

Document No: 307592**File No:** 037/042**Report To: Council****Meeting Date:** 6 June 2013**Subject:** **Deputation: Hilary Karaitiana****Purpose**

- 1.1 The purpose of this business paper is to advise Council that Hilary Karaitiana, State Sector Youth Services Manager for Waitomo will be in attendance at the Meeting at 9.00am to address Council on progress with the State Sector Youth Services Trial Action Plan.

Suggested Resolution

The Deputation from Hilary Karaitiana be received.

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

MICHELLE HIGGIE
EXECUTIVE ASSISTANT

WAITOMO DISTRICT COUNCIL

MINUTES OF THE WAITOMO DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, QUEEN STREET, TE KUITI ON TUESDAY 30 APRIL 2013 AT 9.00AM

PRESENT: Mayor Brian Hanna, Council Members Phil Brodie, Charles Digby, Allan Goddard, Pat Hickey, Lorrene Te Kanawa and Guy Whitaker

IN ATTENDANCE: Chris Ryan, Chief Executive; Michelle Higgle, Executive Assistant; Donna Macdonald, Community Development Coordinator (for part only); Kit Jeffries, Group Manager – Corporate Services (for part only); Christiaan van Rooyen, Group Manager – Assets (for part only); Andreas Senger, Manager – Water Services (for part only); Gerri Waterkamp, Manager – Roading (for part only); John De Luca, Manager – Community Services (for part only) and John Moran, Manager – Regulatory Services (for part only);

1.	Prayer	File 037/00A
-----------	---------------	---------------------

2.	Confirmation of Minutes – 26 March 2013	File 037/001
-----------	--	---------------------

Resolution

The Minutes of the Waitomo District Council meeting held on 26 March 2013, including the public excluded Minutes, be confirmed as a true and correct record.

Moved/Seconded Digby/Whitaker Carried

3.	Verbal Reports:	File 037/005A
-----------	------------------------	----------------------

Individual Council Members provided verbal reports in respect to Council representation on External Organisations and issues arising from allocated Portfolios as follows:

Cr Brodie

- Timber Trail Opening
- Shearing Champs
- Mayoral Bike Challenge
- Piopio Consultation Meeting
- Otago Rail Trail
- Te Anga Ratepayers Meeting
- ANZAC Day Parade at Piopio
- Mokau Ratepayers Meeting

Cr Te Kanawa

- Tere Waitomo Community Trust
- Donna Borrell (Te Kuiti Pa Cemetery Committee)
- Redwood Park (Dangerous Trees)

Cr Goddard

- Benneydale Residents and Ratepayers Assn
- Bolger Farewell

Cr Digby

- Timber Trail Opening
- Friends of Brook Park Meeting
- Brook Park Working Bee
- Consultation Meetings – Piopio, Te Kuiti, Waitomo
- Federated Farmers AGM
- Te Anga Ratepayers Meeting
- Waikato Valley Civil Defence
- Youth Council
- Ken Miller’s Farewell
- Bolger Farewell

Cr Whitaker

- Friends of Brook Park Meeting
- Te Kuiti Development Inc
 - NZTA will not approve signage on road reserve
 - Now looking at locating on private land

Cr Hickey

- Friends of Brook Park Meeting

Mayor Hanna

- Ginseng Project (briefing by Chief Executive)
- Youth Council
- Sister City – Hosting of Tatsuno Students
- Signing of JMA
- 2013 Muster
 - Special thanks to Donna Macdonald and Charlene Longden
- Waitomo Discovery Centre
- Te Kuiti Play Centre Carpark
- Te Kuiti Re-Opening of Whare
- Ken Miller’s Farewell
- Trust Waikato – Meeting with CEO
- Social Sector Trials - Regional Managers Meeting
- Bolger Farewell
- TRENDZ
- Te Kuiti Wastewater Treatment Plant Upgrade Resource Consent
- Mokau Ratepayers Meeting

- Taratahi Agricultural Training
- FAR Review
- NZ Police – Changes
- Rural Fires
- Piopio Water Treatment Plan Opening Day
 - Tentatively set for Friday 24 May 2013
- Site Visit – Te Kuiti Wastewater Treatment Plant Upgrade

Resolution

The Verbal Reports from Elected Members relating to representation on external organisations and allocated portfolios be received.

Moved/Seconded Goddard/Te Kanawa Carried

4.	Local Government Commission: Decisions on "A Better Hawke's Bay" Local Government Reorganisation Application	File 064/003
-----------	---	---------------------

Council considered a business paper providing a brief on the Local Government Commission's initial consideration of the "A Better Hawke's Bay" Local Government Reorganisation Application.

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

Resolution

The business paper on Local Government Commission: Decisions on "A Better Hawke's Bay" Local Government Reorganisation Application be received.

Moved/Seconded Goddard/Digby Carried

5.	DC Tynan Trust – Exemption as a Council Controlled Organisation	File 400/150
-----------	--	---------------------

Council considered a business paper requiring consideration of the exemption of the DC Tynan Trust from being a Council Controlled Organisation under the Local Government Act 2002 (LGA 2002).

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

Resolution

- 1 The business paper on DC Tynan Trust – Exemption as a Council Controlled Organisation be received.
- 2 Council exempt the DC Tynan Trust from being classified as a Council Controlled Organisation under section 7(3) of the Local Government Act 2002.

Moved/Seconded Brodie/Goddard Carried

The Community Development Coordinator entered the meeting at 10.04am.

6.	Progress Report: Youth Engagement	File 092/08
-----------	--	--------------------

Council considered a business paper providing an update on Youth Engagement activity for the period 1 July 2012 to 30 March 2013.

The Mayor, Chief Executive and Community Development Coordinator expanded verbally on the business paper and answered Members' questions.

Resolution

The Progress Report: Youth Engagement – July 2012 to March 2013 be received.

Moved/Seconded Digby/Whitaker Carried

The Community Development Manager left the meeting at 10.15am.

The meeting adjourned for morning tea at 10.15am and reconvened at 10.30am

7.	Progress Report: Road Map	File 37/048A
-----------	----------------------------------	---------------------

Council considered a progress report against the Road Map Work Programme adopted by Council on 28 August 2012.

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

The Chief Executive briefed the Council:

- Tree maintenance at Redwood Park
- Arrangement with Te Kuiti Marae for lawn mowing
- Riverview Heights Land Disposal

Resolution

1 The Road Map Monitoring Schedule as at 30 April 2013 be received.

2 Redwood Park – Tree Maintenance be included as a project in the Road Map for reporting purposes.

Moved/Seconded Hickey/Digby Carried

The Group Manager – Corporate Services entered the meeting at 10.45am.

8.	Financial and Non-Financial Report for the Nine Months ending 31 March 2013	File 100/018
-----------	--	---------------------

Council considered a business paper presenting:

- The Financial Report for the period ended 31 March 2013 and;
- Detail of non-financial performance of service performance (i.e. performance against key indicators) for the period to 31 March 2013.

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

Resolution

The business paper on the Financial and Non-Financial Report for the Nine Months ending 31 March 2013 be received.

Moved/Seconded Te Kanawa/Brodie Carried

The Group Manager – Corporate Services left the meeting at 11.15am.

The Group Manager – Assets, Manager – Water Services and Manager - Roading entered the meeting at 11.17am.

9.	Progress Report: Monitoring Against 2012-2022 Long Term Plan – Land Transport	File 037/020/12A
-----------	--	-------------------------

Council considered a business paper providing a brief on implementation of the Work Plan for the Land Transport activity as contained in year one (2012/2013) of the 2012-2022 Long Term Plan.

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

Council discussed asset management planning issues relative to forestry harvesting and land use changes i.e. diary conversions and how Council can plan for mitigating the effects of heavy traffic.

Resolution

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

Moved/Seconded Brodie/Goddard Carried

Submission to the Roading Financial Assistance Rate Review

Council considered a tabled supplementary business paper on the Roading Financial Assistance Rate Review initiated by the New Zealand Transport Agency including a draft Submission to the Discussion Document under review.

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

Resolution

- 1 The business paper on Submission to the Roding Financial Assistant Rate Review be received.
- 2 The Mayor and Chief Executive be authorised to make a submission to the New Zealand Transport Agency along the lines contained in the draft submission tabled.

Moved/Seconded Brodie/Digby Carried

The Manager - Roding left the meeting at 11.42am.

10.	Progress Report: Monthly Operation and Maintenance Report for Water, Sewerage and Stormwater – April 2013	File 037/005A
------------	--	----------------------

Council considered a business paper providing a brief on progress for Operational and Maintenance performance by Council's contracted Services Provider for Water Services (Veolia Water).

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

Resolution

The Progress Report: Monthly Operation and Maintenance Report for Water, Sewerage and Stormwater - April 2013 be received.

Moved/Seconded Goddard/Brodie Carried

11.	Progress Report: Monitoring Against 2012-2022 Long Term Plan – Water Supply	File 037/020/12A
------------	--	-------------------------

Council considered a business paper providing a brief on implementation of the Work Plan for the Water Supply activity as contained in year one (2012/2013) of the 2012-2022 Long Term Plan.

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

Resolution

The Progress Report: Monitoring Against 2012-2022 Long Term Plan – Water Supply be received.

Moved/Seconded Whitaker/Digby Carried

12.	Progress Report: Monitoring Against 2012-2022 Long Term Plan – Stormwater	File 037/020/12A
------------	--	-------------------------

Council considered a business paper providing a brief on implementation of the Work Plan for the Stormwater activity as contained in year one (2012/2013) of the 2012-2022 Long Term Plan.

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

Resolution

The Progress Report: Monitoring Against 2012-2022 Long Term Plan – Stormwater be received.

