

Document No: A430553	
Report To:	Council
	Meeting Date: 28 May 2019
	Subject: Receipt and Adoption of Risk Management Framework and Implementation Plan
	Type: Decision required

Purpose of Report

- 1.1 The purpose of this business paper is to provide Council with recommendations from Audit and Risk Committee (ARC) meetings held on 12 February 2019 and 14 May 2019 relating to Council's Risk Management Framework and Implementation Plan.

Background

- 2.1 Following an ARC Workshop in 2018 on the need for and form of a structured approach to the identification and mitigation of key organisational risks, a formal Risk Management Framework was agreed at the 12 February 2019 meeting of ARC.
- 2.2 Subsequent to that, a programme of implementation, monitoring and reporting on progress towards developing WDC's risk maturity was agreed by ARC at its meeting of 14 May 2019.
- 2.3 The recommendations of the ARC in respect of both the above documents are now presented to Council for adoption.

Commentary

- 3.1 The ARC at the 12 February 2019 meeting, resolved the following recommendations to Council:
 - 1 Council adopts the Risk Management Framework incorporating the overarching and strategic risks identified in the Strategic Risks Register
 - 2 Council notes and agrees the proposed controls and treatments needed to address the identified residual strategic risks, and the need for additional resourcing to implement those measures.
 - 3 Council notes that the additional resourcing requirements will be introduced through the draft 2019/20 Exceptions Annual plan process.
 - 4 Council notes that monitoring and reporting progress towards developing the maturity of Council's Risk Management Framework will take place in accordance with Council's Roadmap.

3.2 The ARC at the 14 May 2019 meeting, resolved the following recommendations to Council:

- 1 Council adopts the Risk Management Implementation Plan for intervention of the strategic residual risks identified in the Strategic Risk Register.
- 2 Council notes that the Audit and Risk Committee will undertake an annual review of the Risk Register in May of each year, including a review of any externalities impacting on or introducing new, strategic risks, to ensure changing circumstances are anticipated, monitored and mitigated accordingly.
- 3 Council notes that ARC will develop a monitoring and reporting programme in May for the financial year ahead, linked to the agreed strategic risks, and to form part of ARC's agenda programme for the year.

Considerations

4.1 Risk

4.2 The suggested resolutions are fundamental to effective management of Council's strategic risks. The work done to date by ARC has established a risk management framework and implementation plan that provides a structured approach to the identification and mitigation of key organisational risks. Not adopting the recommended framework or implementation plan would simply leave Council at its current level of risk exposure. That exposure may become more problematic over time if not addressed through the risk controls and measures that have been identified and recorded in the risk register.

5.1 Consistency with Existing Plans and Policies

5.2 The suggested resolutions are in effect inherent in, but not formally addressed by, Council's existing plans and policies. They represent new operational practices to inform Council's future decision making. They are consistent with Council's earlier policy decision to establish a framework that addresses management of strategic organisational risks.

6.1 Significance and Community Views

6.2 Section 78 of the LGA requires WDC to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.

6.3 In this instance, the matter for decision is internal to Council's management practices. There is no enhanced value or requirement for Council to consult on this matter.

6.4 The suggested resolutions do not trigger WDC's Significance and Engagement Policy.

Suggested Resolutions

- 1 The business paper Risk Management Framework and Implementation Plan be received.
- 2 The Risk Management Framework incorporating the overarching and strategic risks identified in the Strategic Risk Register be adopted.
- 3 Council note and agree the proposed controls and treatments needed to address the identified residual strategic risks, and the need for additional resourcing to implement those measures.
- 4 Council note that the additional resourcing requirements will be introduced through the draft 2019/20 Exceptions Annual plan process.
- 5 Council note that monitoring and reporting progress towards developing the maturity of Council's Risk Management Framework will take place in accordance with Council's Road Map Work Programme.
- 6 The Risk Management Implementation Plan for intervention of the strategic residual risks identified in the Strategic Risk Register be adopted.
- 7 Council note that the Audit and Risk Committee will undertake an annual review of the Strategic Risk Register in May of each year, including a review of any externalities impacting on or introducing new, strategic risks, to ensure changing circumstances are anticipated, monitored and mitigated accordingly.
- 8 Council note that the Audit and Risk Committee will develop a monitoring and reporting programme in May for the financial year ahead, linked to the agreed strategic risks, and to form part of Audit and Risk Committee's agenda programme for the year.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

17 May 2019

Document No: A423812

Report To: Council



Meeting Date: 28 May 2019

Subject: **Adoption of Exceptions Annual Plan 2019-2020**

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to:
- a. Present the final Exceptions Annual Plan 2019-20 (final 2019 EAP) for Council consideration and adoption as per Section 95 of the Local Government Act 2002, and
 - b. Set the rates for the 2019-20 financial year pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002 (LGRA 2002).

Background

- 2.1 The Local Government Act 2002 (LGA) requires the development of an Annual Plan for each year in between the Long Term Plan (LTP) review cycle of three years. The purpose of the Annual Plan as per section 95(5) of the LGA is to:
- a. Contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and
 - b. Identify any variation from the financial statements and funding impact statement included in the Council's long term plan in respect of that year, and
 - c. Provide integrated decision making and co-ordination of the resources of Council; and
 - d. Contribute to the accountability of the Council to the community.
- 2.2 The Annual Plan is an 'Exceptions' based document that is required to focus on any variations from the forecast and plans identified for the corresponding year in the LTP.
- 2.3 Section 95 (5) (b) of the LGA requires Council to identify any variations from Financial Statements and the Funding Impact Statement from a local authorities long term plan to the relevant annual plan year.
- 2.4 At its meeting on 26 March 2019, a business paper was put forward to Council regarding the significance level of variations in Council's draft 2019/20 Exceptions Annual Plan to its forecasts in the long term plan for the 19/20 year.
- 2.5 Council agreed at this meeting that the draft information for the final 2019 EAP did not include any significant or material variations to the forecasts contained for that year in the LTP and resolved not to undertake a consultation process on the

Exceptions Annual Plan 2019-20 as a consequence of there being no significant or material variations or departures.

Commentary

Audit of the final 2019 EAP

- 3.1 No audit of the proposals for the final 2019 EAP was carried out by Council's Auditors, as there are no material or significant changes in the final 2019 EAP to the plans and proposals contained in the LTP for the 19/20 year.
- 3.2 Commentary on the key details in the final 2019 EAP is contained in the following section.

Work Programme and Projects for 2019 EAP

- 3.3 The final 2019 EAP document is enclosed separately and forms part of this Business Paper.
- 3.4 For the 2019/20 year, Council intends to continue progress on its focus areas of Community Connectivity and Development, Economic Development, and Good Asset Stewardship and Management; in a financially prudent and sustainable manner.
- 3.5 The key initiatives and plans for the 19/20 year are:
- Continuation of the District Plan review
 - Support for a range of district promotion and marketing initiatives
 - Continue to develop and implement the Vibrant, Safe Waitomo initiative
 - Upgrade of the Te Kuiti railway overbridge
 - Health and safety improvement works and new runway for Te Kuiti Aerodrome
 - New public toilets at Mokau
 - Investigation of new public toilets at Waitomo Village
 - Development of coastal reserves
 - Improvements to Mokau water treatment plant filtration system
 - Completion of a new pipeline to Piopio reservoir
 - Obtain resource consent for and start capacity extension of Waitomo District landfill
- 3.6 The financial details of carrying out the planned work streams and delivering on the levels of service are presented below.

Revenue and Expenditure

- 3.7 The Cost of Service Statement in **Table 1** illustrates that Council's planned Net Operating Expenditure for the final 2019 EAP is \$381,000 (1.39%) higher than the forecast contained in the 2018-28 LTP.

LTP 2018/19 \$000's	Cost of Service Statement for All of Council	LTP 2019/20 \$000's	EAP 2019/20 \$000's	VARIANCE to LTP \$000's
13,104	Total Operating Income	13,995	14,920	925
29,920	Total Operating Expenditure	30,041	30,333	292
16,816	Net Operating Cost/(Surplus)	16,046	15,413	(633)
10,254	Total Capital Expenditure	11,369	12,383	1,014
27,070	Total Net Expenditure	27,415	27,796	381
	Funded by			
3,934	Internal Loans	3,877	4,318	441
(779)	External Loan Repayments	(1,139)	(999)	140
3,859	Reserves	4,003	3,939	(64)
20,056	General Rates, UAGC and Service Charges	20,674	20,538	(136)
27,070	Total Funding	27,415	27,796	381

3.8 Total forecast **operating expenditure** increased by \$292,000 (0.97%) more than the LTP forecast. The main contributors to the increase in the Total Operating Expenditure are:

- The 2018-28 LTP included a budget of \$1.5 million for the grant for the NKC Stadium, with \$1M forecast for 18/19 and \$0.5m in 19/20. The forecast expenditure has now been re-sequenced with \$1m forecast for 19/20 and \$0.5m in the following year resulting in an increase in forecast expenditure in 19/20.
- Some operating costs in the Compliance portfolio are now included in the 2019 EAP that were not forecast in the 2018-28 LTP like, implementation of an online building consenting system to support the delivery of the building control services, increased costs associated with the District Licencing Committee and expenditure for the monitoring of freedom camping activity.
- These increases are partly offset by a decrease in forecast interest expenditure due to the difference in opening public debt position that interest is calculated on, and a decrease in the interest rate assumption compared to what was used in the LTP 2018-28.

3.9 The forecast **operating income** for final 2019 EAP is \$925,000 (6.6%) higher than the LTP forecast. The main contributors to the increase in total operating income are:

- An increase in the forecast subsidy revenue for Roads and Footpaths activity due to the anticipated funding for the upgrade of the Te Kuiti railway overbridge.
- Forecast increase in resource consent revenue resulting from potentially more complex resource consent applications being received.

3.10 There is an overall increase in capital expenditure planned for 19/20 year (compared to the 2019/20 year in the LTP 2018-28) which is mainly due to:

- Health and safety improvements at Te Kuiti aerodrome
- Development of coastal reserves and Tainui Domain
- Further investigation and design for Te Kuiti Holiday Park.

Funding Sources

3.11 The rates revenue requirement in the final 2019 EAP is \$20.54 million, an overall average **2.4%** rates requirement increase over the current year and is **0.68% less** than the forecast contained in the 2018-28 LTP (3.08% increase was forecast).

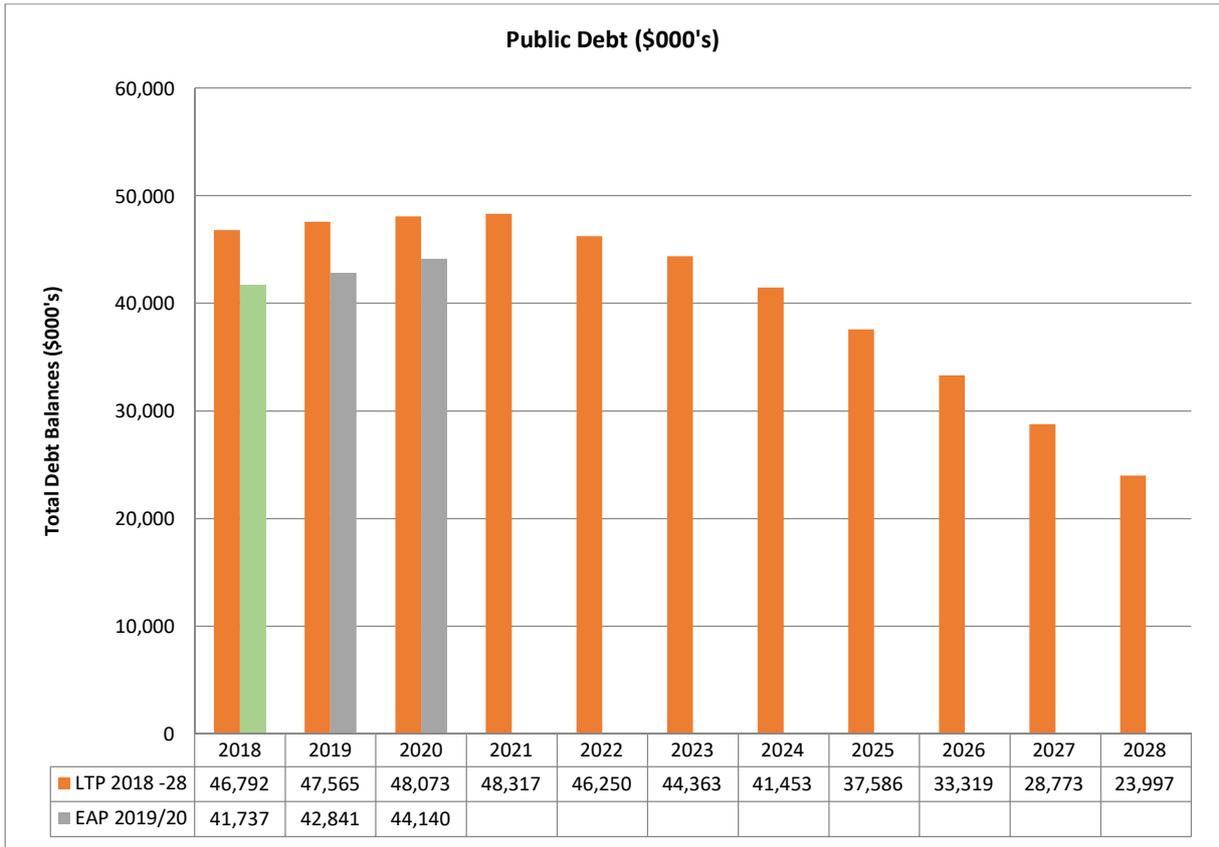
3.12 Table 2 shows the rates types that the \$20.54 million rates requirement is comprised of.

Table 2

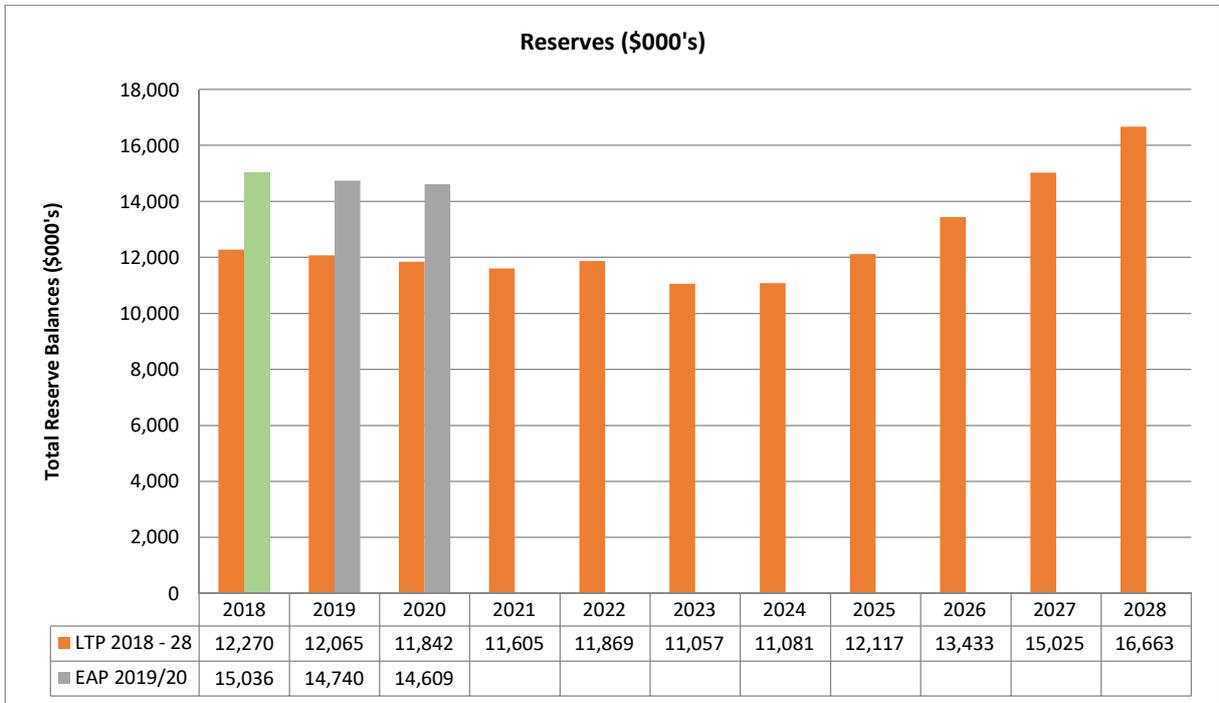
LTP 2018/19 \$000's	STATEMENT OF FUNDING SOURCES	LTP 2019/20 \$000's	EAP 2019/20 \$000's	VARIANCE to LTP \$000's
	Targeted Rates and Service Charges			
2,503	Sewerage	2,543	2,485	(58)
1,948	Water	1,988	1,804	(184)
750	Metered Water Rate	799	881	82
345	Targeted Services Rate	370	378	8
330	District Development Rate	341	346	5
16	Piopio Retirement Village Contribution	16	16	0
5,380	District Rooding Rate	5,298	5,048	(250)
767	Solid Waste Management	951	858	(93)
206	Solid Waste Collection	211	205	(6)
406	Stormwater	412	455	43
4	Marokopa Community Centre	4	4	0
12,655	Forecast Total Targeted Rates and Service Charges	12,933	12,480	(453)
3,355	UAGC	3,639	3,464	(175)
4,046	General Rates	4,102	4,594	492
20,056	Forecast Total Rates Requirement	20,674	20,538	(136)
	<i>Percentage Rates Increase</i>	<i>3.08%</i>	2.40%	

Public Debt and Reserves

3.13 The external public debt at the end of the 2019/20 year is forecast to be \$3.9 million **less than** the forecast contained in the 2018-28 LTP. The graph below illustrates the favourable trend in debt reduction.



