of gaps and key findings

- The Proposed Waikato RPS is nearing the end of its review, and is likely to be made operative in 2015. Amendments to district plans to give effect to the RPS must be notified within two years of the RPS becoming operative.

- The Proposed Waikato RPS contains numerous directions for district plans to assist in achieving stated objectives. It compels district plans to contain certain provisions using the term 'shall', and the term 'should' is used where districts are to implement the policy direction unless robust analysis shows it is inappropriate, impractical or not relevant.
- Similar to the assessment against the NZCPS, while a number of provisions of the OWDP could be considered to give effect to the Proposed Waikato RPS, this is often due to the broad or unspecific way in which they are articulated. The broad and sometimes ambiguous nature of the OWDP provisions would not provide sufficient certainty and that the RSP is being appropriately implemented through the OWDP.
- There are numerous areas where the OWDP is clearly not giving effect to the Proposed Waikato RPS. Notably the OWDP, contains little guidance to achieve the integrated management of resources (e.g. working with others). It also does not have provisions that are either worded strongly enough, have enough breadth (range), or are altogether absent, to achieve policy direction sought for landscapes/natural character, natural hazards, indigenous biodiversity, the built environment, freshwater management, cultural heritage and soils (in order of assessed deficiency).

9. TE TURE WHAIMANA O TE AWA O WAIKATO – VISION AND STRATEGY FOR THE WAIKATO RIVER

9.1 Overview

Te Ture Whaimana is the primary direction setting document for the Waikato and Waipa River and activities within the catchment affecting the Rivers. In recognition of its legislative status, Te Ture Whaimana prevails over any inconsistent provision in any national policy statement, national environmental standard, or water conservation order developed under the Resource Management Act 1991 (RMA). Additionally, any regional and district plans must give effect to Te Ture Whaimana.

Te Ture Whaimana sets out a suite of objectives and strategies for the restoration and protection of the health and wellbeing of the Waikato River. Of particular relevance is the recognition that the Waikato River is degraded and should not be required to absorb further degradation as a result of human activities and that the Waikato River should be swimmable and fishable within 20 years.

The Nga Wai o Maniapoto Waipa River Act 2012 has as its purpose the restoration and maintenance of the quality and integrity of the waters that flow into and form part of the Waipā River, which is a principal tributary of the Waikato River. This Act contains mechanisms whereby the scope of the Vision and Strategy may be extended to apply to the entire Waipa River.

9.2 Implications for the Waitomo District Plan

A large proportion of the Waitomo district is located within the catchments of the Waikato and Waipa River and as such is subject to the objectives and directions contained within the Vision and Strategy for the Waikato River. To achieve the objectives of the Vision and Strategy for the Waikato and Waipa Rivers the OWDP must include provisions that assist to restore and protect the health and wellbeing of the Waikato River within Council's statutory functions as a territorial authority i.e. by managing subdivision and land use within the River catchment.

Such measure could include:

- requiring setbacks from waterways
- including standards for vegetation disturbance, earthworks, silt and stormwater control
- managing the effects of large scale land use change
- controlling hazardous substances use and storage
- control of earthworks
- maintaining significant indigenous biodiversity associated with the River
- managing activities on the surface of waterways
- creation of new esplanade reserves or strips.
- promoting the restoration and re-creation of habitats and connectivity between habitats, including buffering and linking areas identified as SNAs

While the OWDP contains a number of the measures described above, none have been developed in the context of achieving the objectives of the Vision and Strategy. The OWDP makes no reference to the Vision and Strategy. The significance is that subdivision and land use continues to occur in the Waitomo District in the absence of any provisions or considerations that are specifically tailored to achieve the stated objectives of a higher order statutory document. The Vision and Strategy can still be considered as part of the assessment of activities that require consent (and it prevails over any inconsistent provision in the OWDP), but is not given consideration in respect to the permitted activities that are occurring. Given the status afforded to the Vision and Strategy, this is a significant gap in the OWDP.

As the responsible authority, the onus is ultimately with the Council to ensure that the provisions of the district plan are adequately giving effect to the Vision and Strategy. It is considered that the best way to achieve this is through robust and detailed analysis of the provisions of the OWDP in relation to the objectives of the Vision and Strategy, and in consultation with River iwi and other key stakeholders e.g. Regional Council.

9.3 Key findings and gaps

- The Vision and Strategy is the primary direction setting document for the Waikato and Waipa River and activities within the catchment affecting the Rivers;

- The OWDP must give effect to the Vision and Strategy;
- The OWDP provisions were not developed within the context of needing to give effect to the Vision and Strategy. While the OWDP contains provisions that may assist to give effect to the Vision and Strategy, a thorough review of the OWDP in relation to the Vision and Strategy objectives, and in collaboration with iwi and other key stakeholders, needs to be undertaken before the district plan could be considered to give effect.

10. DRAFT MANIAPOTO ENVIRONMENTAL MANAGEMENT PLAN

10.1 Overview

A territorial authority, when preparing or changing a district plan, must ‘take into account’ any relevant planning document recognised by an iwi authority and lodged with the territorial authority, to the extent that its content has a bearing on the resource management issues of the district.

The purpose of the Draft Maniapoto Environmental Management Plan (**‘EMP’**), as articulated in the EMP is to provide:

“an iwi wide strategy that expresses Maniapoto worldviews, values and aspirations, to enhance and sustain the exercise of kaitiakitanga of the environment. The Plan identifies some of the most pressing issues for Maniapoto and the impacts on their wellbeing. The Plan provides clear, consistent objectives, policies, methods and monitoring and reporting processes to help address those issues and to achieve the aspirations that Maniapoto have for their environment.”

10.2 Implications for Waitomo District Plan

Although still in draft form, the EMP contains various references to the role of district plans, particularly in relation to protection of identified wahi tapu, control of land use change to more intensive uses, recognition and provision for papakainga, and management of natural hazards.

Irrespective of the direct references to the role of district plans, all provisions of the EMP should be assessed for their relevance, with a view to achieving alignment with the district plan. There is considerable benefit to be gained through alignment of the broader EMP and the district plan. It allows Council and iwi to ‘pull in the same direction’ in respect to resource management issues, assists cooperative and collaborative working relationships, and provides developers/land users/decision makers with a consistent resource management framework within which to work.

The extent to which the EMP is taken into account in endeavouring to achieve alignment will need to occur in consultation with Maniapoto. However it is clear that there are substantive areas of the OWDP that do not align with the EMP. In most respects the misalignment occurs

for similar reasons to which the OWDP does not align with higher order statutory documents. The EMP uses more directive language, more in line with documents such as the Proposed Waikato RPS and NZCPS, and is more explicit about the activities it wishes to see controlled and provided for. For example, the EMP is explicit in its desire for papakainga housing to be provided for in District Plans, however currently the permissive assumption of the OWDP is relied upon and there is no clear statement in the OWDP that papakainga is appropriate in the district.

10.3 Key findings and gaps

- Council must 'take into account' any relevant planning document recognised by an iwi authority and lodged with the territorial authority, to the extent that its content has a bearing on the resource management issues of the district.
- The Maniapoto EMP is currently in draft form, but anticipated to be completed in 2015.
- The EMP uses more directive language and is more explicit and controlling in its approach to managing resources than the OWDP. The permissive presumption of the OWDP is not well aligned with the tenor and direction of the EMP.

PART C: FUTURE DIRECTION OF DISTRICT PLAN

This section provides an overview of the key issues and opportunities highlighted in discussion with Waitomo District Councillors and staff, and whether the OWDP is currently geared towards being able to assist in capitalising on the opportunities identified, and adequately addressing the issues identified.

11. KEY ISSUES

This section provides an assessment of the OWDP with respect to a number of issues identified for the Waitomo District. Each issue:

- is provided with an overview based on discussion with Waitomo District Councillors, management, and senior staff;
- is provided with an outline of the existing OWDP as it relates to the identified issue; and
- has any gaps and needs in the OWDP identified.

11.1 COASTAL DEVELOPMENT

11.1.1 Discussion

The Waitomo coast is a picturesque stretch of coastline, and broadly remains free of built development outside the existing townships of Mokau and Awakino. Land use adjacent to the coastline is predominantly rural, with pockets and stretches of coastal forest remnants. The current low levels of development ensure that the coast retains a relatively high level of natural character and amenity.

Coastal development is now the main pressure affecting the natural character of the Waikato region's coast. While it is particularly significant on the Coromandel Peninsula, Waitomo District is seeing increasing number of enquiries for subdivision and development of land adjacent to the west coast. Landowners appear to be seeing opportunities to use permissive and flexible subdivision rules in the Rural zone (which largely abuts the coast) to subdivide land into relatively small lots. Discussion with Waitomo District Council staff and consent processors suggests that significant demand for building on the sites is yet to materialise, but the risk remains that once the land is subdivided, it will be very difficult to control or prevent development of those sites in the future.