Moved/Seconded Te Kanawa/Brodie Carried

13.	Progress Report: Monitoring Against 2012-2022 Long Term Plan – Sewerage	File 037/020/12A
------------	--	-------------------------

Council considered a business paper providing a brief on implementation of the Work Plan for the Sewerage activity as contained in year one (2012/2013) of the 2012-2022 Long Term Plan.

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

Resolution

The Progress Report: Monitoring Against 2012-2022 Long Term Plan – Sewerage be received.

Moved/Seconded Whitaker/Hickey Carried

The meeting adjourned for lunch at 12.10pm.

The Group Manager – Assets and Manager – Water Services left the meeting at 12.10pm.

The meeting reconvened at 12.45pm

The Group Manager – Community Services and Manager – Regulatory Services entered the meeting at 12.50pm.

14.	Progress Report: CDEM Joint Committee Minutes	File 400/010/2
------------	--	-----------------------

Council considered a progress report presenting the Civil Defence Emergency Management Joint Committee meeting Minutes of 4 March 2013.

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

Resolution

The Progress Report: Civil Defence Emergency Management Joint Committee Minutes be received.

Moved/Seconded Brodie/Te Kanawa Carried

15.	Progress Report: Parkside Subdivision	File 401/Parkside
------------	--	--------------------------

Council considered a business paper providing a brief on progress with the sale of sections at Parkside Subdivision.

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

Resolutions

The Progress Report: Parkside Subdivision be received.

Moved/Seconded Whitaker/Hickey Carried

16.	Progress Report: Piopio Toilets Redevelopment	File 401/0588003200
------------	--	----------------------------

Council considered a business paper providing a brief on progress with the redevelopment of the Piopio Public Toilets.

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

Resolution

The Progress Report: Piopio Toilets Redevelopment be received.

Moved/Seconded Brodie/Te Kanawa Carried

17.	Dog Control Fees 2013/2014	File 051/003
------------	-----------------------------------	---------------------

Council considered a business paper requiring the setting of dog control fees for 2013/2014 in accordance with the provisions of the Dog Control Act 1996.

The Chief Executive and Manager – Regulatory Services expanded verbally on the business paper and answered Members' questions.

Resolution

1 The business paper on Dog Control Fees 2013/2014 be received.

- 2 Council adopt the following fee structure for 2013/2014 Dog Registration Fees:

Basic Dog Fee	\$149.00
Urban Fee	\$98.00
Spayed or Neutered Fee	\$77.00
Selected Owner Policy Fee	\$56.00
Rural Fee	\$35.00

Moved/Seconded Whitaker/Goddard Carried

18.	Progress Report: Outstanding Resource Consent Applications	File 097/001B
------------	---	----------------------

Council considered a progress report providing information on outstanding resource consent applications and details of those applications currently being processed.

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

Resolution

The Progress Report: Resource Consent Applications be received.

Moved/Seconded Whitaker/Hickey Carried

19.	Motion to Exclude the Public for the consideration of:	File 037/043
------------	---	---------------------

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

Resolution

- 1 The public be excluded from the following part of the proceedings of this meeting.
- 2 Council agree that the following staff, having relevant knowledge, remain
Chris Ryan, Chief Executive
Michelle Higgie, Executive Assistant
John De Luca, Group Manager – Community Services
John Moran, Manager – Regulatory Services
- 3 The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
1. Progress Report: Regulatory Enforcement Issues	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
2. Progress Report: Te Maika Zone – Te Maika Trust Proposal	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
3. Progress Report: Waipa River Joint Management Agreement	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
4. Progress Report: Wool Storage Facility	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
5. Progress Report: Rural Halls (Oparure, Mokauiti, Kopaki and Benneydale Halls)	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
6. Licence to Occupy – Barker Family Trust	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
7. Progress Report: Te Kuiti Railway Building	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
8. Progress Report: Te Kuiti Community House	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
9. Progress Report: Te Kuiti Mainstreet Re-Design	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
10. Progress Report: Te Kuiti Cemetery	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
11. Progress Report: Mangarino Road Property	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Section 48(1) grounds for this resolution
12. Progress Report: Marokopa Campground – Renewal Work	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
13. Progress Report: Marokopa Sea Wall	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
14. Progress Report: Mokau Toilet Effluent Upgrade	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
15. Progress Report: Benneydale Water Easements	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
16. Progress Report: School Road Property, Benneydale	7(2)(a) To protect the privacy of natural persons	48(1)(a)
17. Progress Report: School Road Properties, Benneydale	7(2)(a) To protect the privacy of natural persons	48(1)(a)
18. WVEOA – Civil Defence Provision	7(2)(i) Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	48(1)(a)
19. Procurement: Ground Bond Ltd	7(2)(h) To maintain legal professional privilege	48(1)(a)

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

Moved/Seconded Digby/Hickey Carried

There being no further business the meeting closed at 3.10pm.

Dated this 6th day of June 2013

BRIAN HANNA
MAYOR

Confidential

Confidential

Confidential

Confidential

Confidential

Confidential

Confidential

WAITOMO DISTRICT COUNCIL

MINUTES OF A MEETING OF THE WAITOMO DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, QUEEN STREET, TE KUITI ON THURSDAY 23 MAY 2013 AT 9.00AM

PRESENT: Mayor Brian Hanna, Council Members Phil Brodie, Charles Digby, Allan Goddard, Pat Hickey, Lorrene Te Kanawa and Guy Whitaker

IN ATTENDANCE: Andrew Giltrap (Otorohanga District Development Board)

Hilary Karaitiana, Ngamira Kopa, Luke Moss, Te Hua Matehuria, Aroha Te Aretoa and Johnthan Pethybridge (Waitomo District Youth Council)

Mike Maguire (Sport Waikato)

Chris Irons, Jackie Haan and Hillary Walker (Waitomo Branch of Waikato Federated Farmers)

Michelle Higgie, Executive Assistant; Kit Jeffries, Group Manager – Corporate Services; Helen Beever, Group Manager – Customer Services; Donna Macdonald, Community Development Coordinator; Vibhuti Chopra, Consultant Planner

Andrew Giltrap entered the meeting at 9.00am.

1. Council Prayer	File 073/040
--------------------------	---------------------

2. Hearing of Submissions to the Waitomo District Council Draft 2013/2014 Exceptions Annual Plan	File 037/013/2014
---	--------------------------

Council considered a business paper setting out the process for the hearing of submitters and heard Submitters as follows:

9.00am Otorohanga District Development Board

Andrew Giltrap spoke in support of the submission from Otorohanga District Development Board and answered Members' questions.

Andrew Giltrap left the meeting at 9.10am.

Hilary Karaitiana and five members of the Youth Council entered the meeting at 9.13am.

9.15am Waikato District Youth Council

Hilary Karaitiana introduced the Youth Council Members as follows – Ngamira Kopa, Luke Moss, Te Hua Matehuria, Aroha Te Aretoa and Johnthan Pethybridge

Te Hua Matehuria	Thanked Council for the opportunity to submit to the dEAP
Luke Moss	Spoke in support of establishing a District Economic Development Board
Johnthan Pethybridge and Luke Moss	Spoke in support of continuing to fund Sport Waikato, and made the following points: <ul style="list-style-type: none"> - It would be good to see holiday programmes for teenagers, not just young kids - Piopio students want to know what Sport Waikato does for Piopio. They are not aware of any support for Piopio and fee Sport Waikato is too focused on Te Kuiti
Ngamira Kopa	Spoke in support of redeveloping the Te Kuiti Railway Buildings as a Town Hub
Aroha Te Aretoa	Spoke in support of the Youth Council's recommendation to upgrade/cover the Te Kuiti Skate Park and various funding options available to the Youth Council to assist in funding any upgrade of the facility. <ul style="list-style-type: none"> - Main age group of users 10-14 years - The Scooter competition run by Sport Waikato and NZ Police has attracted and increase in numbers using the facility, particularly Scooter users

Mike Maguire entered the meeting at 9.25am.

Hilary Karaitiana and five members of the Youth Council left the meeting at 9.26am.

9.30am Sport Waikato

Mike Maguire spoke in support of Sport Waikato's written submission.

The Hearing adjourned for morning tea at 9.32am

Mike Maguire left the meeting at 9.40am.

Councillor Brodie left the meeting at 9.45am (to attend the State Highway 3 Working Party Meeting)

Chris Irons, Jackie Haan and Hillary Walker entered the meeting at 10.05am.

The Hearing reconvened at 10.15am

10.15am Waikato Federated Farmers

Chris Irons, Waitomo Branch Chair, Jackie Haan and Hillary Walker, Regional Policy Advisor spoke in support of Federated Farmers written submission.

Chris Irons, Jackie Haan and Hillary Walker left the meeting at 10.35am.

10.30am New Zealand Historic Places Trust

Apology

Resolution

- 1 The business paper on Hearing of Submissions to the Waitomo District Council Draft 2013/2014 Exceptions Annual Plan be received.
- 2 Council note the verbal submissions made by the following Submitters:
 - Otorohanga District Development Board
 - Waitomo District Youth Council
 - Sport Waikato
 - Waitomo Branch of Waikato Federated Farmers

and refer the submissions for consideration as part of the Council's Deliberation Meeting on Thursday 6 June 2013.

Moved/Seconded Goddard/Whitaker Carried

There being no further business the meeting closed at 10.39am.

Dated at Te Kuiti this 6th day of June 2013.