3.14 The following graph illustrates the Reserves balances as forecast in the LTP for 2019/20 and the forecast in the 2019 EAP once again demonstrating a positive trend of reserve balances being higher than forecast.



3.15 The 2019 EAP forecast for the Reserves balances is a \$2.77 million increase over the LTP forecast for 19/20.

Analysis of Options

- 4.1 Council is required under the Local Government Act 2002 to adopt an annual plan prior to 1 July.
- 4.2 At the 26 March 2019 meeting, Council agreed that the proposed variations to the work programme, debt levels and rates for the 2019/20 year were not significant or material compared to the forecasts contained in the corresponding year in the LTP. For this reason, Council considered that consultation on the 2019 EAP was not required and agreed to adopt the 2019 EAP on 28 May 2019.
- 4.3 Council has the option of making further change to the final 2019 EAP, if it considers that some significant changes have occurred in the operating environment that must be taken into account in its planning for the 2019/20 year, however this could delay the start of the work programs for no defined advantage and is therefore not the preferred option.
- 4.4 Staff are not aware of any such circumstances that would require changes to the final 2019 EAP at this stage.

Considerations

5.1 Risk

- 5.2 There is a public perception risk in not consulting, in that the community may not agree with Council's assessment that the changes to the final 2019 EAP are not material or significant. However, for the proposed final 2019 EAP this risk is considered to be low.
- 5.3 It is considered unlikely that the view of "no significant or material changes" would be challenged or if it was then that it would be successful, where the levels of service are unchanged, the larger changes to the work programme (which are few) are in the timing of projects that have already been consulted on, and where debt levels and proposed rates are lower than forecast.
- 5.4 Further to this, as there is no consultation on the EAP with the community, Council is able to adopt the final 2019 EAP earlier than usual. There is a small risk that an issue may come to light or an unexpected event may occur that has not been included in the budgets for the 19/20 year. However this would also be the case if the EAP was adopted in the later part of June so this risk is considered equivalent in either circumstance.

6.1 Consistency with Existing Plans and Policies

- 6.2 The Financial Forecasts for the 19-20 EAP are consistent with the forecasts contained in the corresponding year of the 2019-20 LTP and the variations are not considered to be material.
- 6.3 There are no changes to the levels of service agreed with the community through the 2019-20 LTP.

6.4 Significance and Community Views

- 6.5 Section 78 of the LGA requires Council to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.
- 6.6 Community views on lower debt levels and rates increases are known to Council through the LTP and Annual Plan processes as well as the annual Residents Survey and the views of the community on Council's overall direction, work plans and projects have been well canvassed through the 2018-28 LTP process.

Recommendation

- 7.1 Council undertook a robust process in developing the 2018-28 Long Term Plan. The programme of work in the final 2019 EAP and the financial forecasts therein are aligned with the forecasts contained in the 2018-28 LTP for the corresponding year (although there are some timing changes).
- 7.2 It is recommended that Council adopt the final 2019 EAP and rates resolution.
- 7.3 The setting and assessment of the rates for the 2019/20 financial year, as recommended for resolution by Council in this business paper, reflect the intent of the final 2019 EAP document as presented.

Suggested Resolutions

- 1 The business paper on Adoption of Exceptions Annual Plan 2019-20 be received.
- 2 Council adopt the Exceptions Annual Plan 2019-20.
- 3 That the Chief Executive be delegated authority to make any final editorial amendments to the draft Exceptions Annual Plan 2019-20 document and any changes requested by the Council at this meeting.
- 4 Pursuant to Sections 23 and 24 of the Local Government (Rating) Act 2002, Council set the rates, charges and instalment due dates for the 2019/20 financial year commencing 1 July 2019 and ending on 30 June 2020 as follows:

1. GENERAL RATE

A General Rate set under section 13 of the Local Government (Rating) Act 2002 (LGRA) made on every rating unit across the District, assessed as a rate per \$100 of capital value. The General Rate is not set differentially. The General Rate will contribute to the funding of:

- Governance: Leadership and Investments
- Leased Reserves
- Other Land and Buildings
- District Libraries
- Aquatic Centre
- Arts, Culture and Heritage
- Aerodrome
- Public Amenities
- Parks & Reserves
- Elderly Persons Housing
- Community Halls
- Cemeteries

Community Support
 District Development
 Emergency Management
 Compliance
 Waste Minimisation
 Resource Management

Requirement in 2019/20 (incl. GST)

General Rate	Rate per \$100 capital value	Total Revenue Requirement (\$000)
All rating units in the District	0.15229	5,284

2. UNIFORM ANNUAL GENERAL CHARGE

A Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District, set under Section 15(1)(b) of the LGRA. The UAGC will contribute to the funding of:

Governance: Leadership and Investments
 Parks and Reserves
 District Libraries
 Aquatic Centre
 Arts, Culture and Heritage
 Other Land and Buildings
 Public Amenities
 Leased Reserves
 Elderly Persons Housing
 Community Halls
 Cemeteries
 Aerodrome
 Community Support
 Emergency Management
 Compliance
 Resource Management
 Waste Minimisation
 Subsidised Roothing

Requirement in 2019/20 (incl. GST)

Uniform Annual General Charge	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the district	\$703	3,984

Definition of SUIP

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.

3 TARGETED RATES

Targeted Rates are set on categories of land defined by some factor, such as geographic location or provision of service. The titles of 'Targeted Rate' (TR) and 'Targeted Fixed Rate' (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

Targeted Rates Differentiated on Location

Council will use location (Schedule 2(6) LGRA) to define the land liable for the Targeted Services TFR, Piopio Retirement Village Contribution TFR, Rural Stormwater TFR, Te Kuiti Urban Stormwater TFR and targeted rate, and the Marokopa Community Centre TFR.

The following location definitions for the respective rating areas will apply:

Te Kuiti Urban Rating Area	<i>All rating units situated within the Te Kuiti Urban Ward (Refer to Revenue and Financing Policy for further details)</i>
Te Kuiti Urban and Periphery Rating Area	<i>All rating units situated within a 5km radius, all around, from the Information Centre (deemed to be the centre of town), in Te Kuiti. (Refer to Revenue and Financing Policy for further details)</i>
Rural Rating Area	<i>All rating units situated within the Rural Ward (Refer to Revenue and Financing Policy for further details)</i>
Piopio Township	<i>All rating units connected or with the ability to connect to the Piopio Sewerage System (Refer to Revenue and Financing Policy for further details)</i>
Piopio Wider Benefit Rating Area	<i>All rating units situated in the rural areas around Piopio Township (excluding Rating units/SUIP's connected or with the ability to connect to the Piopio Sewerage System) that are deemed to indirectly benefit from the Piopio Sewerage reticulation network. (Refer to Revenue and Financing Policy for further details)</i>
Marokopa Community Centre Rating Area	<i>Any separately used or inhabited part of a rating unit within the defined Marokopa Community Centre area (as contained in the Revenue & Financing Policy)</i>

3.1 Targeted Services TFR

A Targeted Services TFR set under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit in the District, differentiated by rating areas, to part fund the Unsubsidised Roothing Activity and part fund the Aquatic Centre Activity. The rating areas for the purpose of assessing the Targeted Services TFR will be the Te Kuiti Urban and Periphery Rating Area and Rating Units in the District not in the Te Kuiti Urban and Periphery Rating area.

Requirement in 2019/20 (incl. GST)

Targeted Services (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery Rating Area	\$137	328
Rating Units in the District not in the Te Kuiti Urban and Periphery Rating Area	\$32	106

3.2 Piopio Retirement Village Contribution TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit situated within the Piopio Township and the Piopio Wider Benefit Rating Area to fund the support of the continued delivery of elderly housing accommodation services provided by the Piopio Retirement Trust Inc. through the remission of service charges.

Requirement in 2019/20 (incl. GST)

Piopio Retirement Village Contribution (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area and Piopio Township	\$24	18

3.3 Rural Stormwater TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2019/20 (incl. GST)

Rural Stormwater (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Rural Rating Area	\$15	54

3.4 Te Kuiti Urban Stormwater TFR and Targeted Rate.

- (i) Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit in the Te Kuiti Urban Rating Area to partly fund the Urban Stormwater Activity.
- (ii) Council set a Targeted Rate under section 16 of the Local Government (Rating) Act 2002 to partly fund the Urban Stormwater Activity, to be assessed as a rate per \$100 of Capital value on every rating unit in the Te Kuiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2019/20 (incl. GST)

Urban Stormwater (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area	\$163	295

Urban Stormwater Targeted Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area (excluding rating units not using network)	0.03768	174

3.5 Marokopa Community Centre TFR

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 assessed per separately used or inhabited part of a rating unit within the defined Marokopa Community Centre Rating Area.

Requirement in 2019/20 (incl. GST)

Marokopa Community Centre (TFR)	Charge Per SUIP	Total Revenue Requirement (\$000)
Marokopa Community Centre Rating Area	\$22	5

3.6 Water Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 for Water Supply differentiated on the basis of supply area. The TFR is set per separately used or inhabited part of a rating unit within Te Kuiti and Rural Communities (Piopio, Benneydale and Mokau), with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Council).

Requirement in 2019/20 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Te Kuiti	\$575	\$288	1,214
Piopio	\$1,103	\$552	276
Benneydale	\$1,103	\$552	133
Mokau	\$1,103	\$552	244

3.7 Extraordinary Water Supply Rate

Council set a TR under section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area, for any rating unit situated in Te Kuiti, Piopio, Benneydale or Mokau that has been fitted with a water meter and/or is defined as having an extraordinary supply (in accordance with Council's Water Service's Bylaw). The rates are:

Requirement in 2019/20 (incl. GST)

Water Supply Rate (TR)	2019/20 Charge per cubic metre (including GST) above 292m³
Te Kuiti	\$2.53
Piopio	\$3.59
Benneydale	\$4.83
Mokau	\$6.03
Total Revenue Requirement (\$000)	1,013

Metered Water Supply Due Dates

	Reading Period	Due Date
Te Kuiti Meat Companies	Monthly	15 th of the month following invoice
Te Kuiti, Piopio, Mokau and Benneydale	Jul – Dec 2019 Jan – Jun 2020	15 th of the month following invoice

3.8 District Wide Benefit Rate for Water Supply

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 on every rating unit within the District to part fund the water supply activities.

Requirement in 2019/20 (incl. GST)

District Wide Benefit Rate for Water Supply (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$44	208

3.9 Sewerage Rates

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 to provide for the collection and disposal of sewage. The TFR is set per separately used or inhabited part of a rating unit within the District, with liability calculated based on whether the SUIP is connected to the sewerage network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council).

Requirement in 2019/20 (incl. GST)

Sewerage (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Benneydale	\$1,028	\$514	115
Te Waitere	\$1,028	\$514	17
Te Kuiti	\$1,028	\$514	1,750
Piopio	\$1,028	\$514	222

3.10 Sewerage rates for non-residential properties in Te Kuiti

For all non-residential properties in Te Kuiti, Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per SUIP set on a differential basis based on the following Categories

- **Category 1** - All Businesses
- **Category 2** - Education & Community Childcare, Places of Worship, Marae, Clubs and Societies and Emergency Services. This category consists of organisations that are generally deemed 'not for profit'. For avoidance of doubt, Category 2 only covers properties with uses listed within this category and no others.
- **Category 3** - Government Department use, Rest Homes and Hospitals.

All non-residential SUIPs will be charged one base charge for up to four pans and per pan (Pan Charge) for every pan over and above this threshold on the following basis:

Base Charge:

Requirement in 2019/20 (incl. GST)

Non- Residential Targeted Rate (TFR)	Base Charge per SUIP (up to 4 pans)	Per serviceable SUIP	Total Revenue Requirement (\$000)
Category 1	\$514	\$514	107
Category 2	\$514	\$514	23
Category 3	\$1,028	\$514	19

Pan Charge:

Requirement in 2019/20 (incl. GST)

Non- Residential Targeted Rate (TFR)	Number of pans	Charge per pan (Pan Charge)	Total Revenue Requirement (\$000)
Category 1	5th pan and over	\$720	76
Category 2	5-10 Pans	\$309	3
	Over 10 Pans	\$206	25
Category 3	5th pan and over	\$720	44

3.11 Trade Waste Contribution - TFR

Council set a Trade Waste Contribution TFR under section 16 of the Local Government (Rating) Act 2002 per rating unit in the District in recognition of the contribution made to the social and economic well-being of the District by the large industrial users of the Te Kuiti Wastewater Network.

Requirement in 2019/20 (incl. GST)

Trade Waste Contribution (TFR)	Charge Per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$40	190

3.12 District Wide Benefit Rate for Sewerage

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 on every rating unit within the District to part fund the sewerage activities.

Requirement in 2019/20 (incl. GST)

District Wide Benefit Rate for Sewerage (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$56	267

3.13 District Rooding Rate

Council set a District Rooding targeted rate under section 16 of the Local Government (Rating) Act 2002 as a rate per \$100 of capital value on every rating unit across the District to part fund Subsidised Rooding (part of Roads and Footpaths Activity).

Requirement in 2019/20 (incl. GST)

District Roding Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
All rating units in the District	0.16731	5,805

3.14 Solid Waste Collection Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services (Te Kuiti, Piopio, Mokau (including Awakino) communities and Waitomo Village and some surrounding parts).

Requirement in 2019/20 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti	\$59	120
Waitomo	\$66	43
Piopio	\$131	31
Mokau	\$137	42

3.15 Solid Waste Management Rate

Council set a TFR under section 16 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit District wide to part fund the activity of Solid Waste Management.

Requirement in 2019/20 (incl. GST)

Solid Waste Management (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the District	\$175	987

3.16 District Development Rate

Council set a District Development Targeted Rate under section 16 of the Local Government (Rating) Act 2002 as a rate per \$100 of capital value differentiated between Commercial and Industrial Businesses, and Rural Businesses, to part fund Economic Development, Visitor Information Centre, District and Regional Promotion and Event Co-ordination activities.

Requirement in 2019/20 (incl. GST)

District Development Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.05126	199
Rural Businesses	0.00894	199

4 RATES PAYMENTS

Rates will be payable in four equal instalments with the due dates for payments being:

1st Instalment	30 August 2019 (Friday)
2nd Instalment	29 November 2019 (Friday)
3rd Instalment	28 February 2020 (Friday)
4th instalment	29 May 2020 (Friday)

Note

The due date for payment of each instalment is the last working day in each of the months specified above. Rates payments will be allocated to the oldest debt first.

5. RATES REMISSIONS AND POSTPONEMENTS

Council has developed a rates remissions policy as per LGA (section 102 (3)(a), 108 and 109) and LGRA (Section 85). Remissions categories include Properties Used Jointly as a Single Unit, Community Organisations, Organisations Providing Care for the Elderly, Clubs and Societies, Council Properties, Maori Freehold Land, Penalties, Rates and/or penalties following a Rating Sale or Abandoned Land Sale, New Residential Subdivisions, Financial Hardship, Land Affected by Natural Calamity and New Businesses. The value of these remissions is \$300,000 for the 2019/20 year.

Under the Policy on Remission of Rates, Council will not offer any permanent postponements of rates.

6. PENALTIES

Pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, Council may apply penalties as follows:

- (a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2019 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:
- | | |
|--------------|------------------|
| Instalment 1 | 3 September 2019 |
| Instalment 2 | 3 December 2019 |
| Instalment 3 | 3 March 2020 |
| Instalment 4 | 3 June 2020 |
- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2019 that remains unpaid on 1 July 2019, to be added on 5 July 2019.
- (c) No penalties will be charged where a ratepayer is paying rates by direct debit or where there is an approved payment arrangement in place.

VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

17 May 2019

Separate Enclosure: Final Exceptions Annual Plan 2019-20 (#A430828)

Document No: A429671

Report To: Council



Meeting Date: 28 May 2019

Subject: Draft Fees and Charges 2019/20 for Adoption

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present the Draft Fees and Charges for 2019/20 to Council for adoption.

Background

- 2.1 In setting the fees and charges Council must do so in a manner set by section 150 of the Local Government Act 2002, namely that the fees and charges must represent the recovery of fair and reasonable costs incurred by Council in the matter for which the fee is charged.
- 2.2 Council is guided by its Revenue and Financing Policy (RFP) which provides information on funding sources that are available to Waitomo District Council (WDC) and provides the rationale for the use of each funding source. Fees and charges (FCs) are a legitimate source for funding activities (or parts of activities) and the rationale for their use in funding certain activities are set out in detail in the RFP.
- 2.3 Council is required to undertake a special consultative procedure when amending FCs set under certain Acts like the Food Act 2014, Resource Management Act 1991, Sale and Supply of Alcohol Act 2012, Dog Control Act 1996 and the Building Act 2014. Council adopted a statement of proposal for the FCs for 2019/20 at its meeting on 26 March 2019 and the proposed FCs were open for public feedback from 4 April 2019 to 6 May 2019.
- 2.4 During the consultation period the opportunity to make a submission was advertised on Council's website and through other media, including on Council's Facebook page and in the Waitomo News. Consultation material was made available at the i-Site, the Library and at Council's main reception.