District councils are responsible for managing most activities above the mean high water springs, and this includes most coastal development. There is strong direction from higher order documents for territorial authorities to manage coastal development through such mechanisms as district plans. An overview of these requirements is provided in Part B of this report, however some of the more relevant directions include:

- Policy 6 of the NZCPS 2010, which directs decision makers to consider matters in relation to activities the appropriateness of an activity affecting the coastal environment and the coastal marine area, including consideration of:
 - the functional need for activities to be in the coast;
 - the reasonably foreseeable need of communities and future generations;
 - ensuring activities are appropriately located;
 - promotion of the efficient use of occupied space.
- Preserving the natural character of the coastal environment and protecting it from inappropriate subdivision, use and development is a matter of national importance under s6(a) of the RMA.
- Policy 13 of the NZCPS 2010 directs the preservation of the natural character of the coastal environment and its protection from inappropriate subdivision, use and development. This requires the natural character of the coastal environment to be assessed, at least areas of high natural character to be mapped or otherwise identified, and provisions to be included in statutory plans where necessary to preserve natural character.
- Protecting outstanding natural features and landscapes from inappropriate subdivision, use or development is a matter of national importance under s6(b) of the RMA. Coastal landscapes often have features which make them outstanding. Many coastal landscapes are also significant to tangata whenua.
- Policy 15 of the NZCPS 2010 directs the protection of natural features and natural landscapes (including seascapes) of the coastal environment from inappropriate subdivision, use and development.

The extensive and directive policy from higher order documents reflects the relative importance and value of the coastline for the community.

11.1.2 Operative District Plan Provisions

- The Rural Zone abuts most of the coastline in Waitomo, with pockets and stretches of Conservation Zone.
- Two overlays apply to some areas of the coastline: a landscape overlay at Mokau/Awakino, which aims to provide some additional protection of sensitive/valued areas from inappropriate development, and a coastal hazard overlay extending 50 metres in from the coast (or otherwise identified on the planning maps). The overlays extend over the underlying zone (primarily Rural Zone).
- The landscape overlay includes additional controls for certain activities e.g. industrial activity, vegetation clearance, buildings with floor area greater the 100m². However the basic premise of the overlay is the similar to the underlying zones, in that activities are permitted unless the OWDP performance standards stipulate otherwise.

- The coastal hazard zone provisions strongly restrict development in areas closest to mean high water springs at risk from coastal erosion.
- Subdivision rules for the Rural Zone allow for development down to 700m² (sewered) and 2500m² (unsewered, and required to meet minimum lot size for regional plan rules for effluent disposal).

11.1.3 Key gaps and findings

- While pressures for built development remain relatively low along the Waitomo Coast, there is an inherent risk that the OWDP provisions are not currently strong enough to prevent a proliferation of coastal development should demand increase. There is evidence to suggest many coastal landowners are seeking opportunities to subdivide land down to relatively small lot sizes.
- The OWDP does not identify the coastal environment in accordance with the characteristics identified in the NZCPS, and therefore it is unclear where and how the Policies of the NZCPS apply.
- Because the OWDP was made operative prior to the NZCPS being gazetted, its provisions have not been developed with the policy directions of the NZCPS in mind. The OWDP provisions would not give effect to the NZCPS policy directions in relation to natural character and outstanding landscapes.
- Although not developed for the purpose of maintaining natural character or landscapes, the provisions of the coastal hazard area are acting as de facto provisions that do just that, as it provides additional restrictions on built development in the area closest to mean high water springs.
- While a number of provisions of the OWDP could be considered to give effect to the NZCPS, this is often due to the broad or unspecific way in which they are articulated. The broad and sometimes ambiguous nature of the OWDP provisions would not provide sufficient certainty and that the NZCPS is being appropriately implemented through the OWDP. Recently case law has clarified the intent and meaning of the directive language used in the NZCPS, and the broad general language of the OWDP is not consistent with these decisions. Discussion with Waitomo District Councillors indicates that the indirect language of the OWDP is not providing them with the strength of policy they require to resist inappropriate subdivision and development.

11.2 NATURAL HAZARDS

11.2.1 Discussion

Natural hazards have been identified as a key issue for Waitomo, particularly coastal erosion and to a lesser but still significant extent, land stability and flooding elsewhere in the district.

The coastal erosion issues along the Mokau-Awakino coast are well documented, with erosion having accelerated in recent years. While erosion/accretion periods are generally cyclical, it is anticipated that the effects of climate change will continue to exacerbate the erosion issue, leading to increased periods of erosion. Several properties and buildings in Mokau have already been lost to the sea, and in an effort to mitigate the effects of the sea, rock walls and other rip rap have been used as makeshift barriers.

Risk-based management is now the international standard for natural hazard management, and is reflected strongly in contemporary planning documents (such as recently reviewed district plans). It is considered particularly appropriate where both the likelihood and consequences of natural hazard events will potentially increase but there can be no certainty over how much they will increase, as appears to be the case in locations such as Mokau.

The NZCPS and Proposed Waikato RPS both direct that plans take a risk-based approach to coastal hazard management. This approach is reinforced by the requirement to apply a precautionary approach to address climate change and its uncertain, but potentially significant, effects.

As a general overview of NZCPS hazard requirements:

- Policy 24 of the NZCPS stipulates the need for risk-based coastal hazard management. Hazard-prone coastal areas are to be identified, and the hazard risks in those areas comprehensively assessed. Hazard risks are to be assessed over at least 100 years. National guidance and the best available information are to be used in the assessment of hazard risks.
- Policy 25 of the NZCPS sets the goal of containing or reducing the risk of social, environmental and economic harm from those hazards. It also contains more detailed policy relating to redevelopment and changes in land use (which includes new development), and some of the more general policy on appropriateness of infrastructure and hard protection structures.
- Policy 26 of the NZCPS 2010 seeks the protection, restoration or enhancement of natural defences as a preferred way to protect the full range of coastal uses and values from coastal hazards.

More broadly, the contemporary best practice approach to hazard management is also to take a risk management approach - to reduce the risk and avoid activities in areas prone to hazards. The Proposed RPS recognises this approach and seeks implementation through regional and district plans.

The central concept of the management of natural hazards in the Proposed Waikato RPS is the identification and management of activities based on the level of risk to which they are exposed. There is clear direction in the Proposed Waikato RPS to identify areas at high risk from hazards. Avoidance or mitigation of natural hazards is then based on risk (the likelihood and consequences of the hazard). The aim is to ensure risk to people, the community, property and the environment does not exceed acceptable levels, or risk is reduced to tolerable levels. It is expected that district plans will further define what is acceptable and tolerable risk in their

community and for particular land uses. For example, residential development in a high risk flood zone is likely to exceed acceptable levels of risk due to the risk to life and property given the nature of the land use; however the risk to other types of development in the same area, for example farming, may be acceptable.

11.2.2 Operative District Plan Provisions

- The OWDP contains a natural hazards section that includes provisions to be implemented in identified hazard areas. Identified hazards areas are at Mokau (to address coastal erosion issues) and Te Kuiti (to address land stability issues).
- The activity status for development in hazard areas is at least discretionary, enabling Council to decline applications. There is a prohibited development hazard area in Mokau, where there is no ability to apply for development to occur.
- The OWDP recognises the need to take a precautionary approach to managing coastal erosion risk.
- Applications for development in areas of instability in Te Kuiti are to be accompanied by a land stability assessment.

11.2.3 Key findings and gaps

- The OWDP identifies risk management as the basis for identifying areas within which risk will be managed. While this is broadly in line with the risk based approach advocated through the NZCPS and Proposed Waikato RPS, application of provisions that relate to acceptable, tolerable and intolerable risk are not clearly evident. However these may be inherent in the provisions the control development i.e. the Council and community have considered risk levels, and the OWDP provisions reflect the communities response to the various levels of risk.
- While OWDP provisions address new development, it does little to address the issues associated with existing development and long term strategic thinking for managing coastal erosion. While existing use rights will apply, there is significant scope for the district plan establish a policy for long term managed retreat and risk reduction/avoidance. There is also no policy approach with respect to the use of hard structures in the coastal environment. In the absence of a long term policy, the recognition of the need for a precautionary approach in the OWDP becomes particularly relevant. Given the weight afforded to coastal erosion issue by Council, and the extent to which it is an imminent and long term issue, this is a significant gap in the OWDP.
- While coastal hazard areas are identified, a district plan review is an opportunity to assess the ongoing appropriateness of the spatial extent of these areas, taking into account current national/regional guidance, recent erosion levels, and the latest data relating to sea level rise.

- The OWDP does not identify high risk flood zones, residual risk zones or floodplains, in order to give effect to the Proposed Waikato RPS. Technical hazard expertise is needed to confirm the spatial extent of hazard areas, and provide advice on the level of risk associated with each.

11.3 MIXED LAND USE

11.3.1 Discussion

This issue is also covered in section 5.2.2.4 of this report.

Comment from those interviewed, and a review of existing land use patterns, clearly identify a long term trend towards mixed land use and development occurring in desirable spots (e.g. rural residential congregating in areas of high amenity). While low growth currently keeps rates of change relatively low in most parts of Waitomo, there is strong evidence that the permissive nature of the OWDP is generating adverse effects. In doing so, the OWDP is not giving the community the level of confidence and certainty of land use patterns that they are expecting.