BRIAN HANNA
MAYOR

Document No: 307590

File No: 037/005B

Report To: Council**Meeting Date:** 6 June 2013**Subject: Verbal Reports: Council Representation on External Organisations and Elected Member Portfolios**

Purpose of Report

- 1.1 The purpose of this business paper is to enable individual Council Members to report back to the full Council, on a needs basis, in respect to:
- 1 Appointments as Council's representative on External Organisations
 - 2 Reporting back on issues arising from allocated Portfolios

Commentary

- 2.1 Set out below are details of Council appointed representatives on External Organisations and allocated Portfolios.

External Organisation..... Council Representative

Benneydale Residents and Ratepayers Assn.....	A Goddard
Brook Park Advisory Committee	P Hickey
Brook Park Leadership Work Group.....	P Hickey, C Digby, G Whitaker
Brook Park Management Plan Working Group.....	P Hickey
Creative Communities Assessment Committee	P Hickey, L Te Kanawa
DC Tynan Trust	P Hickey, L Te Kanawa, G Whitaker
Hillview / St Andrews Court / Redwood Flats	L Te Kanawa
Kawhia Harbour (Foreshores)	C Digby
Marokopa Recreation Ground Committee.....	C Digby
Mokau Residents and Ratepayers Assn.....	P Brodie
North King Country Development Trust	Mayor
Piopio Retirement Board	P Brodie
Piopio Wastewater Community Liaison Group	Mayor, P Brodie, GM-Assets
Regional Land Transport Committee	Mayor or C Digby (Alternate)
Regional LTC Hearings Committee	Mayor
Regional Passenger Transport Committee	Waipa District Councillor
SPARC Assessment Committee	P Hickey and L Te Kanawa
Tainui Wetere Domain Board	P Brodie
Te Kuiti Community House	L Te Kanawa, GM-Com Services
Te Kuiti Historical Society	P Hickey
Transit NZ - State Highway 3 Working Party	Mayor and/or Cr Brodie
Waikato Region Civil Defence EMG.....	Mayor or C Digby (Alternate)

Document No: 306324

File No: 037/013/2014

Submission To: Draft Exceptions Annual Plan 2013/14**Meeting Date:** 6 June 2013**Subject:** **Management Submission to the draft Exceptions Annual Plan 2013/14 – Elected Members' Remuneration****Background**

- 1.1 The purpose of this report is to make a submission to the draft Exceptions Annual Plan (dEAP) 2013/14 relating to changes in remuneration for elected members.

Submission

- 2.1 Subsequent to the dEAP 2013/14 being made available for public consultation on 9 April 2013 the Remuneration Authority advised that the Elected Members' Remuneration for 2013/14 has been re-calculated – refer letter dated 30 April 2013 attached.

N.B. The provision for elected members' remuneration in the dEAP 2013/14 was based on the previous advice from the Remuneration Authority. That advice determined that the following levels of remuneration should apply:

	2012
Mayor's Salary	65,300
Councillors' Salaries (in total)	149,161
Total Salary Cost	214,461

- 2.2 In addition to that sum, a **\$6,839** provision was made by Council for payments to elected members for a home computer allowance and attendance at hearings. The total budget included in the dEAP 2013/14 was therefore **\$221,300**.
- 2.3 However, the most recent determination indicates that an additional \$20,339 of salaries will need to apply from the 2013 October triennial elections, as follows:

	2012	2013	\$ Increase	% Increase
Mayor's Salary	65,300	67,550	+2,250	3.45%
Councillors' Salaries	149,161	167,250	+18,089	12.13%
Total Annual Salaries	\$214,461	\$234,800	+\$20,339	9.48%

- 2.4 It is suggested that Council continue to make provision for payments to Councillors for an IT allowance and for attending hearings and that a total budget of \$242,910 is now proposed for 2013/14 – i.e. total salary cost of \$234,800 + provision for additional payments of \$8,110.
- 2.5 **It is noted that the new rates apply from the October 2013 elections.** It is therefore proposed that for 2013/14 the provision for elected members' remuneration be calculated at 3 months of the current rates and 9 months of the new rates – i.e. an increase in the 2013/14 budgetary provision of \$16,208.

- 2.6 This will increase the total rate requirement by \$506,150 (from \$16,320,278 to \$16,826,428) and the % increase to 3.10%, as follows:

dEAP Proposal

Total Rates 2012/13	16,320,278
Total Rates dEAP 2013/14	16,810,220
Rates Increase	<u>489,942</u>
Percentage Increase	3.00%

Amended dEAP Proposal

Total Rates 2012/13	16,320,278
Amended dEAP 2013/14	16,826,428
Rates Increase	<u>506,150</u>
Percentage Increase	3.10%

Suggested Resolutions

- 1 The Management Submission made to the draft Exceptions Annual Plan 2013/14 be received.
- 2 An increase of \$16,208 for Elected Members' Remuneration be made in the Exceptions Annual Plan 2013/14.



C.E. (KIT) JEFFRIES
GROUP MANAGER-CORPORATE SERVICES

8 May 2013

Attachment: 1 Letter from Remuneration Authority (*doc #306007*)



Date: 3/05/2013

Doc #: 306007

File #: 037/002/1A

30 April 2013

Mr Brian Hanna
 Mayor
 Waitomo District Council
 PO Box 404
 TE KUITI 3941

Dear Mr Hanna

Remuneration Post Elections 2013

This letter sets out information about your council's remuneration additional to the basic information given in the "Local Authority Elected Member Remuneration Setting 2013" document which has been made available to all councils.

The information will give you a better idea of the total costs for your council, the changes to your base councillor remuneration, and the effects of limiting large increases or decreases in councillor salaries.

In this letter, for your council:

2012 Base Councillor Salary, means the actual lowest rate of councillor salary in your council, with meeting fees (if any) spread evenly amongst all councillors.

2012 Average Councillor Salary, means the 2012/13 residual pool, less any amounts paid out of the pool for elected Community Board Members, divided by the number of councillors.

2013 Raw Councillor Salary, means the base councillor salary before limiting any large increases or decreases.

2013 Base Councillor Salary, means the base councillor salary to apply from elections 2013.

2012 Mayor's salary is before any reduction due to the provision of a car.

2013 Mayor's salary is before any reduction due to the provision of a car.

Mayor's Salary

2012 Mayor's salary:	\$65,300
2013 Mayor's salary:	\$67,550
Change in Mayor's salary:	\$2,250

Councillors' salaries

2012 Base Councillor salary:	\$23,866
2012 Average Councillor salary:	\$24,860

Ratio of average to base: 1.04

As this average is less than 1.11 (the national average) it means that your council generally had a lesser differential between salaries for positions of responsibility and base councillor salaries. Other things being equal this means that your council's change in base councillor salary will be smaller than other councils (or even negative).

2013 Raw Councillor salary:	\$18,077
2013 Base Councillor Salary:	\$22,300
Change from 2012 Base Councillor salary:	\$-1,566

Without limiting any large increases or decreases, your base councillor salary would have decreased by \$ 5,789 which was considered to be too great a reduction, would have had too great an adverse impact on councillors re-standing for election, and could be regarded as denigrating the position for new councillors. Therefore the decrease has been limited to \$1,566.

The base salary set for your council, in our view, fairly recompenses a councillor who spends on average between 1 and 2 days a week undertaking councillor duties over a three year period.

Overall Council Costs

This table compares the 2012 total salary costs with those to apply from elections 2013:

	2012	2013
Mayor's salary	65,300	67,550
Councillors' salaries	149,161	167,250
Total Salary cost	214,461	234,800

Your total salary costs will increase by 9.5%. The average for all councils is 9.3%

The 2013 salaries have been calculated on the assumption that your council will fully utilise the extra 1.5 times base councillor salary for positions of additional responsibility.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Errington', written in a cursive style.

John Errington
Chairman

Document No: 307664	File No: 037/013/2014AP
Report To: Council	
	Meeting Date: 6 June 2013 Subject: Deliberation on Submissions to the Waitomo District Council Draft Exceptions Annual Plan 2013-14

Purpose

- 1.1 The purpose of this business paper is to provide advice on suggested treatment for submissions received on the draft Exceptions Annual Plan 2013-14 (DEAP) to assist with deliberations on the submissions.

Background

- 2.1 The DEAP development process began in November 2012 and involved a number of workshops and Council meetings resulting in the adoption of a Draft EAP for public consultation on 26 March 2013.
- 2.2 The auditors were kept fully informed of the DEAP development and the proposals therein. They did not consider any of the proposals contained in the DEAP to be significant amendments to the adopted 2012-22 LTP and therefore a full audit of the DEAP was not undertaken by the auditors.
- 2.3 Public consultation on the DEAP took place during the period 9 April 2013 to 9 May 2013. During this period stakeholder forums were held throughout the District and Councillors and staff also attended ratepayer meetings to provide information on the proposals contained in the DEAP.
- 2.4 13 submissions have been received on the DEAP and no late submissions.
- 2.5 Of the 13 submissions received, 6 submitters wished to be heard in support of their submission. However, two of the 6 put in their apologies prior to the Hearings.

Analysis of Submissions

- 3.1 The consultation phase of the EAP development process is intended to specifically seek feedback from the community on the proposals made in the DEAP. However, sometimes, feedback is provided on other matters as well, during the consultation period.
- 3.2 It is suggested that, where appropriate, issues raised by the submitters that do not relate to the proposals within the DEAP or matters that were raised verbally, are dealt with outside of the DEAP process with the submitters/ stakeholders advised accordingly.