Commentary

- 3.1 The changes that were proposed to Fees and Charges (FCs) for 2019/20 fall within a series of legislation some of which define the level of FCs as well.
- 3.2 The changes to FCs for 2019/20 being consulted on, generally related to change in operational costs and/or operating environment changes, resulting in enhanced cost recovery requirements from users.

- 3.3 No submissions were made on the proposed changes to Fees and Charges for 2019/20.
- 3.4 The Draft Fees and Charges for 2019/20 are enclosed with this business paper as **Attachment 1**.

Analysis of Options

- 4.1 There are two options relating to the adoption of the Draft Fees and Charges 2019/20:
- 4.1.1 The first option is to confirm the Fees and Charges for 2019/20 as adopted for consultation on the 26th March 2019 - recommended
- 4.1.2 The second option is to vary the proposed Fees and Charges for 2019/20 that were consulted upon recently from 4 April to 6 May 2019.
- 4.2 The proposed changes are closely aligned to the RFP requirements and have been consulted upon and it is therefore recommended that Council accept the proposed FCs 2019/20.

Considerations

- 5.1 **Risk**
- 5.2 If Council does not adopt the Draft Fees and Charges 2019/20 there is a potential risk that Council will not meet its legislative timeframe obligations for setting and/or, communicating the FCs set for the 2019/20 year.
- 6.1 Consistency with Existing Plans and Policies**
- 6.2 The proposed Fees and Charges for the 2019/20 year are consistent with Councils existing Plans and Policies.
- 7.1 Significance and Community Views**
- 7.2 Council has undertaken a special consultative procedure for the 2019/20 Fees and Charges to obtain community views.
- 7.3 There were no submissions to the Statement of Proposal for the Fees and Charges for 2019/20 and therefore no changes have been made to the Fees and Charges for 2019/20. The FCs 2019/20 are presented as a Draft with this business paper, for adoption.

Recommendation

- 8.1 It is recommended that the Draft Fees and Charges 2019/20 be adopted by the Council to take effect from 1 July 2019.

Suggested Resolutions

- 1 The business paper on the Draft Fees and Charges 2019/20 for adoption, be received.
- 2 Council adopt Fees and Charges for 2019/2020 as set out in the Fees and Charges 2019/20 (Document No. A429670) to become effective on 1 July 2019.



VIBHUTI CHOPRA

GROUP MANAGER - CORPORATE SERVICES

17 May 2019

Attachment: 1 Draft Fees and Charges 2019/20 (#A429670)



Draft Fees and Charges for 2019/20

Compliance		
Description	2018/19 Fee or charge (\$)	2019/20 Fee or charge (\$)
Building consent fees		
Building Consent cost includes Inspection fee and Code Compliance Certificate All fees are payable on application		
Record of title	30 .00	30 .00
Production of Project Information Memorandum (PIM)	180 .00	180 .00
Solid Fuel Heaters		
Freestanding (1 inspection)	500 .00	500 .00
Insert (2 inspections)	690 .00	690 .00
Minor Works (1 inspection)	500 .00	500 .00
Garden Sheds		
Basic Warning System		
Marquees		
Plumbing or Drainage		
Minor Building Works (2 inspections)	870 .00	870 .00
Carports		
Demolitions		
Decks		
Swimming Pools		
Other Buildings (2 Inspections)	870 .00	870 .00
Garages		
Hay Barns		
Implement Sheds		
Bridges		
Detached habitable buildings, no plumbing or drainage (5 inspections)	1,480 .00	1,480 .00
Sleep Out		
Office		
Studio		
Additions/alterations up to 30m ²	30 .00	30.00
Internal alterations to dwellings		
Detached habitable buildings, with plumbing or drainage (6 inspections)		1,730 .00
Sleepout with toilet/shower		
Additions/alterations up to 60m ² with plumbing and drainage		
Internal alterations to dwellings		
Additions/alterations up to 60m² (6 inspections)	1,730 .00	1,730 .00
Other new buildings up to 60m² excluding dwellings and commercial buildings (6 inspections)	1,730 .00	1,730 .00
Note: For other building work over 60m ² the below dwelling and commercial/ industrial fees apply.		

Compliance		
Description	2018/19 Fee or charge (\$)	2019/20 Fee or charge (\$)
Dairy Sheds (3 inspections)	1,600 .00	1,600 .00
Re-sited Dwellings (3 inspections)	1,850 .00	1,850 .00
Re-site dwellings with additions or alterations (includes 6 inspections)		2,870.00
Dwelling Single Storey up to 100m² (8 inspections)	3,030 .00	3,030 .00
Dwelling Single Storey up to 250m² (9 inspections)	3,280 .00	3,280 .00
Dwelling Single Storey larger than 250m² (9 inspections)	3,430 .00	3,430 .00
Dwelling Two Storey or more up to 250m² (9 inspections)	3,500 .00	3,500 .00
Dwelling Two Storey or more larger than 250m² (9 inspections)	3,800 .00	3,800 .00
Commercial /Industrial up to 300m² (9 inspections)	4,010 .00	4,010 .00
Commercial/Industrial - Basic kit-set type building, no services or internal fit-out (3 inspections)	1,700 .00	1,700 .00
Commercial/Industrial larger than 300m² (9 inspections)	4,510 .00	4,510 .00
Commercial - Internal Alterations (3 inspections)	1,700 .00	1,700 .00
Inspection Fee (compliance inspection/swimming pool etc.) per inspection	190 .00	190 .00
Amendments	340 .00	340 .00
Compliance Schedules		
New Compliance Schedule (Section 102 Building Act 2004)	280 .00	280 .00
Amendments to existing Compliance Schedule (Section 106 and 107 Building Act 2004)	280 .00	280 .00
Request for Extension of Time for a Building Consent – work start or CCC	160 .00	160 .00
Application for exemption from requirement to carry out seismic work under section 133AN – includes 1 inspection.		679.00
Applications for waivers or modifications to means of restricting access to residential pools under section 67A – includes 1 inspection.		679.00
Processing of Section 71 / 77 Certificate	200.00	200 .00
Plus on-charge of Solicitors fee to prepare and register certificate	Actual Cost	Actual Cost
Certificate of Acceptance - Section 41(c) Any building work in respect of which a building consent cannot practicably be obtained in advance because the building work has to be carried out urgently.	740.00	740 .00

Compliance		
Description	2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Certificate of Acceptance - Section 96(1)(a) (i) the work was done by the owner or any predecessor in title of the owner; and (ii) a building consent was required for the work but not obtained . (In addition to the fees that would have been payable had the owner or previous owner applied for a building consent before carrying out the building work.)	1,180 .00 (plus any relevant building consent fees)	1,180 .00 (plus any relevant building consent fees)
Certificate of Public Use (1 inspection)	550.00	550 .00
Notice to Fix (1 inspection)	450.00	450 .00
Accreditation Levy (consents valued over \$20,000)	1 .10 per 1,000	1 .10 per 1,000
Building Research Levy For every building consent with an estimated value of \$20,000 and over, \$1 .00 per \$1,000 is payable	1 .00 per 1,000	1 .00 per 1,000
MBIE Levy For every building consent with an estimated value of \$20,444 and over, \$2 .01 per \$1,000 is payable	2 .01 per 1000	2 .01 per 1000
Lapsed or Cancelled Building Consents Refunds will be paid to the person(s) who paid the fees on application.	Refund of unused fees less	Refund of unused fees less
Administration fee for refund on cancelled or lapsed consents	50.00	50 .00
Peer Review of Specific Designs by External Agents	Actual Cost	Actual Cost
Any additional costs incurred in processing a building consent shall be recoverable on actual and reasonable basis.	160 .00 per hour	160 .00 per hour
Applying for an exemption from requiring a building consent	250 .00	250 .00
Other Regulatory Fees and Charges		
Overseas investment certificates – for determining and issuing	300.00	300 .00
Section 348 – Right of way (ROW) application – processing application for ROW under the Local Government Act 1974	600.00	600 .00
Sale and Supply of Alcohol Certificates for Building Certification	200.00	200 .00
Record of Title search	30.00	30 .00
Land Information Memorandum (LIM)	300.00	300 .00
Administration Fee for refund on cancelled LIM (note where substantial work has been completed on the LIM a refund will not be given; where substantial work has not been completed , the LIM fee will be refunded minus the administration fee).		50.00
Animal and Dog Control Fees		
All Fees are set in accordance with the Dog Control Act 1996 and by Council		
Urban Fee (for dogs in an urban area which comply with the provisions of Dog Control Act 1996)	115.00	115 .00
Spayed or Neutered Dogs in the Urban Area	90.00	90 .00

Compliance		
Description	2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Selected Owner (Dog Control Policy) Dogs	70.00	70 .00
Rural Dogs	45.00	45 .00
Late registration fee	50% of the fee that would have been payable if that dog had been registered on the first day of the registration year.	50% of the fee that would have been payable if that dog had been registered on the first day of the registration year.
Dangerous Dogs registration fee	150% of the fee that would apply if the dog were not classified as a Dangerous Dog.	150% of the fee that would apply if the dog were not classified as a Dangerous Dog.
Replacement Registration Tag	5.00	5 .00
Impounding (Poundage) Fees		
Seizure Fee (per dog seized)	65.00	65 .00
First Impounding (registered dog)	70.00	70 .00
First Impounding (unregistered dog)	100.00	100 .00
Second Impounding	138.00	138 .00
Third and subsequent impounding	200.00	200 .00
Plus Sustenance fees - per day	15.00	15 .00
Re-Homing Fee	Re-homing of unwanted/unclaimed dogs (unregistered) dogs will be the applicable registration fee and micro chipping fee	Re-homing of unwanted/unclaimed dogs (unregistered) dogs will be the applicable registration fee and micro chipping fee
The owner of an impounded dog that is not claimed or signed over to Council remains liable for all impounding and sustenance fees irrespective of the fate of the dog.		
Surrender/disposal fee (in addition to applicable impounding charges and sustenance)	40.00	40 .00
Micro-chipping Fee	25.00	25 .00
Consent to keep more than 2 dogs in the urban area, provided that if more than one inspection is required prior to approval, a further fee of \$30.00 will apply per inspection.	30.00	30 .00
Stock Poundage Fee - Excluding dogs		
First impounded animal	110.00	110 .00
Per animal thereafter (impounded at the same time as the first impounded animal)	40.00	40 .00

Compliance		
Description	2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Subsequent Impounding – within any 24 month period involving animals owned by the same person/organisation	220 .00 plus 40 per additional animal	220 .00 plus 40 per additional animal
Driving charges – leading, driving or conveying stock (pursuant to section 14 of the Impounding Act 1955)	125 per hour per officer, plus mileage at local government rates , plus any other reasonable costs incurred, including the full costs of any after-hours response	125 per hour per officer, plus mileage at local government rates, plus any other reasonable costs incurred, including the full costs of any after-hours response
Grazing (per day) – horses, cattle, mules, ass, deer, pigs	8.00	8.00
Grazing (per day) – sheep, goats, and any others	2 .00 plus costs of any hard/supplementary feeds i.e. hay, grain	2 .00 plus costs of any hard/supplementary feeds i.e. hay, grain
Advertising costs (pursuant to the Impounding Act 1988)	Actual Cost	Actual Cost

Environmental Health and Alcohol Licensing		
Description	2018/19 fee or charge (\$)	2019/20 fees or charge (\$)
Health Act Licence Fees		
Amusement Device Permits (Section 11 Amusement Device Regulations 1978)		
1. First Device	11.50	11.50
2. Each additional Device	2.30	2.30
Food Premises Health (Registration of Premises) Regulations 1966		
Low Risk Premises	450.00	450.00
High Risk Premises	570.00	570.00
Any additional inspections required due to non-compliance	150.00	150.00
Fees for Functions under the Food Act 2014		
All administration and verification activities including annual verification, reporting, non-conformance visits and any activity not specified in the schedule below	160.00 per hour	160.00 per hour
Application for new registration of Template Food Control Plan	180.00 (plus hourly rate of 160 after the first hour)	180.00 (plus hourly rate of 160 after the first hour)
Application for renewal of registration of Template Food Control Plan	160.00 (plus hourly rate of 160 after the first hour)	160.00 (plus hourly rate of 160 after the first hour)
Application for amendment of registration of Template Food Control Plan	160.00 (plus hourly rate of 160 after the first hour)	160.00 (plus hourly rate of 160 after the first hour)
Voluntary suspension of Template Food Control Plan	85.00 (plus hourly rate of 160 after the first hour)	85.00 (plus hourly rate of 160 after the first hour)
Application for new registration of premises under a National Programme	120.00 (plus hourly rate of 160 after the first hour)	120.00 (plus hourly rate of 160 after the first hour)
Application for renewal of registration of premises under a National Programme	110.00 (plus hourly rate of 160 after the first hour)	110.00 (plus hourly rate of 160 after the first hour)
Voluntary suspension of National Programme	85.00 (plus hourly rate of 160 after the first hour)	85.00 (plus hourly rate of 160 after the first hour)
Issue of improvement notice, or review of an improvement notice	150.00 (plus hourly rate of 160 after the first hour)	150.00 (plus hourly rate of 160 after the first hour)

Environmental Health and Alcohol Licensing

Description	2018/19 fee or charge (\$)	2019/20 fees or charge (\$)
Application for statement of compliance	150 .00 (plus hourly rate of 160 after the first hour)	150 .00 (plus hourly rate of 160 after the first hour)
Copy of Food Control Plan folder and documents	25 .00	25 .00
Cancelling an audit or verification within 24 hours of the scheduled date and time of audit	100 .00	100 .00
Administration fee for refund on cancelled applications pursuant to the Food Act (note where substantial work has been completed on the application a refund will not be given, where substantial work has not been completed, the application fee will be refunded minus the administration fee)		50.00
Hawkers and Peddlers (<i>Public Places Bylaw Clause 14</i>)		
Hawkers and Peddlers	60 .00	60.00
Itinerant Traders	170 .00	170 .00
Mobile Shops	170 .00	170 .00
Impounding of Stereo <i>Impounding Charges for Stereo (RMA 1991 sec 336). Note: Impounded stereo will be sold after six months if not claimed and impounding fees not paid.</i>	180 .00	180 .00
Licensing – Alcohol (<i>Ref: Sale and Supply of Alcohol (Fees) Regulations 2013</i>)		
New Licenses, Renewals and Variations		
Off/On/Club Application Fee - Very Low Risk	368 .00	368 .00
Off/On/Club Application Fee - Low Risk	609 .50	609 .50
Off/On/Club Application Fee - Medium Risk	816 .50	816 .50
Off/On/Club Application Fee - High Risk	1,023 .50	1,023 .50
Off/On/Club Application Fee - Very High Risk	1,207 .50	1,207 .50
Annual Fees		
Off/On/Club Application Fee - Very Low Risk	161 .00	161 .00
Off/On/Club Application Fee - Low Risk	391 .00	391 .00
Off/On/Club Application Fee - Medium Risk	632 .50	632 .50
Off/On/Club Application Fee - High Risk	1,035 .50	1,035 .50
Off/On/Club Application Fee - Very High Risk	1,437 .50	1,437 .50
Managers Certificate - New and Renewal	316 .25	316 .25
Temporary Authority	296 .70	296 .70
Special Licences		
Class 1	575 .00	575 .00
Class 2	207 .00	207 .00
Class 3	63 .25	63 .25

Administration fee for refund on cancelled sale and supply of alcohol applications (note where substantial work has been completed on the application a refund will not be given, where substantial work has not been completed, the application fee will be refunded minus the administration fee)		50.00
Licensing – Other		
Transfer of Certificates of Registration or Licence	90.00	90.00
Offensive Trades - Registration Fees	450.00	450.00
Saleyards - Registration Fees	450.00	450.00
Hairdressers - Registration Fees	450.00	450.00
Funeral Director	40.00	40.00
Mortuary Premises	450.00	450.00
Camping Grounds	450.00	450.00
Skateboarding impounding fee	60.00	60.00
Application for Lease of Airspace	100.00	100.00
Lease of Airspace	Charge will be assessed on a site by site basis	Charge will be assessed on a site by site basis
Parking Infringement Fees		
Excess Parking - For parking on a road in breach of the provisions of Waitomo District Council's Land Transport Bylaw 2015, in excess of a period fixed by the bylaw or otherwise where the excess is:		
Not more than 30 minutes	12.00	12.00
More than 30 minutes but not more than 1 hour	15.00	15.00
More than 1 hours but not more than 2 hours	21.00	21.00
More than 2 hours but not more than 4 hours	30.00	30.00
More than 4 hours but not more than 6 hours	42.00	42.00
More than 6 hours	57.00	57.00
Other Parking Offences		
Parking on designated bus stop	40.00	40.00
Parking on designated loading zone	40.00	40.00
Parking on a footpath	40.00	40.00
Parking contrary to parking signage	40.00	40.00
Parking on ornamental verge	40.00	40.00
Parking within 1 m of a vehicle entrance	40.00	40.00
Parking on or within 6m of an intersection	60.00	60.00
Inconsiderate parking	60.00	60.00
Double parking	60.00	60.00
Parking on a yellow broken line	60.00	60.00
Parking in a designated space for disabled persons	150.00	150.00
Towage Fees		
Towage fees are additional to the above fines.	Actual cost	Actual Cost