At present, and in the short term, ad hoc growth and development is causing a number of issues. This is particularly in relation to nuisance effects and reverse sensitivity issues, where activities expected in the zone cannot operate without complaint e.g. A residence establishing in the industrial zone complains about noise, dust, odour etc;

In addition, longer term implications are starting to reveal themselves, and include:

- Large areas of relatively incompatible land use;
- Difficulty planning for new infrastructure and infrastructure upgrades due to uncertain land use patterns; and
- Inefficient use of existing infrastructure and services.

Despite the ongoing relevance and desire for an enabling district plan, it is clear from discussion and review of existing land use patterns that the permissive nature of the OWDP is currently an issue, as development occurs 'out of zone', with potential for the issue to be significantly exacerbated with growth and development increases. Sensitive areas such as the coastal environment are at risk due to the permissive nature of the OWDP allowing development with little ability for Council to apply control over the number, or nature, of development. While part of the issue relates to an imbalance with the latter part of the purpose of the RMA (the need to avoid, remedy, mitigate effects on the environment), it is as much about creating tension between social, economic and cultural wellbeing articulated in the enabling part of the purpose.

11.3.2 Operative District Plan Provisions

- Broadly speaking, the base presumption of the OWDP is that any activity is permitted in any zone subject to compliance with performance standards.

11.3.3 Summary of gaps and findings

- The permissive nature of the OWDP is allowing development to establish out of zone. Mixed use zones are emerging that are currently generating nuisance effects. Longer term, ongoing development out of zone will likely cause additional issues such as inefficient use of existing infrastructure, and an inability to appropriately plan for new infrastructure and upgrades.

11.4 WATER QUANTITY

11.4.1 Discussion

Waitomo District Council owns and manages four water supply schemes, at Te Kuiti, Piopio, Benneydale and Mokau. Higher levels of service driven by the Public Health (Drinking Water) Amendment Act and security of supply are two key issues impacting on all schemes. Discussion with Councillors and staff have indicated a degree of concern relating to the ability to secure water supply in the future, particularly for the Te Kuiti township. Water supply is also essential for maintaining public health, provides firefighting capacity and facilitates economic growth. Ensuring adequate availability (while maintain environmental bottom lines) is key to sustaining economic, social and cultural wellbeing, and delivering on Waitomo District Council's vision.

The summer months, when townships swell with holidaymakers and river levels are at their lowest, is identified as the times when pressure is placed on the water supply. A recent dam upgrade to supply Mokau with drinking water has proven successful, evidencing the advantages of the ability to store water.

While water allocations are assessed under the Regional Plan, district plans generally address the issue through control of subdivision and land use (for example restricting development in the absence of adequate water supply). As described above, this can be detrimental in situations where economic development is being encouraged. District plans can also play a role in educating and encouraging/promoting water demand and conservation measures, however these are commonly non-regulatory approaches in district plans. Education programmes and economic incentives can be reflected in the district plan, and are non-regulatory tools that can be utilised to shape people's behaviour in regard to water use

11.4.2 Operative District Plan Provisions

- The OWDP contains no objectives and policies that directly address water supply and demand. The OWDP makes minor reference to the broad importance of water quantity.

- There is no rules-based approach for specified land uses that allows the effects of activities on water quantity to be assessed through resource consent processes. The permissive approach of the OWDP generally doesn't prevent development occurring on the basis of water quantity, however the subdivision section does state:

All subdivisions shall make provision for adequate water supply for domestic purposes... Where reticulated services are available connections to them shall be provided....Stored roof water is accepted as an adequate water supply for rural or casual domestic purposes.

- There are no provisions in the OWDP that directly address demand management or conservation.

11.4.3 Key findings and gaps

- There is concern regarding security of water supply to service future growth, particularly in Te Kuiti. Water storage has proven to be a successful approach to managing supply in Mokau.
- The OWDP does not contain significant regulatory or non-regulatory provisions to address water availability and supply issues. While addressing the water supply issue is largely outside the realm of the district plan, the OWDP is not currently assisting to raise awareness of the issue, or promote measures to assist in water demand management and conservation.

12. KEY OPPORTUNITIES

This section provides an assessment of the OWDP with respect to a number of opportunities identified in the Waitomo District that Council is seeking to capitalise on and provide for. Each opportunity:

- Is provided with an overview based on discussion with Waitomo District Councillors, management, and senior staff;
- An outline of the existing OWDP as it relates to the identified opportunity;
- Identification of any gaps and needs in the district plan that may not assist in capitalising on the opportunity.

12.1 ECONOMIC DEVELOPMENT

12.1.1 Overview

Council's vision - *Creating a better future with vibrant communities and thriving business* – reflects the importance of economic development to provide for the wellbeing of the community. The importance of enhanced economic development was reflected in the 2012-

2022 LTP, and affirmed in the recently adopted 2015-2025 LTP. Council's aim is clearly stated as support the growth of the local economy by effectively promoting the district's attractions as well as supporting local business initiatives and projects.

The purpose of the RMA is 'sustainable management' and this concept, at its core, comprises elements of social, cultural and economic development, as well as environmental protection. It is about promoting and enabling positive outcomes that contribute to people's wellbeing, as much as it is about avoiding, remedying or mitigating, adverse effects. This is explicit in the purpose of the RMA.

With that in mind the district plan can have a key role in encouraging and providing for economic growth throughout the district. As well as ensuring there is no unnecessary red tape, the district plan can play a role in promoting investment in Waitomo's economy

12.1.2 Operative District Plan Provisions

- As previously noted, the OWDP is premised on a permissive regime, allowing many activities to occur within each zone as long as they meet certain performance standards. On that face of it this provides a plan which is relatively low on the 'red tape' that can impose onerous and costly requirements on those looking to establish businesses. This sentiment is reflected in the lead in statement to the OWDP Business Zone which states that there are *"few limitations on the range of activities permitted in this zone. Business owners are able to make their own decisions as to how to establish and operate their businesses"*.

However, the subsequent objectives and policies reflect a very different perspective of what should be occurring in the Business Zone. Existing OWDP objectives and policies for the Business Zone focus on the need for business and associated activities to avoid, remedy or mitigate their effects. It focuses solely on achieving the second half of Part 2 of the RMA, and as a result reads in a somewhat negative and onerous manner.

The same applies to the Industrial Zone, where all but one objective relate to the need for industrial activities to avoid, remedy or mitigate their effect. The final objective seeks to protect industrial activities from other sensitive activities locating nearby.

- While encouraging business through permissive and enabling provisions of the district plan will be important, business owners will also want a level of comfort that the area they have established their business in will maintain a certain level of amenity (which contributes to vitality and viability of commercial and industrial areas) and operational functionality. The OWDP does not require any consideration of urban design principles which, in combination with amenity services provided by Council, contribute to a commercial environment with good amenity.
- The OWDP allows commercial activities to establish in a number of other zones, if certain performance standards are met. This provided a high degree of flexibility for businesses to locate in the District, but may result in detrimental effects on existing commercial areas,

and underutilisation of infrastructure investment provided to service those areas. It may also result in nuisance effects as incompatible land use locates together.

- The OWDP contains provisions for the Rural Zone that reflect a desire to promote the Rural Zone as a productive working environment, where the use and development of its natural resources is encouraged (consistent with meeting environmental safeguards). It is clear that practices such as farming, extractive industry and forestry have a key role in contributing to the economy and should be provided for in the rural area subject to compliance with performance standards. A Special Industrial zone provides spot zonings at various rural locations throughout the district in recognition of existing industrial activity, the investment that has gone into that industry, and the contribution it makes to wellbeing. What is less clear is the OWDP position on new activities of an industrial or commercial nature establishing in the rural zone that do not fall into one of these categories e.g. meatworks, dairy factory. There is no clear statement identifying whether such new activities are appropriate in the rural zone.