- 3.3 **Attachment 1** shows all the submissions broken down into topics and each topic is categorised into one of five specific pathways. The intent is to concentrate submissions by topic so that Council deliberations can focus on those matters that were under consultation without limiting consideration of any other matters raised through the consultation process. As suggested earlier, the methodology ensures that any matters raised, that do NOT form part of the proposals under consultation in the DEAP, but are nevertheless relevant to the community are able to be addressed as part of Council's work programme going forward or through a new work stream, if considered appropriate by Council.
- 3.4 The submissions cover 40 topics of which 12 topics are directly related to the proposals made in the DEAP.
- 3.5 The key proposals made in the DEAP and the submissions received on these is summarised below:
- 3.5.1 **Investigation of Council takeover of Water and Waste Water services at Waitomo Village** – Waikato Regional Council (WRC) have noted the proposal and expressed their confidence in Council's ability to deliver good quality services. Federated Farmers (FF) have expressed their concern at the potential cost on rural ratepayers if the takeover was to go ahead. They intend to provide further comment when a full proposal is ready for consultation.
- 3.5.2 **Defer the establishment of the District Economic Development Board by a year** – FF have submitted in support of the deferral and have requested Council to consider withdrawing the proposal completely. Waitomo District Youth Council (WDYC), on the other hand has expressed strong support for setting up of the DEDB.
- 3.5.3 **Defer the start of the District Plan Review by a year** – Population Health and WRC have noted the proposal in their submission and Federated Farmers have supported the deferral.
- 3.5.4 **Reinstate funding of Sport Waikato services at the 2012-13 level** - Sport Waikato and WDYC submitted in support of the proposal.
- 3.5.5 **Restoration and Revitalisation of Te Kuiti Railway Buildings** – WDYC and NZ Historic Places Trust support the proposed projects.
- 3.5.6 **Alter the funding mechanism for Urban Stormwater** – No formal submission was made on this proposal.
- 3.5.7 **Waitomo District Council to participate as a borrower in the New Zealand Local Government Funding Agency** – FF submitted in support of this proposal.
- 3.6 Some other topics raised that Council would need to make a decision on are:
- 3.6.1 Submission from Otorohanga District Development Board (ODDB) to reconsider funding \$15K per annum for three years for ODDB Youth Support Programs.
- 3.6.2 Te Anga Hall Society Inc has proposed that Council consider a different method of funding rural community halls.

- 3.6.3 Request from Piopio Memorial Hall Committee to reallocate the money to be spent on Piopio Public Toilets at Kara Park to the upgrade of the Piopio War Memorial Hall Toilets.
- 3.6.4 Upgrade of Te Kuiti skatepark requested by WDYC, as well as, request for collaborative working with Council to apply for external funding for the skatepark upgrade and development of other youth spaces in the District.

Revenue and Financing Policy for Urban Stormwater

- 4.1 Owners of some of the properties in Te Kuiti that would be most affected by the proposal to change the funding mechanism for Urban Stormwater, were approached by individual Councillors to explain the effect of Council's proposal, as part of the consultation process.
- 4.2 During these discussions it came to our attention that five urban properties owned by Tregoweth's (2), Waitete Sawmills, The Lines Company and Associated Auctioneers (Stockyards) have current resource consents to discharge stormwater directly into the Mangaokewa Stream.
- 4.3 Reticulation of stormwater for these 5 properties is by way of pipes installed by the respective property owners meaning that none of these properties are connected to Council's urban stormwater network. As a result, it would be unfair to levy a rate based on property value on these properties.
- 4.4 However, it is considered appropriate that in recognition of the public good element of having an urban stormwater network, and as they able to be connected to the stormwater network, these properties should continue to pay the proposed base uniform charge.
- 4.5 The effect of this change is to remove \$2,139.89 (being the rates based on property value) from the 5 properties involved and re-allocate that amount across the remaining urban properties attracting stormwater charges – see following table.

	As Per dEAP	
	TUAC	C.V. Rate
R.H Tregoweth	150.00	681.87
Waitete Sawmills	150.00	596.36
Associated Auctioneers	150.00	460.43
The Lines Company	150.00	258.72
R.H. Tregoweth	150.00	142.51
		\$ 2,139.89

- 4.6 The effect on the remaining properties is negligible – e.g. a commercial property with a C.V. of \$3,600,000 will now pay \$1754.52, an increase of \$25.92 (incl GST) and a residential property with a C.V. of \$340,000 will now pay \$301.54 an increase of \$2.45 (incl GST).

- 4.7 In anticipation of Council agreeing to this change, a proposed amendment to the Revenue and Financing Policy has been prepared in italics as follows. (Note: Changes to the existing policy are shown in red).

"STORMWATER DRAINAGE

7.2.6 Distribution of Benefits

Community Benefit: *Communities that are provided with this service are the direct beneficiaries as it is their land and buildings that are protected from potential flooding. There are general public health benefits in providing a stormwater system. A further significant community benefit from the stormwater system is that roads remain passable during times of heavy rain and flooding.*

User/Applicant Benefit: *Individual land or property owners who can connect or are connected to the stormwater network are the direct beneficiaries of the service.*

7.2.7 Funding

Community Allocation

Council resolved that the most effective, equitable and transparent method to fund this allocation is:

a) Urban Rating Area

*A combination of a Targeted Uniform Annual Charge on a **per rating unit** basis (which will fund the standing charges associated with the provision of the service and which may vary annually), with the residual funding requirement being met from a rate based on rateable capital property value.*

Urban properties that hold current resource consents to discharge stormwater directly into the Mangaokewa Stream, and which are not utilising any part of the urban reticulated stormwater or drainage network, are exempt from the rate based on rateable property value. However, the Targeted Uniform Annual Charge (TUAC) is associated with the overall provision of an urban stormwater service. As such this component is deemed to relate to the public good element of an urban stormwater service. Therefore, the TUAC will be levied on all liable properties.

b) Rural Rating Area

A Targeted Uniform Annual Charge levied on the basis of every separately used or inhabited part of a rating unit within the Rural rating area

~~(a) Te Kuiti Urban: Council resolved that the most effective and transparent method to fund this allocation is through a 'base' Targeted Uniform Annual Charge levied on a 'per rating unit' basis with the residual funding requirement being met from a rate based on property value. This has the effect of distributing the funding allocation more evenly between properties with the higher value properties contributing more in recognition that they generally have larger improvements and site coverage (verifiable by roof areas, driveways, parking areas and other hard surfaces) which exacerbate higher levels of stormwater run-off.~~

~~(b) Rural: Council resolved that the most effective and transparent method to fund this allocation is a Targeted Uniform Annual Charge levied in the Rural rating areas.~~

In deciding the funding split between the Urban and Rural rating areas, Council recognised that most of the stormwater network exists in the urban rating area and urban properties benefited most from the service.

User/Applicant Allocation: Council resolved that user Fees and Charges is the most efficient and transparently lawful available method for funding this allocation.

7.2.8 Overall Impact of Funding Mechanisms

Any adjustment made to funding allocations of individual activities, in consideration of the overall impacts on current and future social, economic, environmental and cultural well-being of the community are presented in the activity analysis section."

- 4.8 Council's consideration of the proposed changes to funding and the amendments to the Revenue and Financing Policy (as detailed above) is now requested.

Next Steps

- 5.1 The steps below represent the process forward to the adoption of the Final Exceptions Annual Plan 2013-14.

Changes to DEAP as a result of Council deliberations	14 June
Adoption of the Final Exceptions Annual Plan 2013-14	25 June 2013

- 5.2 Audit of the final EAP is not expected.

Suggested Resolutions

- 1 The business paper on Deliberation on Submissions to the Waitomo District Council Draft Exceptions Annual Plan 2013-14 be received.
- 2 Changes to the Draft Exceptions Annual Plan 2013-14 be made based on decisions made by Council at the deliberations meeting for the DEAP.
- 3 The Chief Executive be delegated the authority to ensure that all amendments requested by Council are accurately reflected and to make all necessary changes to the final Exceptions Annual Plan 2013-14 prior to adoption.



VIBHUTI CHOPRA
CONSULTANT PLANNER

29 May 2013

Attachment 1 Treatment of Submissions to the Draft Exceptions Annual Plan 2013-14
(Doc# 306880)

Table 1: Analysis of Submissions

Each submission has been evaluated and categorised under one of the pathways outlined below. This method assists a comprehensive assessment of submissions by Council. The suggested pathways are:

- Critical Review (C)** The issue forms part of the proposals under consultation in the draft Exceptions Annual Plan (dEAP). Council decision on this issue could require making changes to the dEAP and impact on the financial forecasts contained in the dEAP.
- Urgent Review (U)** The issue is strategic, important, and should be addressed in the coming financial year. The total number of matters able to be addressed is limited by organisational capacity.
- Scheduled Review (S)** The issue(s) raised do not form part of the proposals under consultation but is strategic in nature and could be investigated as part of a scheduled review of the relevant strategic documents e.g. Annual Plan, District Plan or other scheduled reviews of policies and plans.
- Operational (O)** The issue(s) relate to a day to day operational or service delivery matter and can be dealt with as part of Council's existing service request system.
- Communication (Comm)** The issue(s) raised might not be specific to a matter or proposal offered up for submission in the dEAP. The nature of the issue(s) does not warrant a policy review, investigation or change to the dEAP. It could be a matter on which a submitter is seeking clarity or a submitter acknowledging/ commending some existing policy or service provision by council. Note: It is important the context to the issue(s) is/are clearly communicated.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
1	Physicians and Scientists for Global Responsibility	1	PSGR asks that Council take into consideration, while planning, concerns regarding Genetic Engineering, Wilding Pines and Nanotechnology, for a sustainable district and a healthy community. It urges New Zealand Councils to apply strong precautionary policies on genetically engineered organisms and on nano particles for Unitary, Local and Regional Plans.	Comm	The Trust's views are noted. The submission is a generic document which has been forwarded to all Councils throughout New Zealand.
		2	PSGR urges Council to apply a precautionary policy on genetically engineered organisms to meet its duty of care to its ratepayers and to protect the environment.	Comm	The Trust's advice is noted. Council is not directly involved in matters related to genetically engineered organisms. Any related policy would typically be in the Central Government or possibly Regional Council purview.