Environmental Health and Alcohol Licensing		
Description	2018/19 fee or charge (\$)	2019/20 fees or charge (\$)
Litter Infringement Fee		
Litter, of less than or equal to 1 litre, left in a public space, or on private land, without the occupier's consent - First Offence	100.00	100.00
Litter, of less than or equal to 1 litre, left in a public space, or on private land, without the occupier's consent - Second or Subsequent Offence within a Year	400.00	400.00
Litter, of more than 1 litre and less than or equal to 20 litres, left in a public space, or on private land, without the occupier's consent ¹ - First Offence	150.00	150.00
Litter, of more than 1 litre and less than or equal to 20 litres, left in a public space, or on private land, without the occupier's consent - Second or Subsequent Offence within a Year	400.00	400.00
Litter, of more than 20 litres and less than or equal to 120 litres, left in a public space, or on private land, without the occupier's consent ² - First Offence	250.00	250.00
Litter, of more than 20 litres and less than or equal to 120 litres, left in a public space, or on private land, without the occupier's consent - Second or Subsequent Offence within a Year	400.00	400.00
Litter, of more than 120 litres left in a public space, or on private land, without the occupier's consent - First Offence	400.00	400.00
Litter, of more than 120 litres left in a public space, or on private land, without the occupier's consent - Second or Subsequent Offence within a Year	400.00	400.00
Hazardous or offensive litter left in a public space, or on private land without the occupier's consent - First Offence	400.00	400.00
Hazardous ³ or offensive litter ⁴ left in a public space, or on private land without the occupier's consent - Second or Subsequent Offence within a Year	400.00	400.00
¹ - 20 litres is the approximate maximum capacity of two standard supermarket bags in normal conditions ² - 120 litres is the approximate maximum capacity of a standard mobile garbage bin in normal conditions (for example the red lid 'wheelie bin' used for domestic refuse collection in the Waitomo area) ³ - Hazardous litter includes broken glass, barbed wire, jagged metal, medicines, hazardous waste etc ⁴ - Offensive waste includes rotting food, animal remains, faeces including discarded nappies etc		

Resource Management <i>To be read in conjunction with the explanatory note for Resource Management fees and charges, found below</i>			
Description		2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
General			
Pre application	Pre application meeting	Actual staff time	Actual staff time
Lodgement meeting	To lodge any consent	Actual staff time	Actual staff time
Pre-hearing meeting	For any meeting or mediation held (s99)	Actual staff time	Actual staff time
Joint subdivision and landuse	For any joint subdivision and land use consent application	Deposit 4,500.00	Deposit 4,500.00
Limited notified consent	Any resource consent that requires limited notification	Deposit 6,500.00	Deposit 6,500.00
Notified consent	Any resource consent that requires public notification	Deposit 10,000.00	Deposit 10,000.00
Deemed Boundary Activity (s87BA)	Consider and issue notice	Fixed 165.00	Fixed 350.00
Marginal or temporary rule breaches / exemptions (s87BB) <i>Note: please discuss this with Council's Planner prior to application</i>	Consider and issue notice (if applicable)	Fixed 165.00	Fixed 600.00
Land use consents			
Non notified	All land use consents, except as otherwise provided below	Deposit 1,000.00	Deposit 1,000.00
Non notified	Boundary dispensation (side yard only)	Deposit 600.00	Deposit 600.00
Subdivision Consents			
Non-notified	creating 9 lots or less where no road/reserves proposed	Deposit 2,500.00	Deposit 2,500.00
Non-notified	Creating 10 lots or more, or any subdivision where a road/reserve is proposed	Deposit 3,500.00	Deposit 3,500.00
Subdivision processes (post approval)			
Section 223 certification		250.00	250.00
Section 224C certification		250.00	250.00
Section 241	Cancellation/partial cancellation of amalgamation condition	Fixed 450.00	Fixed 450.00
Section 221	Consent notice - preparation, authorisation, change or cancellation	Fixed 250.00	Fixed 250.00
Cross lease	Amendments to flats plans	Deposit 600.00	Deposit 600.00
Engineering	For inspections of any works for conditions, including checking engineering plans and any amendments	Actual staff time	Actual staff time

Resource Management			
<i>To be read in conjunction with the explanatory note for Resource Management fees and charges, found below</i>			
Description		2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Other resource management activities			
Section 127	Application to change or cancel condition(s) of consent (non-notified only, notified consents will be charged the relevant notification fee)	Deposit 1,000.00	Deposit 1,000.00
Section 125/126	Applications for extensions of consent periods	Deposit 600.00	Deposit 600.00
Section 124	Exercise of resource consent while applying for new consent	Deposit 1,500.00	Deposit 1,500.00
Section 128-132	Review of consent conditions (non-notified only, notified consents will be charged the relevant notification fee)	Deposit 800.00	Deposit 800.00
Section 134	Transfer of holders interest in a consent (fixed fee)	Deposit 150.00	Deposit 150.00
Section 139A	Existing use right	Deposit 2,000.00	Deposit 2,000.00
Section 138	Application to surrender a resource consent	Deposit 500.00	Deposit 500.00
Section 139	Application for Certificate of Compliance	Deposit 1,000.00	Deposit 1,000.00
Section 357	Objection pursuant to sections 357(A) or (B)	Deposit 450.00	Deposit 450.00
NES	Confirmation of compliance with National Environmental Standard	Actual staff time	Actual staff time
Other	Any application pursuant to the RMA not listed elsewhere	Deposit 1,500.00	Deposit 1,500.00
Designations			
Public or limited notified	Notice of Requirement for Designation	Deposit 10,000.00	Deposit 10,000.00
Non-notified	Notice of Requirement for Designation	Deposit 5,000.00	Deposit 5,000.00
Sections 181, 182	Requirement for alteration or removal/partial removal of designation	Deposit 1,500.00	Deposit 1,500.00
Section 184/184A	Application to determine designation lapsing	Deposit 2,500.00	Deposit 2,500.00
Section 180	Transfer of rights and responsibilities for designations	Deposit 1,500.00	Deposit 1,500.00

Resource Management			
<i>To be read in conjunction with the explanatory note for Resource Management fees and charges, found below</i>			
Description		2018/19 fee or charge	2019/20 fee or charge
Sections 177, 178	Request to the requiring authority responsible for an earlier designation. Application to do anything which would prevent or hinder the public work or project	Deposit 600 .00	Deposit 600.00
Section 176	Application for outline plan	Deposit 650 .00	Deposit 650.00
Section 176A(2)	Waiver of requirement for outline plan	Deposit 150 .00	Deposit 150.00
Heritage orders			
Sections 189/189A, 196, 177	Requirement for a heritage order. Requirement for removal of heritage order. Request to requiring authority responsible for the earlier heritage order.	Deposit 1,500.00	Deposit 1,500.00
Plan Change application (to amend the District Plan)			
1st schedule	Processing, considering and determining a private plan change application.	Deposit 30,000 .00	Deposit 30,000.00
Compliance and monitoring			
General	Administration, review, correspondence.	Actual staff time	Actual staff time
Inspections (excluding engineering)	To monitor progress with giving effect to any resource consent, and compliance with consent conditions.	150 per inspection	150 per inspection
Engineering	For any inspection required.	Actual staff time	Actual staff time
Miscellaneous charges			
Legal instruments	Search for easement documents, covenants, encumbrances, or any other document registered on Certificates of Title.	Actual staff time + LINZ costs	Actual staff time + LINZ costs
Affixing council's seal/authorising document	For administrative costs incurred in affixing council's seal and/or signature to any document where a charge is not otherwise listed.	Fixed 170.00	Fixed 170.00
Variation/cancellations	Variation or cancellation of any legal document/instrument not otherwise listed.	Fixed 450.00	Fixed 450.00

Resource Management

To be read in conjunction with the explanatory note for Resource Management fees and charges, found below

Description		2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Public notice	Costs associated with public notices.	Actual staff time + advertisement fees	Actual staff time + advertisement fees
Signs	Affixing signs on site.	Fixed 35 .00 per sign	Fixed 35.00 per sign
Delegated approvals	Staff decision on application, acting under delegated authority.	Actual staff time	Actual staff time
Bonds – excluding engineering	Preparation, release and signing of any bond (excluding engineering).	Fixed 300.00	Fixed 300.00
Bonds - engineering	Preparation, release and signing of any bond - engineering (roading and servicing works).	Fixed 400.00 per sign	Fixed 400.00 per sign
Consultants	The applicant will reimburse council for any fees paid by council to any consultants.	Actual consultant costs + actual costs	Actual consultant costs + actual costs
Noise control (for the return of equipment seized under the RMA)	For the return of equipment seized under the RMA.	Fixed 180 .00	Fixed 180.00
Hearings			
Attendance	A charge will be made for the costs of all staff and/ or consultants required to attend a hearing.	Actual staff/ consultant time	Actual staff/ consultant time
Hearing by commissioner(s)	Where independent commissioner(s) preside.	Actual costs	Actual Costs
<p>Hearings by commissioner(s) where requested pursuant to s100A of the RMA</p> <p>Note: applies to applicants and Requiring Authorities</p>	<p>1. Where applicant requests (whether or not also requested by a submitter(s))</p> <p>2. Where requested by a submitter(s):</p> <p>(a) The applicant shall pay the amount WDC estimates it would cost for the applicant to be heard and decided if the request was not made .</p> <p>(b) The submitter(s) who made the request will pay equal shares of any amount by which the cost of the application being heard/decided exceeds the amount payable by the applicant (i.e. in (a) above)</p>	Actual costs to be paid by applicant as per 2(a) and (b)	Actual costs to be paid by applicant as per 2(a) and (b)

Resource Management

To be read in conjunction with the explanatory note for Resource Management fees and charges, found below

Description		2018/19 fee or charge (\$)	2019/20 fee or charge (\$)
Hearing by Council	A charge will be made per councillor, including time spent on site visits.	260 .00 + 204 .00 for each 1/2 hour or part thereof	260 .00 + 204 .00 for each 1/2 hour or part
Postponement/withdrawal or cancellation	If the applicant fails to give a minimum of 5 working days written notice of a request for cancellation, withdrawal or postponement of a scheduled hearing.	Actual costs	Actual Costs
Venue	Hiring a venue for the hearing	Actual costs	Actual Costs
Request for information/supply of resource management documents			
Providing information	Any request to provide information in respect of the District Plan or any consent.	Actual staff time	Actual staff time
Providing copies	Copying information relating to consents and Council's functions under section 35 of RMA and the supply of any document.	Actual staff time + photocopying costs	Actual staff time + photocopying costs
Waitomo District Plan	Full printed copy of text and planning maps.	150 .00 per copy	150 .00 per copy
Photocopying – charged as per Council's corporate rate			
Officer's hourly charge out rates			
Group Manager Compliance		190 .00 per hour	190 .00 per hour
Managers – any other		175 .00 per hour	175 .00 per hour
Principal / Senior Planner		175 .00 per hour	175 .00 per hour
Planner		165 .00 per hour	165 .00 per hour
Engineer		160 .00 per hour	160 .00 per hour
Technical staff – any other		160 .00 per hour	160 .00 per hour
Team Leader Monitoring and Compliance/ Officer		150 .00 per hour	150 .00 per hour
Administrator (any) and any other staff member not listed		95 .00 per hour	95 .00 per hour
Consultant		Actual costs	Actual costs
Mileage			
For each kilometre travelled		1 .20 per km	1.20 per km
Hazardous Activities and Industries List (HAIL) determinations			
Investigation fee		Fixed 80 .00	Fixed 80.00

Resource Management - Explanatory Note

Resource management fees and charges – explanatory note

These fees and charges become operative on 1 July 2018 and will apply for all work carried out and decisions issued on or after 1 July 2018, irrespective of when the application was lodged with the Council.

Fixed charges

1. The charges set out in this schedule are charges which are fixed pursuant to Section 36 of the Resource Management Act 1991 (RMA).
All such charges are stated inclusive of GST at 15%, however should the GST rate be amended, GST will be charged at the prevailing rate.
2. All fixed charges are payable in full in advance. Pursuant to Section 36(7) of the RMA, the Council will not perform the action or commence processing the application to which the charge relates until it has been so paid.

Note: Documentation or certificates will not be issued until payment of charges have been cleared.

Additional charges

Where a fixed charge is in any particular case inadequate to enable the Council to recover its actual and reasonable costs in respect of the matter concerned, the Council will require the applicant to pay an additional charge to the Council.

The following may also be included as additional charges:

- a) If it is necessary for the services of a consultant to be engaged by the Council (including their attendance at any hearing or meeting) then the consultant's fees will be charged in full to the applicant as an additional charge;
- b) If any legal fees are incurred by the Council in relation to legal advice obtained for any particular application, including any fees incurred if Council's solicitor is required to be present at any hearing, mediations or meetings, these fees will be charged in full to the applicant as an additional charge;
- c) If any Commissioner hearing fees and associated costs are incurred in considering and determining any particular application, these fees will be charged in full to the applicant as an additional charge.

Purpose

The purpose of each fixed charge and any additional charge is to recover the actual and reasonable costs incurred by the Council in receiving and processing applications and in issuing decisions and monitoring performance of conditions.

Charge-out rates for council officers and mileage

Charge out rates for Council officers are set out in this schedule and:

- a) Are fixed charges;
- b) If reference is made in the schedule to actual staff time, it will be charged in accordance with the relevant hourly charge-out rates;
- c) The charge-out rates for Council officers and for mileage will apply to all matters listed in the Schedule so that:
 - o if the fixed charge which has been paid in advance is greater by more than \$20.00 than the actual and reasonable costs incurred by the Council relating to that application, a refund will be given when those costs are finally assessed; and
 - o if the actual and reasonable costs incurred by the Council relating to that application are inadequate to enable the Council to recover its actual and reasonable costs then additional charges calculated for staff time at the same rate will be payable (as well as any other items of additional charge which may have been incurred).

Additional fixed fees

At any time after the receipt of an application and before a decision has been made the Council may fix a fee pursuant to Section 36(1) of the RMA which is in excess of the fixed charge set out in this schedule.

In that event:

- a) The Council may require that no further action will be taken in connection with the application until that fixed fee is paid in accordance with Section 36(7) of the RMA; and
- b) May also, pursuant to Section 36(3) of the RMA make additional charges.

Remission of fees

Staff with delegated authority may decide to reduce any charges following the criteria of Section 36(4) (b) of the RMA.

Building Act 2004 fees and charges – explanatory note

These fees and charges become operative on 1 July 2019 and will apply for all work carried out and decisions issued on or after 1 July 2019, irrespective of when the application was lodged with the Council.

Fixed, Variable and Deposit Charges

The charges set out in this schedule are pursuant to Subpart 9, Section 281 A, B and C of the Building Act 2004.

All such charges are stated inclusive of GST at 15%, however should the GST rate be amended, GST will be charged at the prevailing rate.

Additional charges

Where a fixed charge is in any particular case inadequate pursuant to section 281B to enable the Council to recover its actual and reasonable costs in respect of the matter concerned, the Council will require the applicant to pay an additional charge to the Council.

Purpose

The purpose of each fixed charge and any additional charge is to recover the actual and reasonable costs incurred by the Council in receiving and processing applications and in issuing decisions and monitoring performance of conditions.

Charge-out rates for council officers and mileage

Charge out rates for Council officers are set out in this schedule and:

Are fixed charges;

If reference is made in the schedule to actual staff time, it will be charged in accordance with the relevant hourly charge-out rates;

The charge-out rates for Council officers and for mileage will apply to all matters listed in the Schedule so that:

- o if the fixed charge which has been paid in advance is greater by more than \$50.00 than the actual and reasonable costs incurred by the Council relating to that application, a refund will be given when those costs are finally assessed; and*
- o if the actual and reasonable costs incurred by the Council relating to that application are inadequate to enable the Council to recover its actual and reasonable costs then additional charges calculated for staff time at the same rate will be payable (as well as any other items of additional charge which may have been incurred).*

Document No: A429566

Report To: Council



Meeting Date: 28 May 2019

Subject: Progress Report: Delivery against Communications Strategy

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to brief Council on progress made with regard to the Communications Strategy as well as any other projects.

Background

- 2.1 The Communications Strategy 2018 was adopted by Council in October 2018.
- 2.2 The focus of the strategy is to guide Council's day-to-day communications activities, set Council's expectations for media and allow better and more genuine engagement between Council and the community.

Commentary

3.1 Corporate Communications

- 3.2 The following provides an overview of the significant communications campaigns that have been completed over the last few months.

3.3 Te Kuiti Holiday Park

- 3.4 In November 2018, a communications plan was developed for the new Te Kuiti Holiday Park and the KiwiCamp and KiwiCash system. The plan also covered the plans to retrofit the Marokopa Holiday Park.

- 3.5 A media release about the project was published on our website.

- 3.6 New webpages were developed for the Te Kuiti Holiday Park and the Marokopa Holiday Park.

- 3.7 As construction got underway, Council's social media channels were used to provide an update on the progress made on site.

- 3.8 Support was provided for new signs and also the establishment of information on other websites and the GeoZone network of apps:

- KiwiCamp
- CamperMate
- Rankers

- Google
- Motorhome Friendly Towns website

3.9 Great NZ Muster

3.10 The 2019 Great NZ Muster event was held on March 30 2019. Promotion of the event was broad and utilised a variety of digital and print media channels to achieve a significant level of engagement. A summary is as follows:

3.10.1 Media Works **national radio advertising** on The Breeze and More FM Waikato stations with a target family audience of around 53,600 listeners. Commercials ran for the week of the event.

3.10.2 **Local radio advertising** on Maniapoto FM (MFM) and Cruise FM.