12.1.3 Key findings and gaps

- Areas for commercial and industrial activity are not being retained for the purpose for which they were zoned. This is needed to protect and enhance the vibrancy, vitality and viability of primary business and industrial centres in Te Kuiti, to nurture the District's smaller business centres such as Piopio, and to mitigate the nuisance effects of incompatible land uses.
- There is a relative shortage of available industrial and commercial land for new development. Council may wish to consider making additional land available and designated for commercial and industrial uses. The land needs to be in the right location to provide for agglomeration effects, and with the ability to be serviced appropriately into the future. Availability of zoned land will also reduce the temptation for business to look for locations out of zone. The channelling of commercial activities into business centres generally creates an environment that will be attractive to other business and supporting services and facilities. This 'agglomeration' of commercial activity can result in productivity gains arising from economies of scale, the efficiencies that arise from being closely connected. Over the long term this helps ensure that the Business Zone will retain and enhance its function, vitality, viability and amenity as they become focus areas for the needs of the community, as well as social hubs that contribute to vibrancy.
- There is a need to retain an enabling activity status for commercial activity in the business zone, and industrial activity in industrial zones, but increasing control of other activities to provide business owners with a level of comfort that they can operate without complaint, and that an environment of vibrancy and vitality is enabled/maintain. It provides business owners with certainty.
- The district plan needs positive and enabling objectives and policies for commercial and industrial activities. This is currently a significant gap. There needs to be objectives and

policies that contain words such as ‘enable’, ‘promote’ and ‘provide for’. Examples from recent district plan reviews in the region are:

- Hauraki
 - *To provide for a safe, convenient, pleasant and environmentally friendly environment for business, shopping and community activities.*
 - *To enable a range of business activities, without generating adverse effects on the function of the town centres as community focal points.*
 - Waipa
 - *To promote developments within the Commercial Zone that increase the range of employment opportunities within the District, while maintaining the commercial hierarchy.*
 - *To provide for commercial development in a way and at a rate that meets the needs of the catchments they are intended to serve.*
 - South Waikato
 - *To enable the town centres in Putāruru, Tokoroa and Tirau to provide distinctive, attractive, safe and easily accessible environments with a concentration of commercial businesses and cultural activities providing a wide range of services and facilities for residents and passing travellers, and with minimum adverse effects on the safe and sustainable functioning of State Highway 1.*
 - *To allow adequate opportunities for businesses and industries to provide a range of employment opportunities for the District’s residents, in a manner consistent with the towns’ existing amenity values without any unnecessary barriers to economic advancement.*
- There is no urban design criteria in the OWDP. Inclusion of some urban design and/or amenity provisions as performance standards, may assist to assure business owners a suitable and pleasant commercial environment.
 - There is a need to provide clearer statements of acceptability of new commercial and industrial activity in the rural zone. Even if they do require resource consent to assess and manage the effects of the activity, if Council is seeking to promote economic development opportunities then the OWDP would benefit from more explicit statements of intent in relation to what is expected/anticipated/desired in the zone. Examples from recent district plan reviews in the region are:
 - Waipa
 - *To enable appropriate rural based industry to locate and operate within the Rural Zone.*
 - South Waikato

- *Facilitate new industries within rural areas for processing primary produce, and the expansion of existing industries.*

12.2 TOURISM

12.2.1 Overview

The Waitomo District supports a wide variety of visitor attractions. Waitomo is famous for its glowworm caves, black water rafting, cave abseiling, cave eco-tours and natural attractions above and below ground. These attractions continue to prosper and grow, and numerous additional tomo have been identified as having potential commercial value. Further south, Waitomo is capitalising on the fame of the Hobbit films, with Hairy Feet Waitomo providing scenic tours of film locations. In the east of the district, the timber trail is a burgeoning attraction, providing recreational cycle routes through visually stunning Waitomo scenery. The coastline of Waitomo also supports numerous tourism and recreational activities.

While the permanent population of Waitomo has remained relatively static, visitor numbers have increased significantly. Growth in the District, largely driven by tourism, has created immediate benefits for the Waitomo district. However, this growth has the potential to change the character of Waitomo. The degree to which the existing character and amenity values of Waitomo are maintained or enhanced will depend on the nature, scale and quality of future development. The combination of growth and development can also lead to effects in relation to the following: — pressure on infrastructure and services including public facilities — detraction of amenity values and character of the District, including noise — effects of increased traffic — effects on townscape design

With the number and variety of activities on offer, Waitomo is transitioning from a place which tourists pass through in order to visit the caves, to a destination in its own right, where visitors are staying for multiple days. Visitor accommodation is an inherent part of any tourism industry. Tourism can only be successful if there is enough accommodation available to cater for all different needs. This has economic benefits for the District. However, accommodation activities can also attract additional visitors, with consequential effects on traffic, infrastructure and amenity. Visitor accommodation activities need to be undertaken in a manner which ensures these effects are avoided, remedied or mitigated. Of particular concern is the effect of increased short-term populations on services.

Similar to the discussion above, the district plan has the opportunity to provide a framework that enables ongoing use and development of Waitomo's resources for tourism and supporting network purposes. However it will be critical to pay attention to safeguarding the environment that attracted and sustains the tourism activity in the first place.

12.2.2 Operative District Plan Provisions

- Broadly speaking, tourist activities are a permitted activity, subject to compliance with performance standards (primarily related to the scale of the activity). Resource consent or

further restrictions may apply of the activity is in one of the overlay areas e.g. karst or landscape overlays.

- Tourist accommodation is provided for as a permitted activity in most zones, subject to performance standards being met. In the Residential Zone, tourist accommodation is a permitted activity subject to the maximum number of paying guests is 5. In the Rural Zone this performance standard is increased to 10 paying guests. Beyond this, accommodation requires resource consent as a restricted discretionary activity.
- Potential tourism hotspots such as Bennydale and Mokau are currently zoned Residential, with some pockets of Conservation Zone. The surrounding zone is Rural.
- Part of the rationale for the Landscape Policy Overlay at Mokau and the Waitomo Caves is to protect these sensitive environments from inappropriate development, with particular mention made of tourist development. The overlay includes additional controls for certain activities e.g. industrial activity, vegetation clearance, buildings with floor area greater the 100m². However the basic premise of the overlay is the similar to the underlying zones, in that activities (including tourist activity) are permitted unless the OWDP stipulates otherwise.

12.2.3 Key finding and gaps

- In the absence of any strategic overarching guidance, tourism hotspots are developing in an ad-hoc manner that has detrimental infrastructure/servicing and amenity effects. This is being evidenced at Waitomo Village. There is a need to implement the Waitomo Village structure plan through the district plan, to apply a regulatory approach to managing development in an integrated and holistic manner.
- Potential new development hotspots (e.g. Bennydale) are not zoned to service tourism growth. Under the current OWDP provisions, activity relies largely on the permissive assumption of the OWDP. Worst case, this could result in numerous ad-hoc small scale activities occurring, with the potential for incompatible land uses to establish together. Given the predominant Rural and Residential zonings, new development of significant scale (say accommodation for 10 persons) would require resource consent.
- The landscape policy areas are relatively small in terms of spatial coverage. Consideration needs to be given to the extent of other areas in the district that have growing tourism value, but are environments sensitive to change. The natural environment forms the basis of appeal of these areas, and these values need to be identified and appropriately managed/protected.

12.3 LIFESTYLE LIVING

12.3.1 Discussion

Discussions with Waitomo District Councillors and staff have highlighted various opportunities for lifestyle living in Waitomo. Rural residential living, and opportunities to provide for the ageing population were particularly identified as potential opportunities. Affordability, recreational opportunities, increased technology capability (broadband rollout), a robust infrastructure base, ability to provide basic services (including healthcare) and connectivity/access to surrounding areas are all seen as advantages on which to build lifestyle living capacity. This is coupled with the increased restrictions on rural residential subdivision in districts closer to Hamilton. It is anticipated that as availability dwindles in those areas (and costs increase), people will look further afield for lifestyle living opportunities. Waitomo is well placed to deliver on the work/live/play philosophy that underpins land use planning in most parts of the country.

Rural-residential living has become an increasingly popular lifestyle choice in the past twenty years. However, providing for growth and meeting demands for this type and form of living does have significant resource management implications if not well managed:

- Ongoing subdivision of rural land can threaten the overall productivity of the Rural Zone
- Lifestyle blocks can have adverse effects on rural landscapes. Often rural-residential developments occur in attractive, or near sensitive, landscapes, such as adjacent to water and native bush.
- There is the potential for reverse sensitivity effects.
- There is potential for reduced environmental outcomes in some rural areas if onsite systems, for example effluent disposal beds, are not well maintained.

These implications have manifested themselves in districts surrounding Hamilton, and to a reasonable extent these implications do need to be taken into account in the Waitomo District. Already there is evidence that rural residential clusters are emerging in areas of high amenity. These are often sensitive or valued environments, and care needs to be taken that broader community values are taken into account. A common means of addressing such issues is to establish rural-residential zones, and direct lifestyle livings to these zones to protect the productive capacity of land, and general rural amenity.

12.3.2 Operative District Plan Provisions

- Subdivision rules for the Rural Zone allow for development down to 700m² (sewered) and 2500m² (unsewered, and required to meet minimum lot size for regional plan rules for effluent disposal).
- Subdivision is controlled activity subject to meeting performance standards, and therefore must be approved.
- There is no rural residential zoning.
- There is no policy direction relating to the promotion of rural residential living

- There is no policy direction relating to the control of effects relating to rural residential living.

12.3.3 Key findings and gaps

- There is significant opportunity to capitalise on lifestyle living demand, based on a range of benefits the district has to offer.
- By virtue of its permissive regime, the OWDP is not preventing rural residential living opportunities from occurring, nor is it promoting it as an opportunity through policy direction.
- Rural residential living can have adverse effects for the rural environment. While not at a point where it is adversely affecting productive capacity of Waitomo's rural areas, there is evidence of rural residential activity congregating in potentially sensitive areas.