Sub No	Submitter	Topic No	Topics	Action Pathway Comm	Comment
		3	PSGR asks that Council endorse the Annual Plan with a precautionary statement, or something more stringent, to avoid the undesirable effects of transgenic wilding pines.		The Annual Plan is a document outlining Council's proposed services and budgets for the forthcoming year and the proposed funding for it. Council's District Plan contains objectives and policies which outline how Council will manage the use, development and protection of the District's natural and physical environment.
2	CCS Disability Action Waikato		The CCS Disability Action Waikato makes the following recommendations:		
		4	<ul style="list-style-type: none"> • Walking <ul style="list-style-type: none"> ○ The NZTA Pedestrian and Planning Guide should be used as a minimum standard only, best practice to be used whenever possible in reconstruction or repair of pedestrian routes and walkways. ○ 1% crossfall on all pedestrian routes. ○ Level platform to be provided directly adjacent to the kerb ramp at all street crossing opportunities. ○ Dish channels at street crossing opportunities without raised pedestrian beds. 	S	Thank you for your submission. Council intends to incorporate a number of the suggestions made as part of its scheduled works, however in carrying out some of the replacements the new specification for pram/ path let downs will be used. We would also like to note that the existing footpaths are already widened to 1.2m dimension on replacement and or upgrade.
		5	<ul style="list-style-type: none"> • Accessible routes to building and facility entrances <ul style="list-style-type: none"> ○ Accessible pedestrian routes to all public buildings and facilities from car parks, including mobility parks and footpaths 	S	Council is intending to carry out a 'Mobility Space Review' during 2013-14 financial year. Accessibility to public buildings and facilities will form part of this review.
		6	<ul style="list-style-type: none"> • Parking <ul style="list-style-type: none"> ○ Mobility Parks painted blue. ○ Kerb cuts provided at 10 minute parks to enable everyone to have safe access to the footpath. 	S	We will undertake a review of the current carpark marking, and will look for suitable areas to incorporate disabled parks, in close proximity to services during 2013-14 financial year
		7	<ul style="list-style-type: none"> • Accessibility Audits <ul style="list-style-type: none"> ○ Develop a program of accessibility audits for rural townships and settlements to ensure that everyone can access local facilities and services 	S	Audits will be programmed once the Mobility Space Review has been completed and implemented.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		8	<ul style="list-style-type: none"> • Data Collection <ul style="list-style-type: none"> ○ Measure, monitor and evaluate disabled people's actual ability to use the transport system, especially pedestrian routes 	S	It is intended that as part of the Mobility Space Review, appropriate data will be collected and used to inform implementation.
3	Otorohanga District Development Board	9	<p>ODDB requests that WDC reconsider funding \$15k per annum for three years for ODDB Youth Support programs. They state that the proposal has been developed to formalise what is being provided for the past 8 years. And also that the proposed partnership will provide on-going sustainability for the programmes, to help protect the economic sustainability of the businesses.</p> <p>A list of local employers and employees who have received support from the service is attached. Letters of support from five Te Kuiti organisations are also attached – McIndoe Group Ltd, Work and Income, Jones' Truck & Tractor Service, General Automotive Services Ltd and Greg's Auto repairs Ltd.</p>	C	<p>Council has previously considered this funding request and resolved not to grant it on the basis that other Youth initiatives are being carried out and planned within the Waitomo District by Council.</p> <p>The funding request has been made again by ODDB, this time as a submission to the Council's dEAP.</p> <p>It is recommended that Council reconsider its previous decision, taking into account the matters raised in the submission and the support for the proposal from five local organisations.</p> <p>If the funding request is granted, the additional \$15,000 will need to be met from UAGC (by default, General Rate), a 0.09% increase in total rates.</p>
4	Local Authority Shared Services	10	LASS thanks Council for its support to date, of the work of the Waikato Mayoral Forum and the continued support in the draft Annual Plan for the projects, work plans and funding being proposed by the Forum.	Comm	Thank you for your submission. Council notes your support and we look forward to further collaborative work with the Waikato Mayoral Forum in the interest of more efficient services for our District and the region.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
5	Te Anga Hall Society Inc	11	<p>The Te Anga Hall Society Inc advise that they cannot expect the current local support to continue for funding the operation of local halls as there are many calls on the same people, and the Society propose that Council consider funding rural community halls by way of –</p> <p>a) A targeted rate on all rural households for a cash grant to all rural halls to cover fixed compliance costs such as Insurance, Fire Safety and Warrant of Fitness, power and lines charges.</p> <p>OR</p> <p>b) A targeted rate on all households in a particular area and the funds to be shared between the halls in that area. The amount could be determined by the average fixed costs which include Insurance, Fire Safety and Warrant of Fitness and Power Line charges.</p>	S	<p>Thank you for your submission and for proposing funding options for local halls.</p> <p>While option (a) requires a blanket rate across rural households and option (b) a targeted rate, both options require changes to the existing funding policy. Option (b) will also require some extensive investigatory work to establish the rating areas.</p> <p>Changes to the funding policy and establishment of rating areas also require feedback from the affected communities.</p> <p>The necessary investigatory work and consultation process could form part of the work programme for 2013-14 to be formally consulted through the 2014-2015 EAP process.</p>
6	McIndoe Group Ltd	12, 9	<p>McIndoe Group Ltd's submission supports the Otorohanga Trades Training Centre (Otorohanga District Development Board Youth Support programs). The submission states that without utilising the Centre, their staff would find it difficult or possibly non-attainable to achieve their qualifications.</p>	C	<p>Council acknowledges and thanks McIndoe Group for its submission.</p> <p>The support will be taken into consideration when Council considers the submission from ODDB.</p>

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
7	Piopio Memorial Hall Committee	13	<p>The Piopio Memorial Hall Committee asks Council to reconsider the intent to spend the money allocated to Piopio Public Toilets at Kara Park and re-allocate that money to the Piopio War Memorial Hall Toilets. The argument to re-allocate the money presented are:</p> <ul style="list-style-type: none"> • The Hall toilets are for the benefit of the Piopio community i.e. the ratepayers • The public toilets are well used and are adequately serving their purpose • Members of the Piopio community have on numerous occasions, most recently the Lions Club Christmas dinner for Senior Citizens, complained about access to the Hall entrance and the toilet facilities • The Piopio Hall Committee has raised approximately \$41,000.00 towards the Hall entrance and toilet facility renovations • With an aging population, access for wheelchairs and other mobility aids is increasingly more necessary, at present the Hall has only one extremely limited entrance/exit option and no toilet facilities, making it non-compliant with a number of government directives including health and safety • We are aware of functions such as weddings being held at other venues due to the difficult access and poor toilet facilities at the Hall <p>It is also stated that if the reallocation occurs, the Piopio Memorial Hall Committee would be happy to consider future fundraising ventures to assist with funding the Kara Park renovations in return.</p>	U	<p>Council provides public toilets for the benefit of the community as well as visitors to and within our community. Public toilets are necessary to assist in maintaining the health standards within our communities.</p> <p>The Kara Park toilets were identified in the Sanitary Assessment of 2008 and ranked third in the priority for upgrading for various reasons associated with privacy and equality and have therefore formed part of our toilet renewal programme. These public toilets are extensively used as shown by the usage figures and as noted in the submission, thereby making it important that they are upgraded to the requisite standards.</p> <p>In 2008-09, the monetary allocation for the upgrade of the Kara Park public toilets was transferred to assist the hall kitchen upgrade on the understanding that when the hall kitchen upgrade money became due it would be used for the public toilets.</p> <p>It is noted that the Piopio Hall committee have extensively fund raised towards hall upgrades.</p> <p>WDC currently funds a programme to undertake compliance works such as the access to Piopio Hall and it is anticipated that this work will be completed as part of this project. Access to the hall does not comply in relation to wheel chair access. An initial preliminary sketch of a potential upgrade of the access has been undertaken and given to the hall committee. This is yet to be finalized.</p>