3.10.3 National **digital advertising** with Fairfax media on Stuff.co.nz. This campaign achieved an excellent 'click through rate' (ratio of people who saw our ad and clicked on it) of 0.13% (the industry average is 0.08%). A high CTR is a good indication that users found our ad helpful and relevant. There were a total of 50,000 impressions (the total number of times our ad was seen).

3.10.4 The Muster was listed on **Event Finder** and was viewed 48,359 times. The audience was made up of 45-54 year olds (42%) and 25-34 (58%).

3.10.5 Support was provided to ensure the effective promotion of the main act 'The Feelers', the Wearable Art competition and the Graffiti Art competition. Posters were prepared for distribution and the competitions were shared on Facebook.

3.10.6 The Muster was published on the Motorhome Friendly Towns website.

3.10.7 **Print media advertising** and editorial coverage of the event targeting the local community, residents and businesses.

3.10.8 **Website** was updated with event information, stall holder registration forms, competition flyers and rules and regulations. Google Analytics shows that the Muster webpage was viewed 593 times from various locations nationally and internationally. Top five locations are: Auckland (146), Piopio (89), Wellington (84), Hamilton (75), and Tauranga (36).

3.10.9 **Facebook** was used to promote the event which achieved great results with more than 30,000 people reached. Guests indicated that they were interested in the event (1265), going to the event (300) and invited (325) others to the event.

3.11 District Plan Review

3.12 We continue to publish information on the District Plan Review (DPR) process.

3.13 The December 2018 and 31 January 2019 editions of Waitomo Way included information on the Draft Town Concept Plans and Rezoning, and the open days planned for Mokau, Benneydale, Te Kuiti, Waitomo Caves Village, and Piopio.

3.14 Facebook and Instagram were used to promote the open days held in February 2019.

- 3.15 The DPR webpage(s) have been viewed 580 times in the last six months. The top pages viewed include the 'introduction' to the DPR process, 'what are the issues', and 'have your say'.
- 3.16 Development of the DPR webpages was recently completed to make it easier for people to navigate the pages and provide feedback.
- 3.17 The DPR Facebook page was updated in April with information on the draft rezoning maps and a link to the website. Queries received via Facebook are responded to in a timely manner.

4.0 Summary of Corporate Communications

- 4.1 We use a combination of communications channels to inform and engage with residents and ratepayers, including the Waitomo Way newsletter, website, social media, radio, print media, forms and guides, and community newsletters.
- 4.2 The following is a summary of some of the communications tasks recently completed in support of achieving the seven key objectives of the Strategy.
- 4.3 Promote the value of Council's role in the community
- 4.3.1 **Waitomo District Library's** range of services, reading programmes, electronic resources, recommended books etc. Frequent updates to the Library webpage and social media, and sharing of events such as holiday reading programmes, wriggle & rhyme and toddler time.
- 4.3.2 Information about the popularity of the **Aquatic Centre** over the pool season including children's activities, family events and learn to swim programmes.
- 4.3.3 **Civil Defence** Emergency preparedness in conjunction with Waikato CDEM. Publication of 'Never happens, happens' campaign messages and sharing of social media posts.
- 4.3.4 **Community Services** activities and projects:
- Demolition of unoccupied building and establishment of carpark (Centennial Park).
 - Establishing 'Venues for Hire' webpage.
 - Support with entry in Keep NZ Beautiful Best Loo awards.
 - Improvements to cemeteries.
 - DOC management of Mangaokewa Reserve.
- 4.3.5 **Solid Waste Management and Minimisation:**
- Promotion of kerbside collection services.
 - Promotion of initiatives in Benneydale and Waitomo lookout (Bins and recycling).
 - Promotion of Love Food Hate Waste Campaign.
 - Ensuring the website and guides are kept up to date with changes to opening hours for transfer stations, and that public notification is published in print media.
 - Publication of transfer station opening hours in Community Newsletters.
- 4.3.6 **Animal Control Service**
- Responsible dog ownership, dog registration and Bylaw information.
 - Publication of impounded dogs.
 - Publication of Dog Control Fees for 2019/20.

4.4 Encourage involvement in local decision-making

- District Plan Review
- Freedom Camping Bylaw and amendments to the Public Places Bylaw 2009 and Public Amenities Bylaw 2010
- Annual Report 2017/18
- Fees and Charges 2019/20
- Resident Survey 2019.

4.5 Ensure communities are well informed on Council's activities/operations

- 4.5.1 Temporary roads closures, bridge repairs, footpath renewals and issues with the roading network as a result of weather events are communicated across various methods. Updates are published on our website www.waitomo.govt.nz/Roads-Water-Waste/Network_status
- 4.5.2 Keeping the community informed of water restrictions and conservation campaign, and efforts to address the taste and odour issues over summer was made a top priority. A new sign was created for Mokau in liaison with the Water Services Team.
- 4.5.3 Urgent issues such as major water leaks are communicated in an effective manner.
- 4.5.4 The community are engaged on new projects and progress made with capital works projects.

4.6 Support Council's reputation in the District

- 4.6.1 Ensuring Council's website is updated with public information, publications, news etc.
- 4.6.2 Distribution of service request queries received via social media.
- 4.6.3 Coordination of media requests and responses is facilitated in a professional and efficient manner.
- 4.6.4 Development and publication of media releases on the website and shared on social media.
- 4.6.5 Sharing of 'feel good' stories, photos, local wins etc. on social media supports a positive and engaged reputation in the District.

4.7 Support Council's reputation within the Local Government (LG) sector

- 4.7.1 Continued promotion of the services provided by WDC in relation to its role as a Local Government, and reference to Legislation.
- 4.7.2 Publication of Local Government New Zealand media releases.
- 4.7.3 NZTA priority traffic updates relevant to our area of the network.

4.8 Attract people to live or work in and visit the Waitomo District

- 4.8.1 Sharing of social media posts from Hamilton and Waikato Tourism.
- 4.8.2 Sharing of posts about local business development news, and tourism opportunities.

4.8.3 Ongoing development and utilisation of WDC's Instagram page: waitomo_nz 264 followers (up from 129). Our Twitter page currently has 36 followers.

4.8.4 Distribution of 'New Resident Welcome Packs' in liaison with Customer Services.

4.9 Promote a sense of community and pride of place

4.9.1 Sharing of community photos, visitor sights and activities, and operational updates to keep the community informed.

4.9.2 Promoting the importance of recycling and reducing food waste.

4.9.3 Co-hosting events on our Facebook page and sharing event flyers helps our local community groups and organisations engage with more people.

4.9.4 Informing the community about the effects of vandalism and our plans to address this (CCTV, lighting, removal of graffiti).

4.9.5 Promotion of local services like the Library, Aquatic Centre, Visitor Information Centre, Landfill, Animal Control.

4.10 Statistics – Social Media

4.10.1 WDC Facebook page:

- Page **likes** have increased to 2,671 (increase from 2,186).
- Our posts reach an average of 2,322 people.
- On average 29 videos are viewed each week.
- People who like the page are predominantly in the age group 18-34 years. 34% are male and 66% are female.

4.10.2 Animal Control Facebook page:

- Page **likes** have increased to 1,172 (increase from 1,101).
- People who like the page are predominantly in the age group 25-34 years. 20% are male and 79% are female.

4.10.3 Te Kuiti Visitor Information Centre page:

- Page **likes** have increased to 963 (increase from 913).
- People who like the page are predominantly in the age group 25-34 years. 36% are male and 63% are female.

4.10.4 Mayor Brian Hanna's Facebook page:

- Page **likes** have increased to 624 (increase from 567).
- People who like the page are predominantly in the age group 18-34 years. 41% are male and 58% are female.

4.11 Statistics – Waitomo Way

4.11.1 There are 288 people subscribed to the digital newsletter (increase from 232).

- 4.11.2 The new digital magazine layout presents Council information nicely and makes the newsletter easier to navigate.
- 4.11.3 The fortnightly publication schedule provides better opportunities to incorporate 'current' news and supports the communication needs of the organisation.
- 4.11.4 Making the most of features such as the slide show, poll, comments and social media sharing will be a priority over the next six months.
- 4.11.5 The print version of the newsletter in the Waitomo News supports our target of providing effective and useful communications.
- 4.12 Statistics – Website
- 4.12.1 For the period March to July the website had:
- A total of 16,460 visitors to website.
 - 7,192 accessed the site from a mobile or tablet device.
 - Visitors viewed on average two pages per visit.
 - Visitors spend on average 11 minutes on our website per visit.
 - Social media traffic comes from Facebook.
- 4.12.2 The top viewed pages: District Plan review, rating and property information, online services, library epic databases, and current vacancies.

Suggested Resolution

The business paper Progress Report: Delivery against Communications Strategy be received.



VIBHUTI CHOPRA
GROUP MANAGER-CORPORATE SERVICES

8 May 2019

Document No: A430776

Report To: Council



Meeting Date: 28 May 2019

**Subject: Civic Financial Services Limited –
2019 Annual General Meeting**

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to inform the Council that the Annual General Meeting (AGM) of the Civic Financial Services Limited is scheduled for **Friday 21 June 2019** for which Council needs to either appoint a WDC representative to attend or appoint a Proxy.

Background

- 2.1 Civic Financial Services Limited (CFSL) administers superannuation services for local government and local government staff via Supereasy and Supereasy Kiwisaver Superannuation Schemes.
- 2.2 CFSL also provides administration, accounting and a range of other services to LAPP Disaster Fund, Riskpool, Civic Liability Pool (CLP) and Civic Property Pool.
- 2.3 WDC holds 16,940 shares in CFSL.

Commentary

- 3.1 CSFL's AGM is scheduled for 11.30am on Friday, 21 June 2019 at Civic Assurance House in Wellington.
- 3.2 The main items in the meeting are -
- to approve minutes of the 2018 AGM;
 - to receive and consider the Annual Report which includes financial statements for the year ended 31 December 2018 and the report of the auditor;
 - to approve the appointment of two Directors who retire from office by rotation and both of whom have offered themselves for re-election. The remainder of the Board support the two candidacies for re-election; and
 - to record the appointment of the Auditor-General as auditor and to authorise the Directors to determine the remuneration for the auditor for the year.
- 3.3 The Board also proposes to reduce the maximum number of directors of CFSL from six to five with effect from 1 July 2019. The Board is of the view that it has operated

effectively and efficiently with five directors since the resignation of Mr. Mark Butcher, one of the directors, from 31 March 2019.

- 3.4 A copy of the Notice of Meeting and is attached to and forms part of this business paper (**Attachment 1**).
- 3.5 Council needs to decide whether to send a representative to attend the Annual General Meeting or to appoint a Proxy to vote on Council's behalf.
- 3.6 If council decides to appoint a proxy, then Council can instruct its proxy on how to vote. A copy of the Proxy Form, setting out the directive for voting at the AGM is also attached to and forms part of this business paper.
- 3.7 A completed proxy form must be lodged at the registered office of the Company by 11.30am one business day before the start of the meeting – i.e. 20th June 2019.

Suggested Resolution

- 1 The business paper on Civic Financial Services Limited – Notice of Annual General Meeting be received.
- 2 Council appoint to attend the Annual General Meeting on Friday 21 June 2019 in Wellington.

OR

The Council authorise Mr. Tony Marryatt being Chairman of the Board CFSL to act as Waitomo District Council's Proxy and to carry out the voting instructions in accordance with the resolutions ticked in the proxy form, as agreed by Council.



VIBHUTI CHOPRA

GROUP MANAGER – CORPORATE SERVICES

20 May 2019

Attachments: Notice of Meeting for 2019 Civic Financial Services Annual General Meeting and Proxy Form (#A430637)

10 May 2019

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Civic Financial Services Limited will be held in the Company's Boardroom, Level 3, Civic Assurance House, 116 Lambton Quay, Wellington on Friday 21 June 2019 commencing at 11:30 am for the purpose of transacting the following business:

ORDINARY BUSINESS

1. **Apologies**
To receive apologies.
2. **Minutes of 2018 Annual General Meeting**
To approve Minutes of the AGM held 14th June 2018.
3. **Annual Report and Financial Statements**
To receive and consider the Annual Report which includes financial statements for the year ended 31 December 2018 and the report of the auditor therein.
4. **Directorate**
There has been no notices received from any shareholder nominating anyone for election as Director of the Company.

Existing Directors Messrs Anthony Marryatt and Michael Hannan retire from office by rotation in accordance with the Constitution of the Company. Both Directors have offered themselves for re-election. The remainder of the Board support Mr Marryatt's and Mr Hannan's candidacies for re-election. No motion has been proposed to not fill either office. In accordance with the Constitution of the Company Messrs Anthony Marryatt and Michael Hannan are therefore deemed to be re-elected as Directors of the Company.

5. **Appointment and Remuneration of Auditor**
To record the appointment of the Auditor-General as auditor (pursuant to Section 207 of the Companies Act 1993 and Section 15 of the Public Audit Act 2001) to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration for the auditor for the year. Note: The Auditor-General has appointed Mr Silvio Bruinsma of Deloitte to undertake the audit.
6. **To transact any other business** that may be properly brought before the meeting.

SPECIAL BUSINESS

7. **Proposed Change to the Number of Directors on the Civic Board**
Mr Mark Butcher resigned from the Board with effect on and from 31 March 2019. The Board resolved not to fill the vacancy left by Mr Butcher. Since 31 March, the Board has effectively and efficiently operated with five directors. The Board is of the view that reducing the Board to a maximum of five directors is in the best interest of the Company. It will reduce the governance costs of the Company, and not negatively impact on the collective ability of the Board to discharge its governance duties as evidenced by the Board's successful operation with five directors since 31 March 2019.

Accordingly, the Board wishes to propose the following special resolution to shareholders:

That the Company reduce the maximum number of directors of the Company from six to five pursuant to clause 15.1.2 of the Company's constitution, with effect from 1 July 2019.

PROXIES/APPOINTED REPRESENTATIVES

A shareholder entitled to attend and vote but unable to do so may appoint a proxy for this meeting. Alternatively, the shareholder may appoint a representative to exercise its right at the meeting, pursuant to Clause 14.3 of the Constitution of the Company. A completed proxy form/notice in writing of appointment of a representative signed by the shareholder must be lodged at the registered office of the Company by 11.30am one business day before the start of the meeting i.e. 20 June 2019.

By Order of the Board
Glenn Watkin, Chief Financial Officer

**Civic Financial Services Limited
Proxy Form**

_____ of
(Shareholder Name)

_____ being a shareholder of Civic Financial Services Limited, hereby appoints
(Location)

_____ of _____ or, failing him/her
(Name) (Employer)

_____ of _____ as its proxy to vote for
(Name) (Employer)

and on its behalf at the Annual General Meeting of Shareholders of Civic Financial Services Limited, to be held in the Company's Boardroom, Level 3, Civic Assurance House, 116 Lambton Quay, Wellington on 21st June 2019 and at any adjournment of that meeting.

Unless otherwise directed as below, the proxy will vote or abstain from voting as he or she thinks fit.

Should the shareholder wish to instruct its Proxy or representative how to vote the following should be completed:

Agenda Item	For (✓)	Against (✓)
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Ordinary Business

1. Receive apologies.

2. Approve the Minutes of the AGM held 14 June 2018.

3. To receive the Annual Report

To receive the Annual Report which includes the financial statements for the year ended 31 December 2018 and the report of the auditor therein.

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4. Directorate

Confirm the re-election of Messrs Anthony Marryatt and Michael Hannan as Directors of the Company.

5. Appointment and Remuneration of Auditor

To record the appointment of the Auditor-General as auditor (pursuant to Section 207 of the Companies Act 1993 and Section 15 of the Public Audit Act 2001) to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration for the auditor for the year.

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6. To transact any other business

Special Business

7. Reduce the Maximum Number of Directors of the Board – Special Resolution

That the Company reduce the maximum number of directors of the Company from six to five pursuant to clause 15.1.2 of the Company's constitution, with effect from 1 July 2019.

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EXECUTED this _____ day of _____ 2019.

Signature(s) of Shareholder	Position(s) Held
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Please return to: Chief Financial Officer, Civic Financial Services Ltd, PO Box 5521, Wellington 6140, or fax (04) 978 1260 or email to admin@civicfs.co.nz to be received prior to 11.30am 20 June 2019.

ATTENDANCE AT MEETINGS OF THE COMPANY

The Constitution provides for members to be represented at meetings of the Company only by proxies or appointed representatives.

Clause 14.3 (as amended in May 2004) provides:

“A shareholder may exercise the right to vote by being present by a representative or by proxy.

The representative or proxy for a shareholder is entitled to attend and be heard and vote at a meeting of shareholders as if the representative or proxy were a shareholder.

A proxy must be appointed in writing signed by the shareholder and the notice must state whether the appointment is for a particular meeting or a specified term not exceeding twelve months.

No proxy is effective in relation to a meeting unless a copy of the notice of appointment is produced to the registered office of the company not later than twenty-four hours before the start of the meeting.

A shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as that in which it could appoint a proxy”.

Accordingly, proxies/notification of appointed representatives must be in my hands by 11.30am 20 June 2019.

It would be appreciated if shareholders, when considering who to appoint as their representative/proxy holder, would contact Sylvia Jackson on 04 978 1253 or sylvia.jackson@civicfs.co.nz thereby facilitating a quorum for the AGM.

Glenn Watkin
Chief Financial Officer
Phone: (04) 978 1252
Email: glenn.watkin@civicfs.co.nz
Fax: (04) 978 1260

Document No: A429675

Report To: Council



Meeting Date: 28 May 2019

Subject: **Civic Financial Services Limited Annual Report for the year ended 31 December 2018 and Statement of Intent for the Year ended 31 December 2019**

Type: Information Only

Purpose of Report

- 1.1 The purpose of this business paper is to present the annual report for Civic Financial Services Limited (CFSL) for the year ended 31 December 2018, and;
- 1.2 To present the company's statement of intent (SOI) for the ensuing year.