12.4 FARMING, FORESTRY AND EXTRACTIVE INDUSTRY

12.4.1 Discussion

Most land in the Waitomo district is rural, with agriculture and forestry the two main land uses. The rural area of the Waitomo district is important not only for its physical features, habitats, coastline, indigenous plants and wildlife, but also as a significant working environment. The potential for enhanced primary production activity, forestry and quarrying (extractive industry) is viewed as a significant opportunity in the Waitomo District.

12.4.2 Operative District Plan Provisions

- The OWDP contains objectives and policies specifically encouraging and promoting primary production activities.
- Broadly speaking, primary production activity, forestry and extractive industry is enabled by virtue of the permissive OWDP rule framework, subject to compliance with performance standards. Dependant on scale, extractive industry may be hindered by volume limits on earthworks, and subsequently require resource consent as a discretionary activity.
- Extractive industry is a discretionary or non-complying activity where it occurs within the karst overlay.

12.4.3 Key findings and gaps

- Farming and related rural activity is well provided for in the OWDP, with positive statements of policy intent in relation to providing for and encouraging that industry, and a permissive rule framework.

- The permissive nature of the OWDP, and limited identification of landscape/karst/natural character/high amenity areas, means that there are inherent risks that production activity, particularly extractive industry, could have significant adverse effects on the values associated with those areas.
- Provisions for forestry activity will likely be prescribed through the NES for Plantation Forestry.

PART D: REVIEW PROCESS

Having undertaken the assessment in the previous three parts of this report, a full district plan review is recommended as the best way forward. The rationale is as follows:

- The assessment has identified numerous gaps with respect to the OWDP giving effect to higher order statutory documents. While there are some areas that could be considered more pressing to address than others (e.g. coastal environment, outstanding landscapes, natural character), the legislative requirement under the RMA is that district plan's must give effect to documents such as NPS's and RPS's. In this respect there is very little ability to 'pick winners'. The OWDP must give effect to all relevant provisions of higher order documents.
- Given the gaps identified across a wide range of resource management issues, undertaking a staged or partial review will likely be confusing for the community. Provisions that are either being reviewed or not will need to be carefully identified and conveyed to the public. If numerous issues are to be addressed at one time, the public may be confused as to why some provisions are 'off limits'.
- Staged reviews can be problematic when dealing with consequential amendments and alignment with other resource management areas or plan chapters. Issues may arise during consultation/decision making that require amendments to provisions that were not originally within the scope of the plan change. The full review approach also allows inter-related provisions, across numerous sections, to be reviewed together.
- Many of the gaps and issues identified in the assessment are considered to be fundamental, and underpin the overall philosophy of the OWDP. For example, the flexibility for activities to establish out of zone reflects a permissive regime that relates to all but the Conservation Zone. If issues such as this are to be addressed, it requires a review of the fundamental approach to managing activities across all zones.
- While a full review can be costly, staged reviews generally add up to greater cost in the long run.
- Staged reviews can generate consistency issues in terms of structure, form and content. User friendly district plans generally have a particular style throughout. Staged reviews of particular sections or provisions can place those sections of the plan that have been reviewed out of step with the rest of the plan.

Irrespective of the above points, it is of course possible to undertake a staged review. This would require careful long term planning from the outset to manage style, form and content consistency. Current low levels of growth and development would assist a staged review being successful. The main concern with this approach would be giving effect to higher level statutory documents within a reasonable timeframe, potential relationship issues (I'm sure iwi and other key stakeholders have their own views on what is important), and that it carries an inherent risk that it often doesn't take too much development to cause significant adverse effects, particularly in sensitive/highly valued areas.

If a staged approach was to be taken, it is recommended to concentrate on establishing valued environmental bottom lines first (e.g. coastal environment, landscapes, natural character), and then look to provide/enable development outside of those areas in a relatively managed way (particularly keeping activities within zone, and have a measure of understanding of what the future state of the district looks like). There may be alternate views that it should be the other way around, which again raises the issue of 'picking winners' in terms of a staged review.

Appendix 1: Assessment of OWDP against NZCPS policies

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
<p>Policy 1</p> <p>Extent and characteristics of the coastal environment</p>	<p>No</p>	<p>Policy 1 directs that local authorities recognise that the extent and characteristics of the coastal environment vary from place to place, and the issues that arise may have different effects in different localities. It provides guidance for what landforms and characteristics are to be included in the extent of the coastal environment. Policy 1 also directs recognition of particular uses and values that are to be included within the coastal environment.</p>	<p>The NZCPS does not direct district plans to ‘map’ the coastal environment, and DOC guidance associated with the NZCPS cautions against doing so due to the complex and changing nature of the coast. However, a key benefit of mapping the coastal environment (at a property scale) is that it provides plan users with certainty. Planning and management of the Coastal Environment can be difficult where the landward extent and nature of the resources within that environment are not well understood. Mapping the Coastal Environment provides certainty for landowners and clarity for plan users. There are other option for giving effect to Policy 1, including case by case assessment of extent, or through a more targeted approach of identifying values associated with areas, and seeking to avoid, remedy or mitigate effects in these areas.</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<p>These latter options provide little upfront certainty for district plan users, and recent district plan reviews in the Waikato Region have gone down the route of mapping the coastal environment at a property scale, and displaying it on planning maps.</p> <p>The Operative Waitomo District Plan does mention the term 'coastal environment' in a number of instances, but does not map or otherwise identify the coastal environment in accordance with the characteristic of Policy 1 of the NZCPS. Consequently the application of all NZCPS policies is uncertain. In the absence of a defined coastal environment, one possible scenario is that that indicative coastal environment line from the Proposed Waikato Regional Policy Statement is used as a de facto. The Waikato Regional Policy Statement maps the landward extent of the Coastal Environment for the Region and, in line with the NZCPS, provides flexibility for councils to undertake further work to refine the Coastal Environment in their districts. However the Proposed RPS line is characterised as being</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<p>indicative, meaning that it is not mapped at a property scale, and was determined prior to the gazetting of the NZCPS so did not necessarily include all of the characteristics now defined as being in the coastal environment. The Proposed RPS encourages district councils to refine the line further based on the characteristics identified in Policy 1 of the NZCPS, and include this in district plans. Until such time as the coastal environment in Waitomo is further defined/refined, the district plan is not considered to give effect to the NZCPS.</p>
<p>Policy 2 The Treaty of Waitangi, tangata whenua and Māori heritage</p>	<p>In part</p>	<p>Policy 2 of the NZCPS relates to the connection and relationships that tangata whenua have with the coastal environment. It promotes tangata whenua involvement in coastal decision-making, and recognises the importance of Māori cultural and heritage values.</p>	<p>In broad terms, to give effect to Policy 2, the district plan will need to provide for the following in relation to Maori and their connection with the coastal environment:</p> <ul style="list-style-type: none"> • Consultation • Māori involvement in resource management plans and decision-making • Taking account of planning documents recognised by iwi and hapū • Kaitiakitanga

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<ul style="list-style-type: none"> • Māori cultural and heritage values, sites and places. <p>Section 4 of the OWDP touches on some of these elements, particularly the need for Council to establish relationships and dialogue with iwi on resource management matters of interest. Aside from mentioning fisheries, there is no specific mention of the relationship iwi have with the coast. There is significant dialogue in relation to iwi connection with the coast for the Te Maika Zone, but very little on iwi connection with the coast outside this zone. Perhaps most importantly, the objectives and policies of the OWDP (outside the Te Maika zone) do not explicitly or specifically reflect the five items listed above that would assist in giving effect to Policy 2.</p>
Policy 3 Precautionary approach	In part	Policy 3 of the NZCPS promotes a precautionary approach to managing activities in the coastal environment when the effects of those activities are uncertain but potentially significant. The policy particularly directs a precautionary approach where the use and management of coastal resources that are potentially vulnerable to effects	While not identified as a principle to be broadly applied, the OWDP does apply the principle in relation to the hazard rules for Mokau. Council may wish to consider whether this application is too narrow, and should be expanded to other areas of

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
		from climate change. Policy 3 should be applied anywhere where the risk of potential significant adverse or irreversible environmental effects cannot be adequately assessed (because of uncertainty about the nature and consequences of human activities or other processes).	the coast, particularly given the ongoing effects of climate change.
Policy 4 Integration	In part	Policy 4 of NZCPS requires integrated management of both the natural and physical resources in the coastal environment, and any activities that affect that environment. It emphasises the need for coordinated management of activities that cross administrative boundaries and a collaborative approach to management.	The OWDP touches briefly on the need to coordinate with other local authorities in Section 3.3 Cross Boundary Issues – The Coast. More detail in relation to consultation and collaboration to manage issues of common interest would better give effect to the NZCPS. For example, there are a wider body of organisations (e.g. DOC, Civil Defence, Iwi) that have interests and responsibilities in the coastal environment, and where co-ordination and collaboration with such organisations would be beneficial in certain circumstances. More detail on the process by which collaboration will occur, and when it will occur, would also be beneficial in providing plan users as decision makers with guidance and direction.
Policy 5	In part	Policy 5 seeks to ensure that land and waters managed under other Acts for conservation	Section 2.2 of the OWDP identifies that the district plan sits within a wider hierarchy of planning