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
8	Sport Waikato	14	Sport Waikato thanks Council for the decision to fully fund the salary and overheads of the District Coordinator's role in Waitomo for \$73,434 plus GST until 30 June 2014. It is also stated that Sport Waikato are committed to ensuring the WDC funded District Coordinator position works at a level that impacts on the Council objectives and community outcomes and that Sport Waikato are keen to work more strategically with Council and other key local partners.	C	<p>Council thanks Sport Waikato for their submission and confirms the funding arrangement for the 2013/2014 financial year.</p> <p>Council looks forward to working closely with Sport Waikato and key local partners regarding the delivery of sport and recreation services within the District, in accordance with established deliverables.</p>
9	Waitomo District Youth Council	15	The Waitomo District Youth Council strongly supports the setting up of a District Economic Development Board which they suggest, would help to ensure that there were jobs available for young people now and in the future. Lack of work available here is a concern for the Youth Council.	U	<p>Thank you for your submission. The Youth Council's views are noted.</p> <p>Council is committed to providing "a place where young people have access to education, training and work opportunities".</p> <p>Throughout the coming year Council will assess the economic development needs within the District which will inform future strategies.</p>
		16	<p>The Waitomo District Youth Council supports continued funding of Sport Waikato. The submission states that young people are getting less motivated to participate in sport at high school as they get older and that Sport Waikato could look further at the reasons for this and try and improve this.</p> <p>The submission also asks information on what services are provided by Sport Waikato for Piopio College.</p>	C	<p>Council agrees with the Youth Council view that sport plays an important part in maintaining health and fitness.</p> <p>Council will work closely with Sport Waikato throughout the year regarding the delivery of sport and recreation services within the District. A Schedule of Services is being developed. When confirmed, Council will notify the Youth Council of services to be provided to Piopio College in the coming year.</p>
		17	The Waitomo District Youth Council supports redevelopment of the Te Kuiti Railway Buildings. It is suggested that the buildings should showcase some of the history of TK Railway and the community and that it could contain computers for the community, maybe a cybercafé, a homework centre and be attractive to tourists.	C	The Youth Council views and support are noted.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		18	<p>The Waitomo District Youth Council would like to see an upgrade of the Te Kuiti Skate Park – covering the skate park, to provide a much needed avenue for recreation particularly in wet weather and winter. Also a drinking fountain, some more rubbish bins and a general tidy up.</p> <p>The submission suggests the Youth Development Partnership Fund as a possible funding avenue for upgrade works at the Skate Park. The youth Council would like to work with Council on a funding application for the Skate Park and youth spaces across the District.</p>	U	<p>Council thanks the Youth Council for putting forth some development and funding ideas for the TK Skate park.</p> <p>The TK Skate park has become increasingly popular as skating throughout New Zealand enters a revival period. Some skate parks are currently covered to provide an all weather location.</p> <p>With the support of the Youth Council, an upgraded of the skate park area could be used as a stimulus to improve the visual appearance of this section of road frontage in the context of improving the railway precinct. It would be beneficial for Council to support the Youth Council in developing a funding application for carrying out the development work.</p> <p>Providing additional bins requires a change in service and increased costs of emptying, however, there is an opportunity through the existing park renewal budget to change the size of the existing bins if necessary and reuse the existing bins as replacements elsewhere.</p> <p>A drinking fountain could also be funded from the parks renewal budget but will be dependent on availability of a reticulation.</p>
10	NZ Historic Places Trust	17	The NZHPT support the proposed works on the Te Kuiti Railway Buildings and seek that the funding for the Key Proposal is retained in the 2013/14 Annual Plan.	C	Council thanks the New Zealand Historic Places trust for your support on the Te Kuiti Railway Buildings project.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		20	The NZHPT requests that Council recognise the heritage attributes of the Government Building (former Ministry of Works Building) and allocate funds in the 2013/14 Annual Plan for deferred maintenance on this building.	Comm	<p>During the 2012-22 LTP process Council considered the future of this building and received submissions on its upgrade. At the time an offer of a small amount of funding was made available to Council on the proviso that other local funds were made available. No additional funding has been offered to date since the LTP process.</p> <p>The emphasis for WDC funding is on the strategically located railway building, at the present time. Reconfirming Council's earlier decision not to fund the Government building renewal work and that it should be offered back to the Crown will allow the Railway Building restoration project to be implemented.</p>
		21	The NZHPT thanks Council for the ongoing commitment to heritage in the Waitomo District.	Comm	Council appreciates NZHPT acknowledgement of Council's commitment to heritage in the Waitomo District.
11	Population Health (Waikato District Health Board)	22	Population Health supports the Annual Plan.	Comm	Council thanks Population Health for your support.
		23	Population Health notes the proposed postponement of the District Plan review due to the rationale outlined in the Annual Plan.	C	Council thanks Population Health for the submission.
		24	Population Health advocates for references to the Health (Drinking Water) Amendment Act 2007 (Amended 2008) on pages 39 and 40 of the draft Annual Plan to be replaced with 'Drinking-water Standards for New Zealand 2005 (Revised 2008)'.	C	<p>The reference in page 39 of the DEAP will be changed from Health (Drinking Water) Amendment Act 2007 (Amended 2008) to Drinking-water Standards for New Zealand 2005 (Revised 2008)'.</p> <p>The reference on page 40 will need to remain as Drinking-water Standards for New Zealand 2005, since some of WDC water treatment plants can only meet the 2005 Standard and not the amended Standard.</p>
12	Waikato Regional Council (WRC)	25	WRC notes the deferral of the full District Plan Review for a year and offers the assistance of their Regional Integration Team with the Scoping and Needs Analysis proposed for this year.	C	Council thanks WRC for the offer of assistance in completing the scoping and needs analysis for the District Plan Review project. We look forward to working collaboratively with the Regional Council on this.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		26	WRC states that they note the proposal for WDC to take over the running of Waitomo Village Water treatment and Wastewater Treatment Plants and that WDC's past record with its own systems gives WRC the confidence that the Village's infrastructure systems will be managed appropriately and upgraded where necessary to meet compliance requirements.	C	Thank you for your support and confidence in WDC's ability to manage and upgrade the water and wastewater infrastructure at Waitomo Village appropriately. Council would like to note that at this stage the proposal is to investigate the possibility of taking over the assets. The takeover in itself is not part of the proposals in the 2013-14 EAP.
		27	WRC thanks WDC for the ongoing support of WRC's programmes and for investing over the past year in building the relationship and also look forward to continue to work together on projects of mutual interest.	Comm	Council looks forward to continue working with WRC collaboratively.
13	Federated Farmers (FF)	28	Federated Farmers is very supportive of Council's goals - focus on essential services, achieve operational efficiency and ensure sound financial management practices. They applaud the effort council is making to spend ratepayer money prudently and acknowledge the desire to keep rate increases to a more acceptable level than those indicated in the Long Term Plan.	Comm	Thank you for your submission. Council appreciates your acknowledgement and support of its efforts towards efficiency and sustainability.
		29	FF observe that many councils are using the draft annual plan consultation process to inform their ratepayers of the changes made to the amalgamation process via the Local Government Act 2002 Amendment Act. They believe the information has been premature, blurred some of the issues and even been misleading in some cases. FF is pleased that Waitomo has not adopted the same approach. However, they have expressed a keen interest in this issue. They recommend that Federated Farmers be recognised as an interested stakeholder if any council amalgamation proposals are advanced.	Comm	Council acknowledges your support on its approach not to discuss the amalgamation process at this early and as yet unknown juncture. Federated Farmers registration of interest as an interested party is noted and your involvement at the appropriate time will be sought.
		30	FF thanks Council for the feedback received on their submission last year which they state was considerably more comprehensive than what most other councils provide. And that they are particularly pleased Council listened to submitters concerns with regards to the proposed 'Te Kuiti Wider Benefit Rate'.	Comm	Council acknowledges your appreciation of its decision not to implement the Te Kuiti Wider Benefit Rate. Council strives to balance the community views with its financial sustainability principles, at all times.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		31	<p>FF are pleased to see council is adopting a sensible and practical approach with regards to the district plan review and likely RMA amendments. They agree that it is prudent to wait until outcomes are known and only wish other councils had also been pragmatic with the timing of their district plan reviews.</p> <p>FF recommend that the Council adopts the proposal to delay the district plan review until the implications of further RMA reforms are better understood.</p>	C	Council thanks Federated Farmers for its support on deferring the District Plan Review.
		32	<p>FF are supportive of Council's proposal to defer the establishment of the District Development Board and recommend that Council adopts the proposal to delay the establishment of a District Economic Development Board and seriously considers withdrawing the proposal completely.</p>	C	<p>Federated Farmers views are noted.</p> <p>It is Council's intention to assess the economic development needs within the District that will inform future strategies. Any change in direction which will be consulted upon as per Council's regular processes.</p>
		33	<p>FF recommends that Council adopts the proposal to participate as borrower in the LGFA.</p>	C	Federated Farmers views and your support of our proposal to join the LGFA are noted.
		34	<p>FF is concerned about the costs and subsequent potential impact on rural ratepayers that may follow if council takes on the service provision for water and waste water services for Waitomo Village. They expect to have more to say on the issue once the proposal is fully developed and out for consultation next year.</p> <p>FF recommend that Council is mindful of the increased burden on council resources taking over this service is likely to involve and that Council ensures the proposal adopts a users pays funding philosophy.</p>	C	Council acknowledges the concern expressed by Federated Farmers and advises that should Council decide to proceed with the provision of water and wastewater services at Waitomo Village it will only do so following full public consultation on the matter. All affected parties will have ample opportunity to be involved and to provide feedback during that process.
		35	<p>FF support the use of a table showing a good range of example properties and their contributions towards different rating mechanisms on pages 61 and 62 of the draft Annual Plan and recommend that the Annual Plan and summary document continues to include example rates for a wide range of properties which enables readers to compare rates and understand how rates are allocated.</p>	Comm	Your views and support of the information disclosed is noted.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		36	<p>Federated Farmers recommend –</p> <ul style="list-style-type: none"> • That the Annual Plan continues to include detailed information on the UAGC. • That Council continues to explore ways to achieve maximum use of the UAGC funding mechanism. • That the statement of funding sources is clearer as to who benefits from the reconciliation of rates adjustment between General Rate and UAGC and how this benefit is measured. 	S	<p>Council thanks Federated Farmers for its submission on the UAGC. We advise that:</p> <ol style="list-style-type: none"> 1. The Annual Plan will continue to include detailed information on the UAGC. 2. Council regularly explores ways to maximise use of the UAGC funding mechanism and to settle on a UAGC that is considered to be fair, affordable and equitable to all ratepayers, both urban and rural. As a result of recent amendments to the Local Government Act, another review of Council’s Revenue and Financing Policy (which includes the use of the UAGC) will be undertaken during the 2013-14 financial year. 3. Council’s intention in carrying out a reconciliation of rates adjustment between the UAGC and General Rate is based on Council’s considerations of rates affordability and sustainability for the entire District community. It is not expressly carried out to benefit any specific section of ratepayers. Indeed a higher UAGC would not only increase the burden on urban ratepayers but also on rural ratepayers that have multiple use properties. <p>The rationale behind Council’s use of a UAGC ‘level’ is contained in its Revenue and Financing Policy. In brief, it is in keeping with section 101(3) of the Local Government Act 2002 which requires in deciding upon funding sources, Council’s need to give consideration to (among other things) the economic and social well beings of the District.</p>
		37	<p>FF applauds Council’s extensive use of targeted rates as a funding mechanism for a range of activities and recommends that Council continue to make good use of targeted rates to fund services which have a high level of direct and identifiable benefit.</p>	Comm	<p>Thank you for your support of our use of Targeted rates as a funding tool.</p>