Background

- 2.1 Civic Financial Services Limited is the former New Zealand Local Government Insurance Corporation Ltd and previously traded as Civic Assurance. It has been trading for over 75 years.
- 2.2 The name change was instituted due to the company withdrawing from offering property insurance and no longer holding an insurance licence.
- 2.3 The company provides administration services to SuperEasy and SuperEasy KiwiSaver Superannuation Schemes, the Local Authority Protection Programme Disaster Fund (LAPP), Riskpool, Civic Liability Pool, Civic Property Pool and is the owner and property manager of Civic Assurance House, a ten-storey building on Lambton Quay in Wellington.
- 2.4 WDC holds 16,940 shares (0.15%) in Civic Financial Services Ltd.

Commentary

3.1 ANNUAL REPORT for the year ended 31 December 2018

- 3.2 The Annual Report from CFSL is attached to and forms part of this business paper (Attachment 1).
- 3.3 The company's income was derived from administration services and investment income.
- 3.4 The surplus before taxation reported was \$1,196,342, which compares favourably with prior year surplus of \$30,812 and to the forecasted surplus of \$447,954 as set out in the Statement of Intent for 2018.

- 3.5 Included in the surplus before taxation is a valuation increase of \$133,070 for the Civic Assurance House. The increase was attributable to the seismic strengthening work partially completed and is reflected in the valuation of the building, which is carried out annually.
- 3.6 Operational expenditure was less than prior year and forecast contained in the Statement of Intent for 2018, and this also contributed to better than expected surplus.
- 3.7 Shareholders' equity totals \$17,945,051 at 31 December 2018 and increase of \$897,451 from prior year being the Total comprehensive surplus net of tax for the year.
- 3.8 The significant assets in the balance sheet include Civic House as investment property \$7.78 million, cash and term deposits \$4.61 million and a loan receivable of 6.09 million from Riskpool.
- 3.9 Included in the balance sheet is a deferred tax asset of \$2.79 million. The main contributor to this balance is recognition of the future benefit of tax losses carried forward. Tax losses carried forward will negate taxable income earned, which the directors anticipate will be used in the future.
- 3.10 The most significant liability is \$4 million borrowings from ANZ Bank. This has been on-lent to Riskpool to assist with that entities' cash flow requirements (which is included in the loan receivable balance noted above in point 3.8).
- 3.11 Noted also in the financial statements is a capital commitment of \$431,000 to complete earthquake strengthening of and asbestos removal from Civic House.
- 3.12 The financial statements have been prepared on a going concern basis and the audit report contains the auditor's opinion that they present fairly the financial position and performance of the company and comply with NZ generally accepted accounting standards.

3.13 STATEMENT OF INTENT for the year ended 31 December 2019

- 3.14 The Statement of Intent (SOI) for CFSL is attached to and forms part of this business paper (Attachment 2).
- 3.15 The company's mission statement and one of its corporate goals is to provide and be the primary supplier of superannuation and risk-financing solutions to the local government sector.
- 3.16 Its planned ongoing activities will be to administer superannuation services for local government and local government staff and provide administration, accounting and other services to LAPP, Riskpool, Civic Liability Pool and Civic Property Pool.
- 3.17 The company will also investigate and facilitate new superannuation and risk-financing services to the sector as appropriate.
- 3.18 Financial projections are provided for the following three years; administration income is expected to gradually increase from \$2.11 million for 2019 to \$2.31 million in 2021.
- 3.19 The projections include reduced investment income in anticipation that Civic House will be sold during 2019. This income is forecast to decrease from \$516,000 in 2019 to \$148,000 in 2021.

- 3.20 Operational expenditure is forecast to decrease from \$2.20 million in 2019 to \$2.03 million in 2020, presumably in part due to property expenditure for the building reducing, then increasing to \$2.08 million in 2021.
- 3.21 Noted in both the SOI and Annual Report was overwhelming support from the shareholders to sell Civic House. This was voted on at a Special General Meeting held on the 5 October 2017. The directors decided earthquake strengthening before the sale was advisable and the sale proceeds net of sale costs will be distributed to the shareholders via a special dividend. The timing of this distribution is expected to be the third quarter of 2019.

Suggested Resolution

The business paper on Civic Financial Services Ltd Annual Report for the year ended 31 December 2018 and Statement of Intent for the Year ended 31 December 2019 be received.



VIBHUTI CHOPRA
GROUP MANAGER – CORPORATE SERVICES

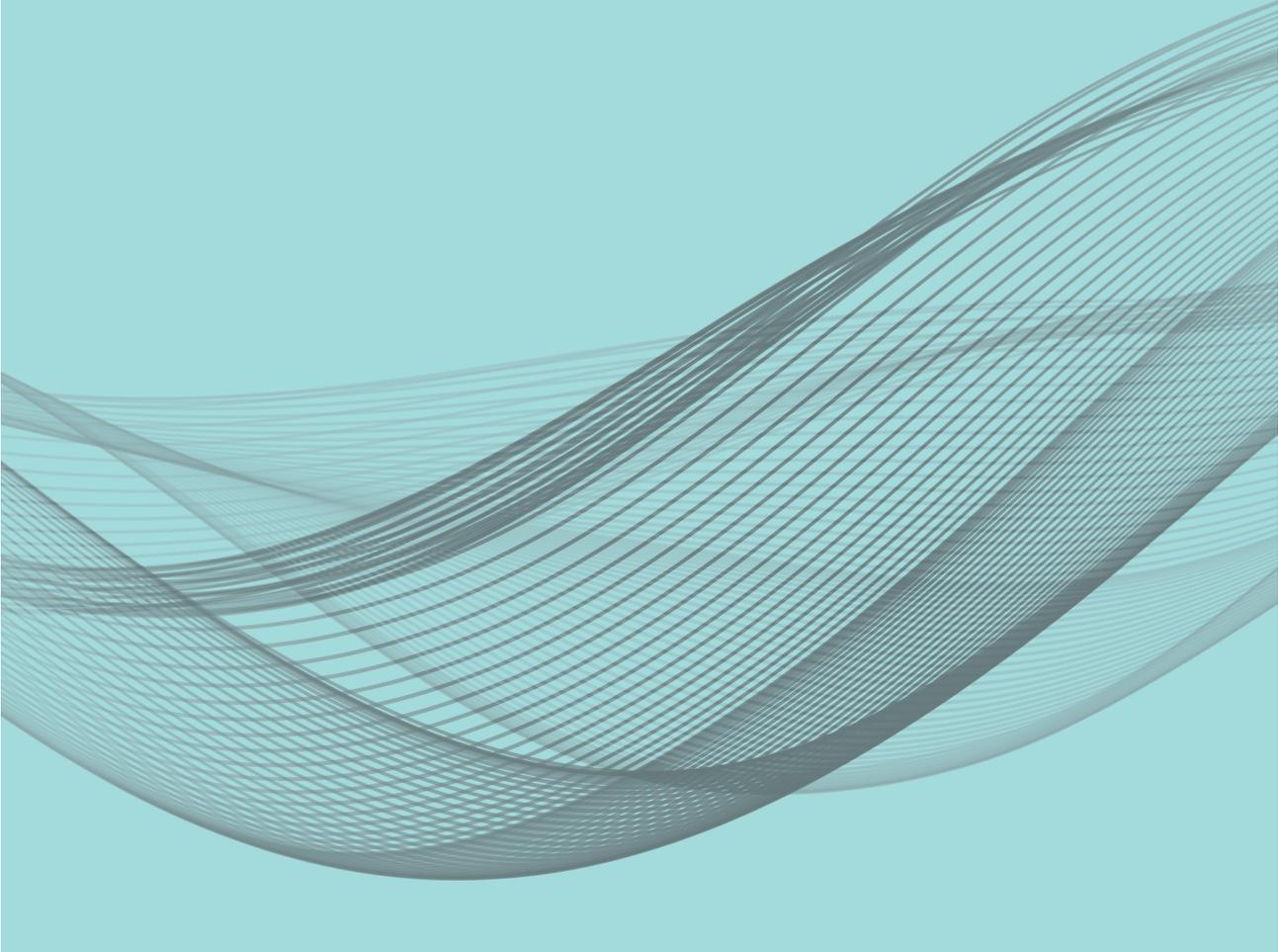
17 May 2019

- Attachments: 1 Civic Financial Services Limited - Annual Report 2018 (A429683)
- 2 Civic Financial Services Limited – Statement of Intent 2019
 (A429688)

ANNUAL REPORT 2018



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ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

Your Directors have pleasure in submitting the 58th Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2018, which is to be presented at the Annual General Meeting of Members in June 2019.

1. PERFORMANCE

Civic's before-tax profit in 2018 was \$1,196,342 (2017: \$30,812).

This compares favourably to the forecasted surplus of \$447,954 as set out in the 2018 Statement of Intent.

This is primarily due to an increase in administration income of \$114,000, lower than anticipated administration expenses of \$244,000 and the uplift in value associated with the completed portion of seismic strengthening work of \$352,000 included in the latest valuation of Civic Assurance House.

2. OPERATIONS

Administration Services

Fees in 2018 from providing services to LAPP, Riskpool and the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes were \$2,792,697 (2017: \$2,750,037).

Investment Revenue

Income from investments was \$262,878 (2017: \$173,515). Income from Civic Assurance House was \$885,736 (2017: \$808,771).

Civic Assurance House

At the Special General Meeting on 5 October 2017 held in Wellington our shareholders voted in favour of the resolution to sell Civic Assurance House.

As part of the sales pack we had requested an updated seismic assessment review before taking the building to market.

The ongoing seismic assessment review identified there was strengthening work required for the non-structural south and west boundary walls of Civic Assurance House. Having taken professional advice your Board decided to complete this work prior to taking the building to market. This work will be completed by 31 March 2019 at which time the building will be put on the market with an expected NBS rating of 70%.

Payment of Special Dividend

As communicated in the Statement of Intent in April of last year, if a satisfactory price for the building can be obtained the proceeds net of selling costs will be distributed to shareholders via a special dividend. It is felt that having undertaken the necessary work to obtain an earthquake NBS rating of 70% for the building will result in increased buyer interest when the property is placed on the market.

Timeline of the sale process

We have been advised the best time to take the property to market is after the strengthening work is complete and we are delivering a complete package with an NBS rating of 70%. This strengthening work will be completed by 31 March 2019.

Following through a sales and marketing campaign, and then negotiation and settlement period we expect we could be paying out the special dividend to our shareholders sometime during the third quarter of 2019.

Loan from ANZ Bank

Civic has entered into a loan arrangement whereby it borrowed an amount of \$4 million on 15 November 2018 from the ANZ Bank which is to be repaid on 15 August 2019. Civic has lent the same amount of \$4 million to Local Government Mutual Funds Trustee Limited (Riskpool) by way of a secured loan facility agreement on commercial terms, which is to be repaid to Civic by the end of July 2019.

Sponsorship and Support for the Sector

The Company continues as a sponsor of SOLGM (Society of Local Government Managers) events both at a regional and national level.

3. ASSOCIATED ENTITIES

Local Government Superannuation Trustee Limited

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation

DIRECTORS' REPORT

Schemes. Both are administered by Civic and from 1 April 2016 both have been registered with the FMA (Financial Markets Authority). Director appointments to LGST are made by LGNZ (two), Civic (one), CTU (one), SOLGM (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The SuperEasy schemes feature low member charges and simple administration for councils. Both make use of passive fund managers, which as well as allowing lower member fees removes the possibility of a fund manager making a bad call, which is something that can happen at any time.

The SuperEasy schemes also offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older.

Superannuation funds under management as at December 2018 were \$340 million (December 2017: \$323 million) and the combined membership 10,399. SuperEasy's fund managers are AMP Capital Investors (New Zealand) Ltd and ANZ New Zealand Investments Ltd. Of the councils that have a preferred provider for KiwiSaver, 94% have appointed Civic (70 out of 74 councils).

The SuperEasy website is www.supereasy.co.nz.

LAPP Disaster Fund

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993. LAPP's membership is 22. It could be said that LAPP is New Zealand's original LASS (Local Authority Shared Services).

LAPP was designed to cover back-to-back major disasters and this is what happened of course with the Canterbury earthquakes in 2010 and 2011. LAPP settled the claims from Waimakariri District Council and Christchurch City Council for damage to their underground assets with a total payout of \$217 million (excluding GST). LAPP's highest claim before this was just over \$5 million for claims arising from the 2004 Manawatu floods.

LAPP extended its cover arrangement from two events to three events from July 2017.

LAPP is currently managing the Kaikoura-Hurunui earthquake claims involving the Kaikoura, Hurunui and Marlborough District Councils. LAPP has settled its claims with Kaikoura and Marlborough District Councils, and is making good progress towards settling with Hurunui District Council.

Civic is the administration and fund manager for LAPP. LAPP's website is: www.lappfund.co.nz.

Riskpool/Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. It is not a company, but a mutual liability fund governed by a trust deed. CLP is similar to Riskpool, but has no facility for calls. For the fund year ending 30 June 2017 Riskpool/CLP had 31 members.

As support had dropped off in recent years to this low level Riskpool could no longer offer the competitively priced cover and risk management services that it had provided over the previous 20 years.

As a result Riskpool/CLP decided to no longer provide cover after 30 June 2017 and will therefore be in run-off mode for at least the next three to five years.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into three arm's length, secured loan facility agreements on commercial terms with Local Government Mutual Funds Trustee Limited to enable Riskpool to manage its cashflows.

Riskpool members were advised in October 2018 that due to deteriorating claims experience in 2017-18 that Riskpool needs to make at least one interim call before a final call is made on wind up. The call will be \$6 million payable on 1 July 2019, split \$3 million each to fund years 7 and 10.

A final call from Riskpool is likely in 2023 or 2024. It is expected that the amount of that call will be less than the current call.

4. DIRECTORS

As at 31 December 2018 there were six directors: M.A. Butcher, A.T. Gray, M.C. Hannan, A.J. Marryatt, J.B. Melville and B.J. Morrison. The Company's constitution allows for up to six directors of which at least two are to be appointed from outside the local authority sector.

Director attendances at Board meetings held in 2018:

Mark Butcher	6 / 6
Tony Gray	6 / 6
Mike Hannan	6 / 6
Tony Marryatt	4 / 6
John Melville	5 / 6
Basil Morrison	6 / 6

The Chairmen of each of the Board and the Risk and Audit Committee are elected at the first meeting held after each year's AGM.

Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Mark Butcher who resigned from LGMFT in February 2017 to ensure that one Civic director was independent of LGMFT. Subsequently there are three secured loan facility agreements that have been entered into between the Company and LGMFT whereby Civic loans LGMFT up to \$2,250,000 under each of two separate loans, and one loan for a fixed amount of \$4 million, all at commercial interest rates to assist with Riskpool's cashflows.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Parent Company Board. For the year ended 31 December 2018, Directors' remuneration was:

Mark Butcher	\$15,113
Tony Gray	\$15,113
Mike Hannan	\$15,113
Tony Marryatt	\$30,224
John Melville	\$22,668
Basil Morrison	\$15,113
	\$113,344

In addition, the following Directors received director fees in relation to their directorships of Riskpool or LGST:

Tony Gray	(Riskpool)	\$8,310
Mike Hannan	(Riskpool)	\$8,310
Tony Marryatt	(Riskpool)	\$16,620
John Melville	(Riskpool)	\$8,310
Basil Morrison	(Riskpool, LGST)	\$18,844
		\$60,394

Interests Register

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2018 were:

M.A. Butcher	Chief Executive of Local Government Funding Agency Ltd; Chair of New Plymouth District Perpetual Investment Fund Guardians Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Member of the Nominating Committee for the Guardians of NZ Superannuation Fund; Chair of Waikato – Tainui Group Investment Committee; Trustee of Civic Property Pool.
A.T. Gray	Eastland Group Ltd including Gisborne Airport Ltd, Eastland Port; Eastland Network Ltd; Chair of Ngati Pukenga Investments Ltd; Maungaharuru - Tangitu Ltd; Executive Project Advisor to Hastings District Council; Artemis Nominees Ltd; Quality Roading and Services (Wairoa) Limited; Local Government Mutual Funds Trustee Ltd; Trustee of Civic Property Pool; a party to agreements for finance with the LGMFT.
M.C. Hannan	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to agreements for finance with the LGMFT.
A.J. Marryatt	Chair of Local Government Mutual Funds Trustee Ltd; AJM Holdings Ltd; Trustee of Civic Property Pool; Member of SuperEasy KiwiSaver Superannuation Scheme; a party to agreements for finance with the LGMFT.
J.B. Melville	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to agreements for finance with the LGMFT.
B.J. Morrison	Chairman of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; Accredited Commissioner – RMA; a party to agreements for finance with the LGMFT.

DIRECTORS' REPORT

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for, and in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. This insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

Conduct of the Board and Board Committee

The Board has put in place and regularly reviews a number of good governance policies including Charters for the Board and the Risk and Audit Committee, Fit and Proper Policy, Code of Conduct, and a Risk Management Plan.

Use of Information

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chairman the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

Loans to Directors

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

5. EMPLOYEE REMUNERATION

Detailed below is the number of employees who received remuneration in their capacity as employees of \$100,000 or more during the year ended 31 December 2018.