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
Land or waters managed or held under other Acts		purposes are recognised, and that publicly notified proposals for statutory protection of land or waters in the coastal environment are had regard to.	documents, although the documents identified are primarily prepared under the umbrella of the RMA. Regulation in relation to the conservation of fisheries is identified, however it is unclear to what legislation the regulation relates. Broadly speaking there is opportunity to expand this section to recognise other legislation such as the Conservation Act and Reserves Act, and the need to take into account the role and tools that other legislation provides to manage resources.
Policy 6 Activities in the coastal environment	No	<p>Policy 6 directs RMA planning, consent and other regulatory decision-makers to consider certain matters in relation to activities affecting the coastal environment and the coastal marine area. Policy 6 is somewhat extensive and complex, covering aspects such as functional need for activities, their appropriateness, efficient use, and the foreseeable and reasonable needs of communities.</p> <p>Priority is given to activities with a functional need to locate and operate in the coastal marine area, and providing for those activities in appropriate places. The policy also encourages consideration</p>	<p>In conjunction with establishing the extent of the coastal environment, Council will need to assess the suitability of activities in the coastal environment and the extent to which those activities will affect the matters listed in the paragraph above. In assessing appropriateness of activities, Council will need to take into account functional need, appropriateness, efficiency of use, and the foreseeable and reasonable needs for communities. Until this assessment is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
		of certain coastal values including built character, headlands and ridgelines, natural character, open space, public access, amenity, public access, indigenous biodiversity and historic heritage.	
Policy 7 Strategic planning	No	<p>Policy 7 requires strategic planning in the preparation of district plans. Priority is required to be given to three strategic planning actions:</p> <ul style="list-style-type: none"> • to consider where, how and when to provide for activities in the coastal environment • to identify where uses are inappropriate • to identify coastal processes, resources or values that are under threat or at significant risks from adverse cumulative effects and where practicable setting thresholds in plans to help determine when activities causing adverse cumulative effects are to be avoided. <p>Policy 7 relates closely to Policy 6 in that aims to address the appropriateness of activities in the</p>	As with Policy 6, and in conjunction with establishing the extent of the coastal environment, Council will need to assess the suitability of activities in the coastal environment and the extent to which those activities will affect the matters listed in the paragraph above. Council will need to consider how space in the coastal environment is allocated and used and/or protected. Until this assessment is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
		coastal environment. Policy 7 is encouraging local authorities to proactively and strategically forecast and provide for communities' social and economic needs alongside identifying those values or uses that should continue to be recognised and provided for. It is a more 'big picture' approach than Policy 6.	
Policy 8 Aquaculture	Not directly applicable	Policy 8 promotes planning for aquaculture alongside other coastal activities and values. It also encourages local authorities to recognise the significant existing and potential contribution of aquaculture to the social, economic and cultural well-being of people and communities.	This Policy is not considered to be directly relevant to Waitomo.
Policy 9 Ports	Not directly applicable	Policy 9 recognises the importance of a network of efficient ports as part of New Zealand's national transport system.	This Policy is not considered to be directly relevant to Waitomo.
Policy 10 Reclamation and de-reclamation	Not directly applicable	Policy 10 seeks to avoid reclamation of land in the coastal marine area ¹ unless specified criteria relating to need and significant benefit are met, including the extent to which it would allow infrastructure to operate efficiently.	This Policy is not considered to be directly relevant to Waitomo.

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
<p>Policy 11</p> <p>Indigenous biological diversity (biodiversity)</p>	<p>In part</p>	<p>Policy 11 seeks to protect indigenous biological diversity in the coastal environment by avoiding, remedying or mitigating adverse effects.</p>	<p>The Rural Zone rules relating to protection of significant natural areas of the OWDP are likely to go some way towards giving effect to Policy 11, however further planning and ecological expertise is recommended to provide further guidance on matters such as the appropriateness of the permitted activity allowances in coastal vegetation situations. Clearance of a 10m wide track for example, may have adverse effects that do not enable the protection of the vegetation in accordance with Policy 11. Policy 11 uses the term 'avoid adverse effects', which recent case law has established as meaning to 'not allow' any adverse effects. This sets the bar very high, meaning that permitted activity allowances may not always be appropriate.</p> <p>Furthermore Policy 11 requires consideration of significant adverse effects on indigenous biodiversity that is not significant. The OWDP does not currently contain provisions to address this matter.</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
Policy 12 Harmful aquatic organisms	No, but limited applicability.	Policy 12 seeks to control of activities in or near the coastal marine area that could have adverse effects on the coastal environment by causing harmful aquatic organisms to be released or otherwise spread.	Regional Plans will play a significant role in implementing this Policy, however Council will need to consider land use activities that may contribute to the spread of harmful aquatic organisms such as disposal of organic matter, relocation of equipment/structures, boat wash down areas etc. The Policy uses the term 'as far as practicable', which acknowledges the need for pragmatism in applying the Policy.
Policy 13 Preservation of natural character	No	Policy 13 directs the preservation of the natural character of the coastal environment and its protection from inappropriate subdivision, use, and development. Policy 13 requires the natural character of the coastal environment to be assessed, at least areas of high natural character to be mapped or otherwise identified, and provisions to be included in statutory plans where necessary to preserve natural character.	The OWDP identifies the Mokau-Awakino as a Landscape Policy Area with objectives, policies and rules aimed at protecting its characteristics, including natural character. However the OWDP is not clear as to whether the Policy Area is of 'outstanding' or 'high' natural character, making it difficult to interpret which part of NZCPS Policy 13 applies to which parts of the Policy Area. It is also unclear as to whether there are additional areas in the District that may qualify as high or outstanding natural character. The Proposed Waikato Regional Policy Statement introduces a set of criteria for assessing natural character in order to give effect to the NZCPS. Landscape expertise would

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<p>be required to determine the extent to which the criteria would apply to the Waitomo District, with subsequent application of those parts of Policy 13 that require adverse effects (being significant or otherwise) to be avoided.</p> <p>Until this assessment is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.</p>
<p>Policy 14 Restoration of natural character</p>	<p>No</p>	<p>Policy 14 promotes the restoration or rehabilitation of the natural character of the coastal environment. Policy 14 directs the identification of areas and opportunities for restoration, and the inclusion of provisions in plans.</p>	<p>As with Policy 13 above, until an assessment of natural character is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.</p>
<p>Policy 15 Natural features and natural landscapes</p>	<p>No</p>	<p>Policy 15 directs the protection of natural features and natural landscapes (including seascapes) of the coastal environment from inappropriate subdivision, use and development. Determination of what is an appropriate or inappropriate effect on natural features and natural landscapes is to be looked at in context.</p>	<p>As with Policy 13 and 14 above, the landscape provisions of the OWDP were established prior to the NZCPS being gazetted. The Proposed Waikato RPS also provides assessment criteria for determining outstanding landscapes, and provides direction for district Councils to assess landscapes using this criteria (or similar). Until an assessment of landscapes in accordance with the NZCPS and</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			Proposed Waikato RPS is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.
Policy 16 Surf breaks of national significance	Not directly applicable	Policy 16 seeks to protect nationally significant surf breaks, access to them, and their use and enjoyment.	No nationally significant surf breaks are identified in Waitomo District.
Policy 17 Historic heritage identification and protection	In part	Policy 17 seeks the protection of historic heritage in the coastal environment from inappropriate subdivision, use, and development. Policy 17 directs plans to include policies, rules and methods to provide for integrated management of heritage in collaboration with others, assessment and management of historic landscapes, and recognising that heritage to be protected may need conservation.	The OWDP has an extensive list of historic sites which may require updating with the latest available information. The OWDP does not include provisions for identifying and managing historic landscapes. Similar to Policy 4, the OWDP could more clearly articulate how it will collaborate with other agencies (e.g. iwi, Heritage NZ, DOC etc.) to achieve integrated management of heritage resources.
Policy 18 Public open space	In part	Policy 18 promotes the provision and enjoyment of public open space in and near the coastal marine area and including its waters.	The provisions associated with the Conservation Zone provide a degree of promotion for public open space, however the zone only applies to small sections of land that abut the coast.
Policy 19 Walking access	In part	Policy 19 seeks to maintain and enhance public walking access to, along and adjacent to the coastal marine area. Restrictions on access are	Provisions in the OWDP relating to the maintenance and enhancement of public access are limited to the Conservation Zone. The Rural Zone, which is

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
		provided for only when necessary, where specified values are likely to be adversely affected.	adjacent to much of the Waitomo coastline, has no provisions which could be considered to give effect to Policy 19.
Policy 20 Vehicle access	No	Policy 20 seeks to control use of vehicles, apart from emergency vehicles, on beaches, foreshore, seabed and adjacent public land where damage, disturbance or harm may occur. It also seeks to have plans identify where vehicle access would be appropriate, and therefore permitted.	The OWDP contains no provisions addressing vehicle access in the coastal area.
Policy 21 Enhancement of water quality	No, but limited applicability.	Policy 21 seeks enhancement of degraded water quality, where that water quality is having significant adverse effects.	Policy 21 will largely need to be given effect to through regional plans due to its emphasis on water quality in the coastal marine area. However the policy does require that stock are excluded from the coastal marine area, adjoining intertidal areas and other water bodies and riparian margins in the coastal environment. The OWDP does not currently contain provisions to achieve this outcome.