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		38	<p>FF acknowledges that council is exercising restraint in expenditure and urge them to continue to do so. They also acknowledge that council is sequencing and prioritising essential services first and strongly support this. They recommend that Council continues to keep rate increases as low as possible, by continuing its intention to maintain existing service levels, strive towards operational efficiency and adhere to sound asset management practices.</p>	Comm	Thank you for your acknowledgement of Council's sequencing and prioritising and Council's commitment to its principles of cost effectiveness and financial sustainability.
		39	<p>FF state that the funding split for the District Development Rate of - 60% general, 20% commercial and industrial business, and 20% rural business is still an issue for them.</p> <p>It is recommended that Council adjusts the funding split to better target the businesses and communities that benefit. It is appropriate in the interests of redressing the inequity created by the property based rating system to make use of the remaining portion of the UAGC cap to part fund this activity. This will reduce the reliance on the general rate. Further, it would be more appropriate to have a differential applied to Te Kuiti Commercial properties to ensure their contribution is increased and thus better reflect the benefit received.</p>	S	Your comments are noted and will be considered during the review of the Revenue and Financing Policy which is intended in the 2013-14 financial year.

Sub No	Submitter	Topic No	Topics	Action Pathway	Comment
		40	<p>FF state that they note an approximate 15% decrease in the amount of Trade Waste revenue being collected from that projected in the LTP and that this seems inconsistent with the explanation on page 37 that Trade Waste revenue is forecast to increase and also with the amount collected via the Trade Waste Contribution TUAC which is understood as being 20% of that portion.</p> <p>FF seek clarification on whether the 80/20 split between the meat processing companies and TUAC has been amended and if not then it be ensured that the TUAC contribution drops in line with the decreased trade waste revenue.</p>	Comm	<p>Council acknowledges that there is an error on page 37 of the DEAP. The first sentence under Operating Income should read "that the Trade Waste revenue from the industrial users of Te Kuiti sewerage scheme will decrease".</p> <p>This would be in line with another statement on page 37 of the DEAP (about Trade Waste) which states that "<i>Revenues are based on volume and load being discharged, which in turn is based on their level of activity</i>". The level of activity of Trade Waste service users has been lower in the last 6 months due to climatic conditions.</p> <p>In terms of funding of Trade Waste, the Revenue and Financing Policy states that 80% of the cost of receiving and treating Trade Waste will be met by Trade Waste Charges and 20% of it through a Targeted Uniform Annual Charge. The 80/20 split is not related to Trade Waste Revenue.</p> <p>This policy is still in place and has been used to calculate the 20% Targeted Uniform Annual Charge to be levied across the District.</p> <p>The cost of receiving and treating Trade Waste has been calculated at \$788K which results in TUAC at \$181K (incl. GST).</p>

Document No: 307122	File No: 100/018A
Report To: Council	
	Meeting Date: 6 June 2013
	Subject: Financial Report for period ending 30 April 2013

Purpose of Report

- 1.1 The purpose of this business paper is to present:
- The Financial Report for the period ended 30 April 2013.

Local Government Act S.11A Considerations

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

Background

- 3.1 The period covered by this report is 1 July 2012 to 30 April 2013.
- 3.2 The order of the report is as follows:
- **Income Statement** with high level comments on Council's operating performance for the ten months to 30 April 2013.
 - **Balance Sheet** with high level comments on changes from 1 July 2012 to 30 April 2013.
 - **Capital Expenditure** summary with commentary on material variances of expected expenditure for the year compared with budget.
 - **Cost of Service** Statement Summary and Cost of Service Statements for Council's ten significant activities are presented in **Appendix 1**.
 - **Balance Sheet** as at 30 April 2013 is presented in **Appendix 2**.
 - An explanation of the column content in the Financial Tables and Terminology is presented in **Appendix 3**.
- 3.3 All figures in the tables, except percentages, are expressed in thousands of dollars ('\$000s).

Financial Report to 30 April 2013

4.1 INCOME STATEMENT HIGHLIGHTS

4.2 Set out below is the summary of financial information for the ten months to 30 April 2013. Detailed Summaries of Cost of Service Statements are attached as **Appendix 1**.

FINANCIAL HIGHLIGHTS (Amounts in \$1000's)	Actual 2011/12 <a>	EAP Budget 2012/13 	YTD Budget Apr 2013 <c>	YTD Actual Apr 2013 <d>	Variance Apr 2013 <e>	% Variance <f>
Total Revenue						
Operating Revenue	(10,526)	(10,176)	(8,763)	(9,128)	(365)	
Rates Revenue	(15,670)	(16,630)	(16,630)	(16,684)	(54)	
	(26,196)	(26,806)	(25,393)	(25,812)	(419)	2%
Direct Expenditure						
Operating Expenditure	23,555	23,367	19,122	17,942	(1,180)	
	23,555	23,367	19,122	17,942	(1,180)	-6%
Net Operating Cost/(Surplus)	(2,641)	(3,439)	(6,271)	(7,870)	(1,599)	

4.3 Net Operating Cost/ (Surplus): The surplus of \$7,870,000 is \$1,599,000 above YTD budget. Included in the Net Operating Surplus is \$4,026,000 of subsidy revenue to fund asset renewal and improvement expenditure. Renewal and improvement expenditure is capital in nature and as such is not included in the Operating Expenditure figure in the income statement. In general terms the high surplus is due to rates revenue being recognised due the fourth and final rates strike; it is anticipated that for the remainder of the financial year this surplus will decreased to operational expenditure being charged, along with other year end adjustments.

4.4 Total Revenue is 2% (\$419,000) above budget the year to date budget forecast for the YTD April 2013.

- Subsidy revenue of \$1,862,000 has been recognised for Te Kuiti Wastewater Upgrade project. The budget for this revenue was included in the 2011/12 financial year.
- Subsidy revenue of \$358,000 has been recognised for Piopio Wastewater project. The budget for this revenue was included in prior financial years.
- Trade Waste revenue is currently tracking at \$144,000 more than forecast; however there is uncertainty around collectability of this amount. An issue has arisen where the nutrient load and volume measurements from which the revenue amount calculation was based on seem to be artificially higher than they should have been. As such revenue amounts have been recalculated to estimated amounts and shown here; it is expected that final calculations will be completed by the end of the financial year.
- The Mokau Raw Water Storage Dam project has been delayed in order to develop a new design of the dam at the new site. Consequently no subsidy has been claimable to date.
- Upgrade work at the Piopio Water Treatment Plant was scheduled to be undertaken in the 2012/13 financial year. However as subsidy was obtained unexpectedly and the scope of the work changed, a significant part of the work was completed in the 2011/12 year.

- NZTA subsidy is based on both roads maintenance and capital expenditure and is currently tracking at a combined subsidy rate of 58% which is slightly less than the Financial Assistance Rates (FAR) granted to Council for most work categories. The reduced subsidy received so far this year is a result of:
 - Combined expenditure being less than YTD budget.
 - Additional costs associated with rework were incurred to remedy a Contractor's inability to carry out the work to the agreed specification.
- Rates Revenue has been struck as budgeted for and for the remainder of the year there could be slight changes due primarily to adjustments to the Rating Information Database (RID). Rates Penalties Revenue is also slightly ahead of budget for the ten months to April. A final penalty strike for any outstanding balances will be carried out for the financial year, resulting in rates penalties being more than forecast.

Section 11A of the Local Government Act **Operating Expenditure** is 6% (\$1,183,000) less than budget forecast for the ten months ended April 2013.

- **Landfill** operational costs are currently tracking at less than budget, and due to reduced refuse volumes entering the landfill as is the Waste Minimisation Levy also tracking less than budget.
- Direct operating costs for **Te Kuiti Sewerage** is currently tracking less than budget due to reduced expenditure on insurances, electricity and maintenance costs.
- Indicative expenditure through Council's water contractor for variation and maintenance work for Te Kuiti Water Supply is tracking more than budget year to date. Exact expenditure for March and April are still to be determined and further to this an assessment as to the exact nature of this expenditure (capital or maintenance) is still to be done.
- The costs associated with the ongoing commissioning of the **Piopio Water Treatment Plant** are being kept under review. The cost is being expensed as a maintenance cost. However a detailed assessment will be carried out to test classification of items as either maintenance or capital expenditure. In addition, investigation work has been carried out to track leaks in the reticulation system.
- Fire hydrant replacement and repairs to a chlorine monitor have been carried out at the **Mokau Water Supply** causing an increase in maintenance expenditure.
- The delivery of both the sealed and unsealed pavement maintenance programs is delayed due to contractors having difficulty in getting material to complete these works. Offsetting this has been an over expenditure on Emergency Reinstatement works. However expenditure in all work categories is managed so that the total spent is within the total approved budget by the end of the financial year.
- Indirect expenditure is \$769,000 less than budget. There are three components that make up direct expenditure;
 - External Interest: \$395,000 less than budget, due to interest rates being less than interest rate assumptions made in the Long Term plan.