Remuneration	Number of Employees
\$110,000 - \$120,000	1
\$170,000 - \$180,000	1
\$200,000 - \$210,000	1

The above remunerations include Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Silvio Bruinsma using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

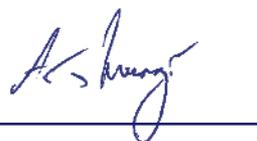
The Risk and Audit Committee (RAC) comprises the full Board. John Melville is the Chairman of this committee. RAC met five times in 2018: the Auditor attended two of those meetings and a part of one of those meetings was held without management present.

7. DONATIONS

No donations have been made during the year by any Company in the Group (2017: \$0).

8. STAFF

We sincerely thank the staff for their work during the year. They are: Caroline Bedford, Ian Brown, Chathuri Mendis, Sylvia Jackson, Tim Sole, Mersina Toulis, Bas van Laanen, and Glenn Watkin.



Tony Marryatt **Chairman**
March 2019

DIRECTORS

Anthony (Tony) J. Marryatt (Chairman)
Mark A. Butcher
Anthony (Tony) T. Gray
Michael C. Hannan
John B. Melville
Basil J. Morrison CNZM JP

EXECUTIVE OFFICERS

Chief Executive : Ian Brown
Chief Operating Officer : Caroline Bedford CPA

AUDITORS

The Auditor General, who has appointed Silvio Bruinsma, Deloitte Limited to carry out the audit on his behalf

BANKERS

ANZ Banking Group (New Zealand) Limited

LEGAL ADVISERS

Brandons
Kensington Swan

COMPANY REGISTRATION NO: 13271

REGISTERED OFFICE

Level 9, Civic Assurance House, 116 Lambton Quay, Wellington 6011

POSTAL ADDRESS

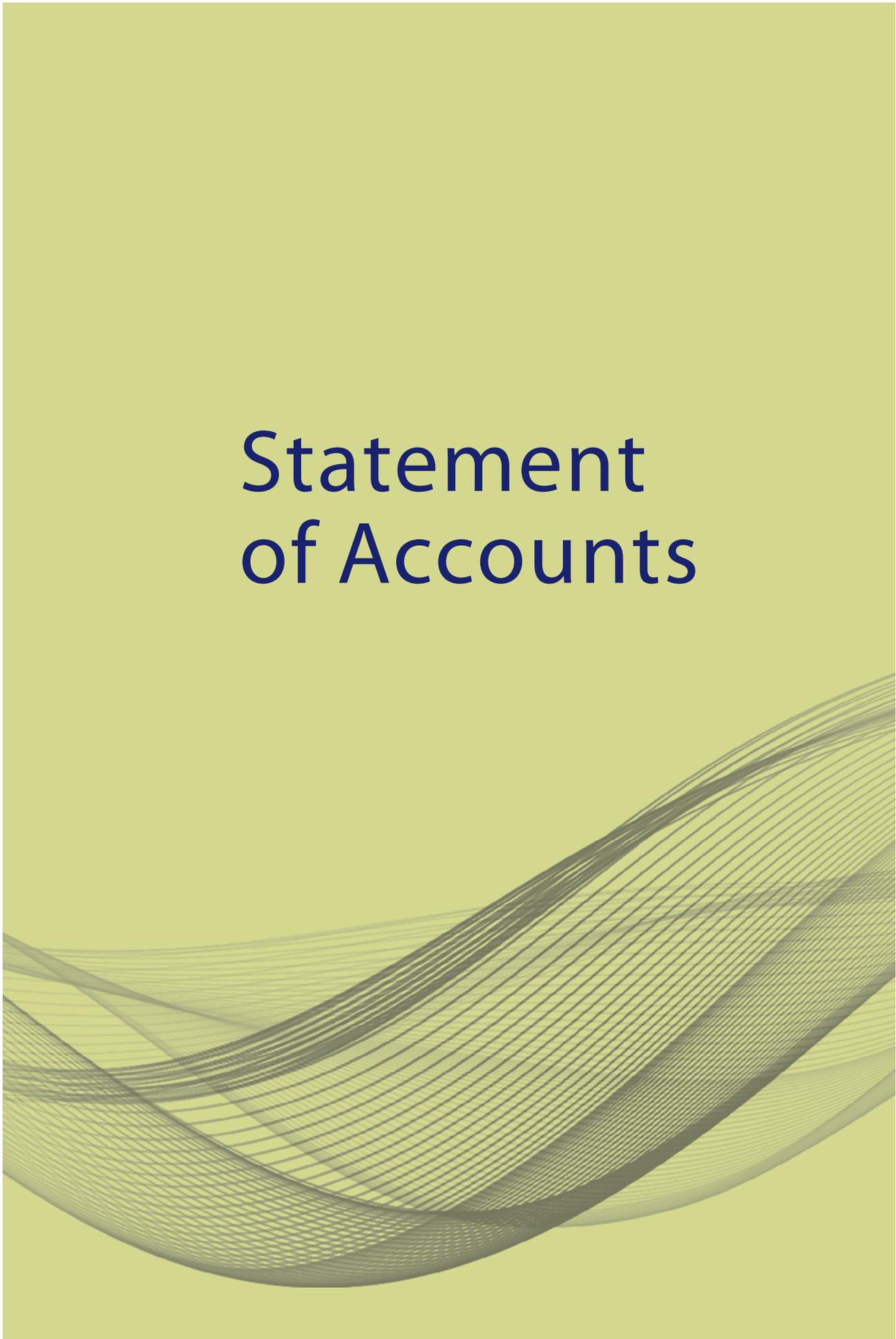
Civic Financial Services Ltd, PO Box 5521, Wellington 6140

OTHER CONTACT DETAILS

Telephone (04) 978 1250
Facsimile (04) 978 1260
Email admin@civicfs.co.nz
Website www.civicfs.co.nz

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)
Participant Number 2000427

Statement of Accounts



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
REVENUE			
Administration Fees		2,792,697	2,750,037
Interest Income	4	262,878	173,515
Property Income		885,736	808,771
Other Income	15	202	120,355
Total Revenue		3,941,513	3,852,678
EXPENDITURE			
Audit Fee			
Statutory Audit of the Financial Statements		109,779	114,317
Other Fees Paid to Auditors Re Assurance Services		27,500	41,358
Other Fees Paid to Auditors Re Tax Compliance		30,500	22,550
Compliance Costs		110,085	110,899
Consultants		47,936	85,020
Depreciation	6	46,134	38,609
Amortisation	6	246	406
Directors' Remuneration	3	113,344	133,594
Interest Expense		9,429	-
Legal Fees		29,547	60,401
Property Operating Expenses		512,887	518,811
Other Expenses		989,600	977,958
Employee Remuneration	3	825,430	868,860
Superannuation Subsidies		25,824	51,040
Total Expenditure		2,878,241	3,023,823
Surplus Before Revaluation of Investment Property and Taxation		1,063,272	828,855
Net Change in Value of Investment Property	7	133,070	(798,043)
Surplus Before Taxation		1,196,342	30,812
Taxation Expense	10	298,891	186,932
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY	14	897,451	(156,120)

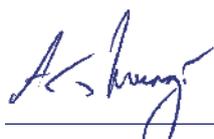
This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
SHAREHOLDERS' EQUITY			
Issued and Paid-Up Ordinary Shares			
Ordinary Shares fully paid up	14	10,763,506	10,763,506
Retained Earnings	14	7,181,545	6,284,094
TOTAL EQUITY		17,945,051	17,047,600
Represented By:			
CURRENT ASSETS			
Cash & Cash Equivalents		3,414,025	1,702,397
Term Deposits		1,200,000	3,500,000
Sundry Debtors and Prepayments	12	787,885	728,100
Loan Receivable	13	6,086,844	1,109,874
Income Tax Receivable	10	3,580	3,580
Total Current Assets		11,492,334	7,043,951
NON CURRENT ASSETS			
Property, Plant and Equipment	6	165,120	189,831
Intangible Assets (Software)	6	89,000	89,246
Deferred Tax Asset	10	2,786,961	3,085,852
Investment Property	7	7,777,583	7,175,000
Total Non Current Assets		10,818,664	10,539,929
TOTAL ASSETS		22,310,998	17,583,880
CURRENT LIABILITIES			
Sundry Creditors & Accrued Charges	12	204,028	150,901
Accrued Holiday Pay		45,228	42,853
Borrowings	13	4,000,000	-
CLP/ Riskpool Admin Fee Reserve		52,530	52,530
Total Current Liabilities		4,301,786	246,284
NON-CURRENT LIABILITIES			
CLP/ Riskpool Admin Fee Reserve		64,161	289,996
Total Non Current Liabilities		64,161	289,996
TOTAL LIABILITIES		4,365,947	536,280
EXCESS OF ASSETS OVER LIABILITIES		17,945,051	17,047,600

For and on behalf of the Directors:



TONY MARRYATT Chairman
15 March 2019



JOHN MELVILLE Director
15 March 2019

This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
OPENING EQUITY		17,047,600	17,203,720
Total Comprehensive Surplus/(Deficit) Net of Tax		897,451	(156,120)
Ordinary Shares issued during the year	14	-	-
CLOSING EQUITY		17,945,051	17,047,600

This statement is to be read in conjunction with the notes on pages 11 to 29.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Rent Received		889,802	808,516
Administration Fees Received		2,574,636	2,693,894
Other Income		202	179
Taxation (Paid)/Refunded		133	(5,390)
		3,464,773	3,497,199
Cash was applied to:			
Payments to Suppliers and Employees		2,838,687	3,382,809
		2,838,687	3,382,809
Net Cash Flow from Operating Activities	11	626,086	114,390
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Investment Income		76,150	91,914
Term Deposits		2,300,000	-
Loans Repaid from Related Parties		3,842,591	4,416,421
		6,218,741	4,508,335
Cash was applied to:			
Term Deposits		-	500,000
Purchase of Property, Plant and Equipment		21,423	39,285
Capital Additions to Investment Property		469,514	48,043
Loans Issued to Related Parties		8,790,242	5,512,974
		9,281,179	6,100,302
Net Cash Flow from Investing Activities		(3,062,438)	(1,591,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loan Interest Received		157,409	68,280
Borrowings		4,000,000	-
		4,157,409	68,280
Cash was applied to:			
Interest Paid		9,429	-
		9,429	-
Net Cash Flow from Financing Activities		4,147,980	68,280
Net (Decrease)/Increase in Cash Held		1,711,628	(1,409,297)
Opening Cash Balance as at 1 January		1,702,397	3,111,694
Closing Cash Balance as at 31 December		3,414,025	1,702,397
Being:			
Cash & Cash Equivalents		3,414,025	1,702,397

This statement is to be read in conjunction with the notes on pages 11 to 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 REPORTING ENTITY

The reporting entity is Civic Financial Services Ltd (the "Company"), formerly known as New Zealand Local Government Insurance Corporation Ltd (trading as Civic Assurance). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government and also provides property services. The Company provided insurance products to New Zealand local authorities until 31 December 2016 and subsequently opted to cancel its provisional insurance licence with the Reserve Bank of New Zealand. As a result this entity is not an FMC reporting entity from 17 January 2017.

Statement of Compliance

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

NOTE 2 STATEMENT OF ACCOUNTING POLICIES**General Accounting Policies**

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars. The Group is no longer subject to the requirements under the Insurance (Prudential Supervision) Act 2010 as a provisional licence holder.

Critical Judgements and Estimates in Applying the Accounting Policies

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10) and the valuation of investment property (Note 7).

Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

(a) Consolidation of Subsidiaries

The Group financial statements incorporate the financial statements of the Company and its subsidiaries, which have been consolidated using the acquisition method. The results of any subsidiaries acquired or disposed of during the year are consolidated from the effective dates of acquisition or until the effective dates of disposal. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

(b) Investment in Subsidiaries

At 31 December 2018 the Company had four wholly owned subsidiaries which are all incorporated in New Zealand. Three of these, Local Government Superannuation Trustee Limited, SuperEasy Limited and Local Government Finance Corporation Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2017 and 31 December 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2 STATEMENT OF ACCOUNTING POLICIES CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

(d) Property Income

Property rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(e) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(f) Basis of Measuring Other Income and Expenses

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

(g) Changes in Accounting Policies

There have been no material changes in the accounting policies during the year. All policies have been applied on bases consistent with those used in the prior year.

NOTE 3 KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

	2018	2017	2018	2017
	Number		\$	\$
Short term employee benefits				
Executive Management Personnel	3	3	479,523	537,194
Directors	6	6	113,344	133,594
			592,867	670,788

All related party transactions that the Group entered into during the year occurred within a normal client/supplier relationship and under terms equivalent to those that prevail in arm's length transactions in similar circumstances. Refer to Note 13 for information relating to loans with subsidiaries.

As at 31 December 2018 the Company had a loan receivable from New Zealand Mutual Liability Riskpool ("Riskpool") of \$6,086,844 (2017: \$1,109,874).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4 FINANCIAL INSTRUMENTS

Accounting Policies:

i) Classification and Measurement

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

Loans and Receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

Bank and Cash Equivalents

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

Financial Liabilities

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) Offsetting Financial Instruments

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

iii) Asset Quality

Impairment of Financial Assets

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) Fair Value of Financial Instruments

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

v) Derivatives

The Group do not use any derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED*Accounting Policies: continued***(1) Income Relating to Financial Assets**

	2018 \$	2017 \$
Loans		
Interest Received – Loans	76,149	81,601
Cash & Cash Equivalents		
Interest Received – Short Term Deposits	186,729	91,914
Total Interest Income	262,878	173,515

(2) Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(2) Financial Assets and Liabilities continued

Carrying value of Financial Assets and Financial Liabilities

	2018 \$	2017 \$
Financial Asset: Loans and Receivables		
Sundry Debtors	637,748	590,921
Loans	6,086,844	1,109,874
Total Loans and Receivables	6,724,592	1,700,795
Financial Asset: Amortised Cost		
Cash & Cash Equivalents	3,414,025	5,202,397
Financial Liability: Amortised Cost		
Sundry Creditors & Accrued Charges	204,028	150,901
Borrowings	4,000,000	-
Total Amortised Cost	4,204,028	150,901

(3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash and interest bearing deposits. The Group has no debt liability instruments.

The Group does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

(a) Market Risk

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

(b) Carrying Amount and Fair Value

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED**(3) Financial Risk – Structure and Management** continued**(c) Liquidity Risk**

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

Maturity Analysis as at 31 December 2018						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
Assets						
Cash & Cash Equivalents	0 to 3.45%	3,414,025	-	-	-	3,414,025
Term Deposits	3.05%	1,200,000	-	-	-	1,200,000
Other Receivables	n/a	637,748	-	-	-	637,748
Loans	4.71% to 6.28%	6,086,844	-	-	-	6,086,844
Total Financial Assets		11,338,617	-	-	-	11,338,617
Liabilities						
Sundry Creditors & Accrued Expenses	n/a	204,028	-	-	-	204,028
Borrowings	4.78%	-	4,000,000	-	-	4,000,000
Total Financial Liabilities		204,028	4,000,000	-	-	4,204,028
Maturity Analysis as at 31 December 2017						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
Assets						
Cash & Cash Equivalents	0 to 3.45%	1,702,397	-	-	-	1,702,397
Term Deposits	2.10% to 3.45%	3,500,000	-	-	-	3,500,000
Other Receivables	n/a	590,921	-	-	-	590,921
Loans	5.13% to 5.15%	1,109,874	-	-	-	1,109,874
Total Financial Assets		6,903,192	-	-	-	6,903,192
Liabilities						
Sundry Creditors & Accrued Expenses	n/a	150,901	-	-	-	150,901
Total Financial Liabilities		150,901	-	-	-	150,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

(3) Financial Risk – Structure and Management continued

(d) Credit Risk

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

(i) Exposure to Credit Risk

	2018 \$	2017 \$
Cash & Cash Equivalents	3,414,025	1,702,397
Term Deposits	1,200,000	3,500,000
Other Receivables	637,748	590,921
Loans	6,086,844	1,109,874
Total	11,338,617	6,903,192

(ii) Concentration of Credit Exposure

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

NOTE 5 OPERATING LEASE COMMITMENTS

	2018 \$	2017 \$
Operating Lease Expense Commitments:		
not later than one year	12,444	12,444
later than one year but not later than five years	29,035	41,478
	41,479	53,922
Operating Lease Income Commitments:		
not later than one year	792,940	823,306
later than one year but not later than five years	2,247,948	2,984,210
later than five years	96,562	285,729
	3,137,450	4,093,245

Operating lease income relates to a combination of office and retail tenancies to the Investment Property referred to in Note 7. The property is subject to a combination of multiple office and retail tenancies over varying lease periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**Accounting Policy:**

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

Depreciation Rates	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	5 years

	2018 \$	2017 \$
(a) Property, Plant and Equipment		
Office Furniture and Equipment – cost	669,274	629,989
Plus Additions	21,423	39,285
Less Disposals	-	-
Closing Value - cost	690,697	669,274
Office Furniture and Equipment - Accumulated Depreciation	(479,443)	(440,834)
Less Depreciation Charge	(46,134)	(38,609)
Less Disposals	-	-
Closing Accumulated Depreciation	(525,577)	(479,443)
Net Book Value	165,120	189,831

The Total Comprehensive Surplus/(Deficit) After Tax in the Statement of Comprehensive Income includes a \$nil loss on disposal of fixed assets (2017: nil).