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
Policy 22 Sedimentation	Yes	Policy 22 requires that subdivision, use, or development will not result in a significant increase in sedimentation in the coastal marine area, or other coastal water. It also seeks to control sedimentation as a result of vegetation removal, and to put controls on landuse activities to reduce sediment in stormwater runoff.	The OWDP contains no provisions that specifically aim to control development in a way that would prevent significant increases in sedimentation in the coastal marine area or coastal water. However provisions relating to earthworks and the need for self-containment of sediment on site could be considered to assist in giving effect to Policy 22. Similarly, the OWDP does identify the need for vegetation removal to avoid adverse effects on the coastal environment, although no specific mention is made of sediment control. The need to control the effects of stormwater is also identified in the OWDP, but sediment is not explicitly identified as a reason for control.
Policy 23 Discharge of contaminants	No, but limited applicability	Policy 23 seeks to manage discharges to water in the coastal environment, while having regard to the sensitivity of the receiving environment, the nature of discharge, and avoiding or minimising adverse effects.	As Policy 23 relates to discharge it will largely be given effect to through the regional plan. However it is worth noting that the Proposed Waikato RPS develops this Policy further, providing guidance in relation to discharge to the coastal waters for local authorities. The Proposed Waikato RPS states that the following can assist in lessening the impact of discharges:

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<ul style="list-style-type: none"> • protection or enhancement of existing, or creation, re-creation or restoration of new appropriately vegetated riparian and wetland areas; • creation of esplanade reserves and/or strips, or similar, where this would have a positive effect on marine water quality; and • development and implementation of best practice guidelines and industry standards. <p>While not directed specifically to district plans, Council may wish to consider how it can assist in implementation of the above through the district plan.</p>
Policy 24 Identification of coastal hazards	No	Policy 24 directs the identification of areas in the coastal environment that are potentially affected by coastal hazards (including tsunamis), giving priority to the identification of areas at high risk of being affected. Hazard risk areas are to be assessed taking into account 8 criteria.	<p>The OWDP does include areas of the coastal prone to natural hazards. However given that the OWDP was made operative prior to the gazetting of the NZCPS it unclear to what extent the criteria of the NZCPS were taken into account.</p> <p>Until this assessment is undertaken it would be inappropriate to consider that the existing provisions of the OWDP give effect to the NZCPS.</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
<p>Policy 25</p> <p>Subdivision, use, and development in areas of coastal hazard risk</p>	<p>No</p>	<p>Policy 25 aims to manage subdivision, use and development in areas subject to coastal hazards by avoiding increasing risk, encouraging redevelopment that decreases risk, discourages hard protection structures, and considers the effects of tsunami and how to avoid or mitigate their effects.</p>	<p>The OWDP does contain extensive objectives, policies and rules aimed at managing activities in identified hazard areas. In doing so it indirectly addresses the concept of avoiding and reducing risk.</p> <p>The OWDP identifies risk management as the basis for identifying areas within which risk will be managed. While this is broadly in line with the risk based approach advocated through the NZCPS application of provisions that relate to acceptable, tolerable and intolerable risk are not clearly evident. However these may be inherent in the provisions the control development i.e. the Council and community have considered risk levels, and the OWDP provisions reflect the communities response to the various levels of risk.</p> <p>While OWDP provisions address new development, it does little to address the issues associated with existing development and long term strategic thinking for managing coastal erosion. While existing use rights will apply, there is significant scope for the district plan establish a policy for long term managed retreat and risk reduction/avoidance. There is also no policy</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
			<p>approach with respect to the use of hard structures in the coastal environment. In the absence of a long term policy, the recognition of the need for a precautionary approach in the OWDP becomes particularly relevant. Given the weight afforded to coastal erosion issue by Council, and the extent to which it is an imminent and long term issue, this is a significant gap in the OWDP.</p> <p>Until an assessment of hazard areas is undertaken in accordance with Policy 24, it would be difficult to maintain that the OWDP gives effect to Policy 25, as control of activities may not have taken into account the full suite of criteria, and therefore risks, associated with natural hazards.</p>
<p>Policy 26 Natural defences against coastal hazards</p>	<p>Yes</p>	<p>Policy 26 promotes the protection, restoration or enhancement of natural defences that protect coastal land uses, or sites of significant biodiversity, cultural or historic heritage or geological value, from coastal hazards.</p>	<p>The OWDP contains policy encouraging the maintenance and enhancement of natural defences.</p>
<p>Policy 27</p>	<p>Yes</p>	<p>Policy 27 outlines a range of options for protecting significant existing development at risk from</p>	<p>Although not providing specific direction of provisions to be included in district plans, Council</p>

NZCPS Policy	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Response required to give effect to Policy
Strategies for protecting significant existing development from coastal hazard risk		coastal hazards. This includes promoting and identifying long-term sustainable risk reduction approaches, and consideration of where hard structures are the best practicable option for protection.	may wish to consider reflecting a strategic approach to managing hazard risk in the district plan. For example, Council may wish to include policy direction that promotes and identifies long-term sustainable risk reduction approaches, including the relocation or removal of existing development.
Policy 28 Monitoring and reviewing the effectiveness of the NZCPS	No	Policy 28 requires the effectiveness of the NZCPS 2010 to be monitored and reviewed and specifies details of the matters to be covered and a time frame for assessing the effect of the NZCPS 2010.	The Minister for Conservation is responsible for undertaking a review of the effectiveness of the NZCPS, but may collaborate with local authorities to collect information. Monitoring and review also includes an assessment of the effect of statutory plans. Given the assessment of the OWDP above, it is unlikely that the OWDP would be considered to be effectively implementing, and giving effect to, the NZCPS.
Policy 29 Restricted Coastal Activities	Not directly applicable.	Policy 29 relates to restrict coastal activities in Regional Coastal Plans.	This Policy is not considered to be directly relevant to Waitomo.

Appendix 2: Assessment of OWDP against Proposed Waikato RPS policies

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
4. Integrated Management	No	<p>This chapter of the RPS focuses on how organisations and groups will co-ordinate, collaborate and generally approach resource management in a manner that is consistent with best practice and generates efficiencies and effectiveness. In this respect, many of the directions relate to 'should' rather than 'shall'.</p> <p>Key points from this chapter for district plans are:</p> <ul style="list-style-type: none"> • A requirement for district plans to notify changes to give effect to the RPS within two years of it becoming operative; • A requirement to identify the coastal environment; • Adoption of a precautionary approach towards any proposed activity whose effects may be significant or irreversible but are as yet uncertain, unknown or little understood; 	<p>Broadly speaking, the OWDP does not provide any great detail as to how collaboration and coordination will occur with others in order to achieve efficient and effective outcomes. There is considerable scope for this to be included in the district plan.</p> <p>The OWDP does provide some information and indication of processes for engaging with tangata whenua, however this could be elaborated on to explicitly cover opportunities for tangata whenua to be involved in relevant resource management processes, including:</p> <ul style="list-style-type: none"> • developing and implementing plans and strategies; • developing and implementing monitoring and enhancement programmes; • decision making; and

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • Recognition and provision for the projected effects of climate change; • Natural hazard, hazardous substance and indigenous biodiversity responsibilities are allocated (territorial authorities primarily given responsibility where activity occurs on land); • Processes are to be identified for working with tangata whenua on resource management issues; • District plans should provide for regionally significant industry and primary production. 	<ul style="list-style-type: none"> • by establishing formal arrangements such as joint management agreements or memoranda of understanding or co-management. • application of kaitiakitanga and maatauranga Maori <p>There are a number of other amendments required to the OWDP to give effect to this chapter, notably:</p> <ul style="list-style-type: none"> • The OWDP will need to map or otherwise identify the coastal environment. • While not identified as a principle to be broadly applied, the OWDP does apply the precautionary approach principle in relation to the hazard rules for Mokau. Council may wish to consider whether this application is too narrow, and should be expanded to other areas of the coast, particularly given the ongoing effects of climate change. Climate change, and provisions to deal with its effects, are not mentioned in the OWDP. • While the OWDP makes no specific mention of regionally significant industry, this is largely left to the Council to define with the community and

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
			stakeholders. The OWDP does include provisions to enable primary production in rural areas.
5. Air	Yes	This chapter primarily provides direction for the Regional Council. It does state that the Regional Council will work with TAs to manage adverse effects on amenity resulting from discharges to air.	No specific requirements to give effect to RPS.
6. Built Environment	No	<p>This chapter broadly aims to ensure infrastructure is co-ordinated with land use.</p> <p>Key points from this chapter are:</p> <ul style="list-style-type: none"> • Local authorities should have regard to a set of ‘development principles’ when preparing plan changes. • Local authorities should have regard to reverse sensitivity when preparing plan changes. • District plans are to establish coastal setbacks for development. • District plans shall include provisions that provide for a long-term strategic approach to the integration of land use and infrastructure. 	<p>At present the permissive nature of the OWDP is allowing development that is occurring to occur in an ad hoc manner. There is a high degree of uncertainty for infrastructure providers to plan for new services and upgrades in the absence of a more rigid zoning approach for activities.</p> <p>To a large extent the degree to which the OWDP does or does not give effect to many of the built environment provisions of the RPS is dependent on the extent to which growth and development is occurring or is anticipated to occur, and where it will occur.</p>

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • District plans shall make appropriate provision for development of marae and papakāinga. • District plans should encourage energy-efficient urban development. • District plans shall ensure that the effectiveness and efficiency of existing and planned regionally significant infrastructure is protected. • District plans shall include provisions to protect, as appropriate, access to significant mineral resources. 	
7. Coastal Marine Area		This chapter primarily provides direction for the Regional Council. It does state that local authorities should promote and support initiatives to improve marine water quality such that adverse effects on marine water quality are lessened.	No specific requirements to give effect to the RPS.
8. Fresh water bodies	No	Although primarily providing direction for Regional Council, this chapter does have methods directed at territorial authorities. Within their functions under Section 31 of the RMA, these methods seeks that TAs:	The OWDP includes provisions that reflect that land use needs to be controlled to manage effects on water quality. This is particularly the case in the Rural zone, and is reflected in provisions that aim to control effluent disposal, sedimentation and runoff,

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • Include provisions in district plans to ensure that the natural functioning and ecological health of fresh water bodies and coastal water is maintained and where appropriate enhanced • Manage the effects of subdivision, use and development, including through water conservation measures, low impact design stormwater networks, design that minimises contaminants in waterways, creation and protection of esplanade reserves, and addressing effects on migration of species. <p>This chapter also directs that district plans shall recognise the Vision and Strategy for the Waikato River as the primary direction-setting document for the Waikato River and its catchment; and b) ensure activities within the Waikato River catchment are controlled with respect to any adverse effects on the health and wellbeing of the Waikato River,</p>	<p>vegetation clearance, extractive industry, promote preservation of riparian areas, and maintain natural character.</p> <p>Recent legislative direction in the form of the Vision and Strategy for the Waikato and Waipa Rivers and NPS for Freshwater Management have effectively raised the bar in terms of expectations of District Plans to assist in delivering on objectives. While the type and combination of methods to address the Vision and Strategy and NPS will reflect existing and likely land use patterns in Waitomo, and identified values of iwi and the community, a broader suite of measures is likely to be required to provide a degree of certainty and comfort that activity will not have adverse effects on the river system.</p>
9. Geothermal	N/A	Not applicable to Waitomo	Not applicable to Waitomo

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
10. Heritage	No	<p>Key points from this chapter are:</p> <ul style="list-style-type: none"> • District plans shall provide for the protection of historic and cultural heritage from inappropriate subdivision, use and development. • Local authorities should work with tāngata whenua to identify opportunities to maintain or enhance their relationship with their rohe through recognition, protection, maintenance or enhancement of Māori cultural landscapes and should provide for these within district plans. 	<p>The OWDP contains a reasonably extensive and robust set of provisions to address historic heritage, including objectives that contain strong directive wording such as ‘protect’ and ‘do not adversely affect’. Updating the inventory of heritage items will be an important part of the plan review. In this respect, an identifiable gap is that the OWDP does not have provisions that identify or provide for the recognition, protection, maintenance or enhancement of Maori cultural landscapes.</p>
11. Indigenous Biodiversity	No	<p>Key points from this chapter are:</p> <ul style="list-style-type: none"> • District plans shall maintain or enhance indigenous biodiversity, including by: <ul style="list-style-type: none"> ○ providing for positive indigenous biodiversity outcomes when managing activities including subdivision and land use change. ○ creating buffers, linkages and corridors to protect and support indigenous biodiversity values, including esplanade reserves and 	<p>The OWDP requires resource consent for clearance of indigenous vegetation as a discretionary activity. As part of the consenting process, the vegetation is subject to an assessment of significance.</p> <p>While the OWDP provides an appropriate trigger for determining and assessing significance, the assessment criteria do not give effect to the RPS. For example, there is no recognition of the need to achieve no net loss (or how this would occur), nor a recognition of the need to avoid effects in preference to mitigation or remediation for significant</p>

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<p>esplanade strips to maintain and enhance indigenous biodiversity values.</p> <ul style="list-style-type: none"> • District plans shall recognise that adverse effects on indigenous biodiversity within terrestrial, freshwater and coastal environments are cumulative. • District plans shall require that where loss or degradation of indigenous biodiversity is authorised, adverse effects are remedied or mitigated. Remediation or mitigation must result in no net loss of the region's indigenous biodiversity. • District plans shall protect and where appropriate enhance areas of significant indigenous biodiversity. • Activities must avoid the loss or degradation of areas of significant indigenous biodiversity, in preference to remedying or mitigating adverse effects. 	<p>vegetation. There is also no guidance as to how activities may enhance areas of indigenous vegetation in order to assist with achieving the no net loss principle.</p> <p>Council will need to consider the appropriateness of permitted activity provisions (including allowance to cut a 10m wide farm track) in the context of providing for positive indigenous biodiversity and achieving no net loss. In this respect, ecological expertise should be sought. The permitted activity allowances include consideration of presence of significant vegetation, however the permitted activity status would not trigger the assessment for this to occur.</p> <p>The significance criteria also need to be updated to reflect the 11 criteria for significance in the RPS.</p> <p>This section of the RPS is still subject to appeals before the Environment Court, and is therefore subject to change.</p>
12. Landscapes	No	Key points from this chapter are that district plans:	In terms of determining the areas to which landscape objectives, policies and rules will apply, the Proposed

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • Shall identify and provide for the protection of the values and characteristics of outstanding natural features and landscapes, including those of regional significance. One landscape of regional significance is identified in Waitomo District (Northern Herangi Range). • Must map or otherwise identify areas of high natural character in the coastal environment • Ensure activities are appropriate with respect to the level of natural character • Shall ensure areas of particular amenity value to regional or local communities are appropriately recognised and the qualities and characteristics for which they are valued are maintained or enhanced • Shall provide for the enhancement of public access to and along the coastal marine area, lakes, and rivers 	<p>Waikato RPS provides assessment criteria for determining outstanding landscapes and high natural character, and provides direction for district Councils to assess landscapes using this criteria (or similar). Until an assessment of landscapes and natural character is undertaken in accordance with the Proposed Waikato RPS, it would be inappropriate to consider the OWDP give effect to the RPS. This is particularly evident given that the OWDP does not include the Northern Herangi Range as an outstanding landscape (as identified in the RPS).</p>
13. Natural Hazards	No	Key points from this chapter are that district plans:	The OWDP identifies risk management as the basis for identifying areas within which risk will be managed.

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • Shall incorporate a risk-based approach into the management of subdivision, use and development in relation to natural hazards • Shall control subdivision to avoid creating demand for new structures within identified high risk flood zones and identified primary hazard zones, and areas at high risk of coastal hazard. • Shall identify the location of areas: <ul style="list-style-type: none"> ○ potentially affected by coastal hazards, prioritising the identification of those areas at high risk; and ○ affected by high risk flood hazard. • Limit instances where Subdivision, use and development can only occur in a floodplain with an annual exceedance level of 1% (where the floodplain does not match the definition of being a High Risk Flood Zone) or in an identified potential coastal hazard area 	<p>While this is broadly in line with the risk based approach advocated through the Proposed Waikato RPS, application of provisions that relate to acceptable, tolerable and intolerable risk are not clearly evident. However these may be inherent in the provisions the control development i.e. the Council and community have considered risk levels, and the OWDP provisions reflect the communities response to the various levels of risk.</p> <p>While OWDP provisions address new development, it does little to address the issues associated with existing development and long term strategic thinking for managing coastal erosion. While existing use rights will apply, there is significant scope for the district plan establish a policy for long term managed retreat and risk reduction/avoidance. There is also no policy approach with respect to the use of hard structures in the coastal environment.</p> <p>While coastal hazard areas are identified, a district plan review is an opportunity to assess the ongoing appropriateness of the spatial extent of these areas, taking into account current national/regional</p>

Proposed RPS Policy Chapters	Operative Waitomo District Plan gives effect to Policy?	Summary of direction given by Policy	Extent to which OWDP gives effect to Policy
		<ul style="list-style-type: none"> • Shall identify residual risk zones and control subdivision, use and development within these zones so that residual risk is minimised. 	<p>guidance, recent erosion levels, and the latest data relating to sea level rise.</p> <p>The OWDP does not identify high risk flood zones, residual risk zones or floodplains, in order to give effect to the Proposed Waikato RPS.</p>
14. Soils	No	<p>Key points from this chapter are that district plans:</p> <ul style="list-style-type: none"> • Shall give priority to productive uses of high class soils over non-productive uses 	High class soils are not differentiated in the OWDP in order to be retained for productive use.