(b) Intangible Assets		
Software - cost	519,453	519,453
Plus Additions	-	-
Less Disposals	-	-
Closing Value - cost	519,453	519,453
Software - Accumulated Amortisation	(430,207)	(429,801)
Less Amortisation Charge	(246)	(406)
Less Disposals	-	-
Closing Accumulated Amortisation	(430,453)	(430,207)
Net Book Value	89,000	89,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7 INVESTMENT PROPERTY

Accounting Policy:

Investment property is measured at fair value, by reference to an external market valuation (performed annually), with any resulting unrealised gain or loss recognised in the Statement of Comprehensive Income.

	2018 \$	2017 \$
Civic Assurance House, Lambton Quay, Wellington		
(a) Land and Building	7,150,000	7,900,000
Refurbishment	469,513	48,043
Increase/(Decrease) in value	133,070	(798,043)
Level 3 Fair Value	7,752,583	7,150,000
(b) Artwork valuation	25,000	25,000
Fair Value	25,000	25,000
	7,777,583	7,175,000

The Company has received preliminary advice that investigations and calculations as part of a seismic assessment review have highlighted an issue with unreinforced masonry in non-structural parts of the building and, under the Building (Earthquake-prone Buildings) Amendment Act 2016, the building is therefore potentially earthquake prone.

The Company has resolved to mitigate this risk and proceed with seismic strengthening with an expected completion date of 31 March 2019. Civic Assurance House is expected to achieve a 70% New Building Standard (NBS) rating when this strengthening work is completed. The investment property valuation has been obtained as at 30 October 2018 on an 'as if complete' basis in regards to the strengthening and asbestos works that are required to be completed. As at 31 December 2018 \$352k had been spent on earthquake strengthening and \$51k had been spent on asbestos works, with further works to be completed after 31 December 2018. The amount spent as at year end on the works has been added onto the valuers valuation of the property to reach the final fair value of the property.

The investment property is revalued every year. The investment property valuation as at 30 October 2018 was completed on 7 November 2018 by independent registered valuer Martin Veale (ANZIV, SPINZ) of the firm Telfer Young (Wgtn) Ltd. The property is valued in accordance with International Valuation Standards 2017. The Investment property is Level 3 fair value due to containing unobservable inputs.

The adopted market value has been established by consideration of the Income Capitalisation and Discounted Cashflow approaches. Major inputs and assumptions used in the valuation are rental income, capital expenditure, capitalisation rate and market rent per square metre, discount rate, occupancy and weighted average lease terms.

The Company borrowed \$4,000,000 from the ANZ Bank with this loan secured over Civic Assurance House.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7 INVESTMENT PROPERTY CONTINUED

Investment Property Metrics

	2018	2017
Average Growth Factor	1.52%	1.40%
Capitalisation Rate	8.00%	8.00%
Terminal Yield	8.00%	8.25%
Discount Rate	9.25%	9.25%
Rent per sqm	\$368	\$355
Occupancy (net lettable area)	94.22%	92.84%
Weighted average lease term (years)	1.90	2.00

NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED

There are no financial assets that are impaired or past due at balance date (2017: \$nil).

NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities (2017: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 TAXATION**Accounting Policies:****i) Current Tax**

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

ii) Deferred Tax

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

iii) Goods and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 TAXATION CONTINUED**(a) Income tax recognised in the Statement of Comprehensive Income**

	2018 \$	2017 \$
Tax expense comprises:		
Current tax expense	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	(13,947)
Deferred tax relating to temporary differences	298,891	200,879
Total tax expense	298,891	186,932
Attributable to:		
Continuing operations	298,891	186,932
	298,891	186,932

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2018 \$	2017 \$
Surplus before tax	1,196,342	30,812
Income tax calculated at 28%	334,977	8,628
Tax effect of permanent differences	(36,057)	192,251
Prior Period Adjustment	(28)	(13,947)
Income Tax Expense	298,891	186,933

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 TAXATION CONTINUED

(b) Current tax assets and liabilities

	2018 \$	2017 \$
Tax refund receivable	3,580	3,580
	3,580	3,580

(c) Deferred tax balances

	2018 \$	2017 \$
Deferred tax assets comprise:		
Temporary differences	3,311,153	3,588,348
	3,311,153	3,588,348
Deferred tax liabilities comprise:		
Temporary differences	(524,191)	(502,496)
	(524,191)	(502,496)
Net Deferred Tax balance	2,786,961	3,085,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 TAXATION CONTINUED**(c) Deferred tax balances continued**

Gross taxable and deductible temporary differences for the Group arise from the following:

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Prior Period Adjustment \$	Closing Balance \$
Investment gains	-	-	-	-	-
Building, property and equipment	(1,794,628)	(89,567)	-	12,086	(1,872,109)
	(1,794,628)	(89,567)	-	12,086	(1,872,109)
Employee entitlements	40,265	867	-	-	41,132
Losses carried forward	12,775,265	(978,865)	-	(11,987)	11,784,413
2018	12,815,530	(977,998)	-	(11,987)	11,825,545
Attributable to:					
Continuing operations	11,020,902	(1,067,565)	-	99	9,953,436
Total	11,020,902	(1,067,565)	-	99	9,953,436
Tax effect at 28%	3,085,852	(298,918)	-	28	2,786,961
Investment gains	(40,315)	-	-	40,315	-
Building, property and equipment	(1,698,639)	(95,989)	-	-	(1,794,628)
	(1,738,954)	(95,989)	-	40,315	(1,794,628)
Employee entitlements	54,914	6,572	-	(21,221)	40,265
Losses carried forward	13,372,556	(628,007)	-	30,716	12,775,265
2017	13,427,470	(621,435)	-	9,495	12,815,530
Attributable to:					
Continuing operations	11,688,516	(717,424)	-	49,810	11,020,902
Total	11,688,516	(717,424)	-	49,810	11,020,902
Tax effect at 28%	3,272,782	(200,877)	-	13,947	3,085,852

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years (refer Note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 TAXATION CONTINUED

(d) Imputation Credit Account

	2018 \$	2017 \$
Closing Balance	5,259,812	5,259,812

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES

Accounting Policy:

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

The following are definitions of the terms used in the Statement of Cash Flows:

- Bank comprises cash on hand and demand deposits.
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES CONTINUED

	2018 \$	2017 \$
Total Comprehensive (Deficit)/Surplus	897,451	(156,120)
Add/(less) non cash items		
Loan Interest	(29,319)	(13,321)
Depreciation	46,134	38,609
Amortisation	246	406
Movement in CLP/ Riskpool Admin Fee Reserve	(225,835)	(43,879)
Movement in Deferred Tax Asset	298,891	186,932
Net change in fair value of investment property	(133,070)	798,043
Debt write-Off	-	(120,176)
	(42,953)	846,614
Add/(less) movements in other working capital items		
Sundry Debtors and Prepayments and Reinsurance Recoveries	(59,784)	(171,391)
Sundry Creditors and Accrued Charges	55,502	(241,936)
Tax Refund Due	-	(2,590)
	(4,282)	(415,917)
Add/(Less) Items Classified as Investing Activity	(76,150)	(91,914)
Add/(Less) Items Classified as Financing Activity	(147,980)	(68,273)
Net Cash Flow from Operating Activities	626,086	114,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 12 SUNDRY DEBTORS AND CREDITORS

(a) Sundry Debtors and Prepayments

	2018 \$	2017 \$
Sundry Debtors	637,748	590,921
Prepayments	145,453	124,191
GST Receivable	4,684	12,987
Sundry Debtors and Prepayments	787,885	728,099

(b) Sundry Creditors and Accrued Charges

	2018 \$	2017 \$
Sundry Creditors and Accrued Charges	204,028	150,901
Sundry Creditors and Accrued Charges	204,028	150,901

NOTE 13 LOANS

Loan Receivable

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of New Zealand Mutual Liability Riskpool ("Riskpool") were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in the current period to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provides a loan facility of \$4,000,000. Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may at any time withdraw the facilities by notice in writing to Riskpool to that effect, from which time no further funds will be provided but without giving rise to a requirement for Riskpool to repay the outstanding balance of the loan. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The first loan including interest of \$68,280 under the first agreement was repaid in full in October 2017. The loan outstanding at 31 December 2018 is \$6,086,843.91.

Borrowings

The Company borrowed \$4,000,000 from the ANZ Bank with this loan secured over Civic Assurance House.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 14 SHAREHOLDERS' EQUITY

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2017, there were no shares were issued. There were no shares issued during 2018.

	2018 \$	2017 \$
Retained Earnings		
Opening Balance	6,284,094	6,440,214
Net Surplus After Taxation	897,451	(156,120)
Closing balance	7,181,545	6,284,094
Shareholders Capital		
Opening Balance	10,763,506	10,763,506
Ordinary Shares issued during the year	-	-
Closing balance	10,763,506	10,763,506
Number of Ordinary Shares Fully Paid	11,249,364	11,249,364

NOTE 15 SUBORDINATED DEBT

New Zealand Local Government Finance Corporation Limited (NZLGFC) ceased active operations in February 2010 and was removed from the New Zealand Companies register on 25 September 2017. NZLGFC had total assets of \$50,533 and total liabilities of \$120,176 at 31 December 2016. On completion of the windup process during 2017, NZLGFC had no remaining assets available for distribution and was released from the remaining debt of \$120,176. This amount is included in the Statement of Comprehensive Income in 2017. No impact in the current year.

NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS

All shareholder equity is retained to ensure the financial soundness of the Group. The cash is retained for cash flow purposes and to balance the funds allocated in the building investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 17 STANDARDS APPROVED BUT NOT YET EFFECTIVE

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, one Standard and Interpretation was in issue that was relevant to the Group, but not yet effective.

Initial application of the following Standard is not expected to affect any of the amounts recognised in the financial report or change the presentation and disclosures presently made in or relation to the Group's financial report:

	<i>Effective for annual reporting periods beginning on or after</i>	<i>Expected to be initially applied in the financial year ending</i>
Revised NZ IFRS 9 'Financial Instruments'	1 January 2021	31 December 2021

NOTE 18 SUBSEQUENT EVENTS

There have been no material events subsequent to 31 December 2018 that require adjustment to or disclosure in the financial statements.

NOTE 19 CAPITAL COMMITMENTS

The Company has capital commitments at balance date totalling \$431,527 (2017: \$0) for contracts relating to the earthquake strengthening and asbestos works.

NOTE 20 GOING CONCERN

The financial statements have been prepared on a going concern basis.

The profitability of financial and property services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

OPINION

We have audited the consolidated financial statements of the Group on pages 7 to 29, that comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 31 December 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards.

Our audit was completed on 15 March 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the audit of the consolidated financial statements, we comment on other information and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible, on behalf of the Group, for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act 1993.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

INDEPENDENT AUDITOR'S REPORT *CONTINUED***OTHER INFORMATION**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 5 but does not include the consolidated financial statements, and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagements in the areas of tax compliance and controls assurance, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.



Silvio Bruinsma
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2018

SHAREHOLDER MEMBER	NO. OF SHARES		SHAREHOLDER MEMBER	NO. OF SHARES	
CITY COUNCILS			DISTRICT COUNCILS (Cont'd)		
Auckland	2,195,042	19.51%	Rangitikei	35,338	0.31%
Christchurch	1,417,704	12.60%	Rotorua	175,906	1.56%
Dunedin	470,966	4.19%	Ruapehu	56,666	0.50%
Hamilton	202,729	1.80%	South Taranaki	135,496	1.20%
Hutt	479,822	4.27%	South Waikato	42,374	0.38%
Invercargill	407,927	3.63%	South Wairarapa	53,930	0.48%
Napier	283,842	2.52%	Southland	13,715	0.12%
Nelson	95,543	0.85%	Stratford	65,608	0.58%
Palmerston North	411,737	3.66%	Tararua	99,972	0.89%
Porirua	140,146	1.25%	Tasman	65,584	0.58%
Tauranga	124,242	1.10%	Taupo	83,971	0.75%
Upper Hutt	51,209	0.46%	Thames-Coromandel	27,120	0.24%
Wellington	526,821	4.68%	Timaru	230,118	2.05%
DISTRICT COUNCILS			Waikato	41,070	0.37%
Ashburton	56,016	0.50%	Waimakariri	88,172	0.78%
Buller	27,698	0.25%	Waimate	30,458	0.27%
Carterton	23,642	0.21%	Waipa	149,082	1.33%
Central Hawke's Bay	28,580	0.25%	Wairoa	22,992	0.20%
Central Otago	91,238	0.81%	Waitaki	120,000	1.07%
Clutha	33,711	0.30%	Waitomo	16,940	0.15%
Far North	85,440	0.76%	Wanganui	289,660	2.57%
Gisborne	99,404	0.88%	Western Bay of Plenty	28,142	0.25%
Gore	54,589	0.49%	Westland	28,356	0.25%
Grey	33,742	0.30%	Whakatane	38,788	0.34%
Hastings	129,170	1.15%	Whangarei	63,524	0.56%
Hauraki	63,434	0.56%	REGIONAL COUNCILS		
Horowhenua	110,689	0.98%	Bay of Plenty	55,000	0.49%
Hurunui	14,000	0.12%	Canterbury	152,696	1.36%
Kaikoura	10,000	0.09%	Hawke's Bay	20,000	0.18%
Kaipara	13,629	0.12%	Horizons	2,000	0.02%
Kapiti Coast	15,060	0.13%	Southland	10,000	0.09%
Kawerau	31,161	0.28%	Taranaki	1,000	0.01%
Manawatu	203,964	1.81%	Waikato	22,000	0.20%
Marlborough	86,022	0.76%	Wellington	80,127	0.71%
Masterton	127,230	1.13%	OTHER		
Matamata-Piako	122,554	1.09%	TrustPower	137,251	1.22%
New Plymouth	441,456	3.92%	Total Shares 11,249,364		
Opotiki	20,000	0.18%			
Otorohanga	5,000	0.04%			
Queenstown-Lakes	31,149	0.28%			

CIVIC FINANCIAL SERVICES LIMITED

STATEMENT OF INTENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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1.0 Mission Statement

Mission Statement of Civic Financial Services Ltd
To provide superannuation and risk-financing solutions to the local government sector

2.0 Corporate Goals

The specific goals of the Company are:

- 2.1 To operate as a sound and successful business.
- 2.2 To be the primary supplier of superannuation and risk-financing services to the local government sector.
- 2.3 To investigate and facilitate, as appropriate, new products and markets in superannuation and risk-financing and such other markets that it believes could prove beneficial to its shareholders and the local government sector.

3.0 Nature and Scope of Activities

- 3.1 The Company administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme.
- 3.2 The Company provides administration, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool).
- 3.3 The Company investigates and facilitates as appropriate such new superannuation and risk-financing services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- 3.4 In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

4.0 Financial Projections

Civic's projected profit outlook over the next three years is shown in the tables below.

Civic's main revenue streams will come from the two following sources: fees from providing administration services and investment income.

Profits from providing administration services: Civic's income in 2019 will come from providing administration services as described in section 3.1 and 3.2.

Profits from investment income: Civic's income in 2019 will come from investment income. This includes the rental income from Civic Assurance House, a ten-storey Wellington CBD office building. At the Special General Meeting held on 5 October 2017 there was overwhelming support from our shareholders to sell Civic Assurance House. A recent seismic assessment review identified there was strengthening work required for the non-structural south and west boundary walls of Civic Assurance House. Having taken professional advice, your Board decided to complete the strengthening work to prepare the building for sale. This work is scheduled to be completed by 31 March 2019; at which time the building will be taken to the market. If a satisfactory sale price can be obtained, the proceeds net of selling costs will be distributed to shareholders via a special dividend and it is anticipated this will occur during the third quarter of 2019. The forecasted sale and subsequent removal of rental income has been taken into consideration in the projections below.

Financial projections for 2019 to 2021 are:

	2019	2020	2021
Administration Income	\$2,109,028	\$2,225,169	\$2,314,719
Investment Income	\$516,000	\$153,000	\$148,000
Revenue	\$2,625,028	\$2,378,169	\$2,462,719
Expenses	\$2,203,729	\$2,026,743	\$2,081,616
Surplus before tax	\$421,299	\$351,426	\$381,103

Please note that these are projections, not firm predictions.

5.0 Performance Targets and Measures

- 5.1 To provide superannuation services to at least 90% of local authorities.
- 5.2 To continue to be an efficient and effective administration manager for LAPP, Riskpool, CLP and CPP.

6.0 Reporting to Shareholders

- 6.1 An audited annual report for 2018 by 30 April 2019.
- 6.2 A report on the first half of 2019 by 30 September 2019 containing a review of the Company's operations during the half year and unaudited half-yearly accounts.

7.0 Acquisitions/Disposals

Any acquisition or disposal that is equivalent to 50% or more of the Company's assets will constitute a "major transaction" under the Company's constitution and approval of the shareholders will be sought in accordance with the constitution. Any acquisition that is equivalent to 25% or more but less than half of the Company's assets will constitute a "minor transaction" under the Company's constitution and consultation with shareholders will take place.

8.0 Transactions with Related Parties

The Company has 72 local authority shareholder members plus TrustPower (holding 1.22%). Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company. Because it is sharing management resources, the Local Authority Protection Programme (LAPP), Riskpool, CLP and CPP are also considered to be related parties. Transactions with shareholder members include risk-financing services and superannuation related financial services.

Charges to and from shareholder members will be made for services provided as part of the normal trading activities of the Company and its subsidiaries. Transactions with shareholder members are on a wholly commercial basis.

***** END *****