- Allocated Costs: \$733,000 less than budget, due in part to the creation of the Internal Services Unit and Rooding Business Unit where the cost is shown as a credit in Indirect Expenditure and costs recorded as Direct Operating Expenditure.
- Depreciation: \$359,000 more than budget, due primarily to depreciation being more than expected due to "uplift" of depreciation of very old assets. For budgetary purposes, these were depreciated to zero carrying value and thereafter have no depreciation charged, however for valuation purposes; depreciation is calculated (reinstated) to be one year of the assets' expected base life. In addition to that depreciation on capital additions and capitalised work in progress can be different to assumed depreciation on these assets.

5.1 **BALANCE SHEET HIGHLIGHTS**

- 5.2 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2012 to 30 April 2013. The complete Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$1000's)	Actual Position 30 June 2012 <g>	Actual Position 30 Apr 2013 <g>	Movement from 30 June 2012 <h>
Current Assets	9,246	8,628	(618)
Non-current Assets	308,097	313,627	5,530
Total Assets	317,343	322,255	4,912
Current Liabilities	18,955	18,261	(694)
Non-current Liabilities	34,010	31,746	(2,264)
Total Liabilities	52,965	50,007	(2,958)
Public Equity	264,378	272,248	7,870
Total Liabilities & Public Equity	317,343	322,255	4,912

- 5.3 **Current Assets** have decreased from \$9,246,000 to \$8,628,000.

- Rates Receivables have increased by \$4,311,000 since 30 June 2012, due the fourth and final rates strike for the year has been processed and sent out. However Other Debtors have decreased by \$3,219,000, of that subsidy receivable from NZTA for Subsidised Roads increased by \$111,000 and receivables from Other Debtors reduced by \$648,000. Receivables from Ministry of Health for capital projects (which need be considered as "one offs") have reduced by \$2,682,000.
- Cash and cash equivalents have also decreased by \$2,468,000 during the ten month period.
- The Advance to Inframax Construction Limited of \$750,000 is due for repayment in November 2013 and is therefore classified as current from non-current.

- 5.4 **Non-current Assets** increased from \$308,097,000 to \$313,627,000.

- The increase of \$6,280,000 is due to asset additions of \$10,593,000 (mainly Te Kuiti Sewerage [\$5,672,000] and Subsidised Rooding

[\$3,075,000] less depreciation of \$4,278,000). Those additions are offset by the sale of a Parkside section for \$36,000.

- As mentioned above the advance to Inframax Construction Limited of \$750,000 has been classified as current.

5.5 Current Liabilities have decreased by \$694,000 from \$18,955,000 to \$18,261,000.

- Trade and Other Payables decreased by \$1,561,000.
- Borrowings (both current and non-current) have decreased by \$1,213,000 in the ten months to April 2013. This reduction was made up of repayment of the Call Advance facility of \$1,240,000 and Finance Leases of \$72,000, however Accrued Interest increased by \$99,000.
- The current portion of the Provision for RiskPool of \$38,000 was paid in July 2012.
- During the year restructuring of \$11,350,000 of term loan debt was completed (consolidated into a Term Advance facility). This was recorded as current debt at 30 June but is now classified as non-current with a maturity date of 1 July 2014. This has had an immediate and positive effect on the working capital figure shown in the balance sheet.
- Floating Rates Notes totaling \$13,500,000 have now become current as has the Term Loan of \$750,000 that was advanced to Inframax Construction Ltd.
- Part of the Call Advance facility at 30 June contained \$800,000 of debt that was used to purchase shares in Inframax Construction Limited. This debt was consolidated with a \$2,000,000 Term Loan to make one tranche of \$2,800,000 within the Term Advance facility and as such was reclassified as non-current.
- Employee entitlements have reduced in line with staff holidays being taken over the holiday season, however this liability is now expected to increase over time until the next holiday season.

5.6 Non-current liabilities decreased by \$2,264,000 from \$34,010,000 to \$31,746,000.

- Non-current borrowings decreased by \$2,244,000 due entirely to re-classification of debt between current and non-current classifications. This is a result of approaching maturity dates and restructuring of debt (please refer above for more detail).
- Part of Council's finance leases of \$144,000 are classified as non-current borrowings at 30 June for Annual Report purposes. These are classified as current for monthly financial reporting purposes.
- A provision had been made for a Call during 2012/13 by RiskPool, Council's professional indemnity mutual insurance pool. Advice has subsequently been received this Call will not be required, which allows the provision of \$37,000 to be written off.

5.7 Public Equity has increased by \$7,870,000 from \$264,378,000 to \$272,248,000 which is equal to the net surplus for the ten months to 30 April 2013.

6.1 **CAPITAL EXPENDITURE**

6.2 Set out below is the Capital Expenditure Budget and Expenditure for the ten months to 30 April 2013.

CAPITAL EXPENDITURE SUMMARY	EAP Budget	YTD Actual	Variance
(Amounts in \$1000's)	2012/13	2012/13	2012/13
Community Facilities			
Parks and Reserves	306	202	(103)
Housing and Other Property	69	31	(38)
Recreation and Culture	229	159	(70)
Public Amenities	205	137	(68)
Community Development			
Information Centre	1	0	(1)
Solid Waste Management			
Landfill and Transfer Stations	6	36	30
Stormwater			
Te Kuiti Stormwater	122	79	(43)
Rural Stormwater	5	0	(5)
Sewerage			
Te Kuiti Sewerage	5,443	5,672	229
Te Waitere Sewerage	8	0	(8)
Benneydale Sewerage	0	17	17
Piopio Sewerage	0	159	159
Water Supply			
Te Kuiti Water	487	9	(478)
Mokau Water	1,204	90	(1,114)
Piopio Water	443	689	246
Benneydale Water	72	24	(48)
Roads and Footpaths			
Subsidised Roads	4,642	3,075	(1,567)
Non subsidised Roads	213	60	(153)
Corporate Support			
Corporate Support	452	154	(298)
	13,906	10,593	(3,313)

6.3 **Capital Expenditure** for all Council Activities was \$10,593,000 for the ten months to 30 April 2013. Of that, \$5,672,000 (**54%**) related to the upgrade of the Te Kuiti Wastewater Treatment Plant and \$3,075,000 (**29%**) relates to Subsidised Roding.

6.4 **Community Facilities**

6.5 The purchase of equipment has been completed to resource the in-house Internal Services Unit. (For budgetary purposes (as part of the Long Term Plan 2012-22), these were included in the Parks and Reserves Activity, however these costs will be shifted to the new Internal Services Business Unit cost centre in due course).

6.6 Asset renewal budgets for Parks and Reserves, Esplanade Reserves and Playgrounds have not been spent to date but could well be if the need arises.

6.7 Capital expenditure for Housing and Other Property has mainly been for concept plans and consultation work undertaken for the Railway Building revitalisation and restoration projects. This expenditure is predominately covered by seed funding budget.

- 6.8 The Civic Centre upgrade project Stage Two (i.e. renewal of the ceiling in the supper room of the Arts and Culture building) has now been completed. In addition to that the Stage Three being installation of a pubic sound system has been completed at a cost of \$43,000.
- 6.9 Library book purchases is tracking at less than the capital budget, with \$51,000 spent to date against full year budget of \$64,000. In addition to that a roof renewal budget of \$25,000 has not been spent; this is being delayed pending investigation into use of the building by the Te Kuiti Community House.
- 6.10 The Mokau toilet upgrade has been completed as part of toilet renewals, as has the land purchase for Te Kuiti cemetery.
- 6.11 Renewal works currently being undertaken relate to the Rora Street garden upgrade plans and the Mokau public toilets effluent disposal. Actual work for the Rora Street upgrade has not started.
- 6.12 **Solid Waste**
- 6.13 The security gates at the entrance to the landfill were installed by Inframax shortly before the landfill was returned to Council. The gates gave trouble opening and closing from an early stage mainly because the gates were constructed of light materials and deformed when opened and closed by hydraulic rams. It came to a point that despite having been strengthened a number of times they no longer opened or closed properly and have been replaced with a more sturdy and effective sliding gate.
- 6.14 **Stormwater**
- 6.15 The St Andrews Court stormwater drainage project was completed in April 2013, this work was mainly funded through a capital contribution from St Andrews Court Trust.
- 6.16 Work was to be carried out in Rora Street; however this is on hold and will be timed with development of the Railway Building complex.
- 6.17 Stormwater drain cleaning has been undertaken.
- 6.18 **Sewerage**
- 6.19 Te Kuiti WWTP construction is progressing as planned and is expected to be completed by the end of this financial year. There is, however, some risk that wet weather may cause delays.
- 6.20 Final costs have been received for the completion of the Benneydale Sewerage plant upgrade, which were budgeted for last year.
- 6.21 The Piopio Sewerage Scheme was substantially completed in the 2011/12 year with only some minor remaining work completed during the first quarter of this financial year. The budget for this work was included in the 2011/12 year.
- 6.22 **Water Supply**
- 6.23 Te Kuiti Water Supply - the intention was to prepare for the upgrade next year. However, in recognition of present workloads it has been decided to move this preparatory work into the 2013-14 financial year.
- 6.24 The Mokau Dam upgrade project has been delayed. Despite consultation with, and commitment to, Iwi and approval from Historic Places Trust the situation remains where local Tangata Whenua are strongly opposed to any earth works disturbance in the area of the existing dams. An alternative engineering solution is being investigated.

6.25 The Piopio Water Treatment Plant upgrade identified a number of unforeseen but related reticulation issues in the immediate vicinity of the Treatment Plant that had to be addressed at an increased cost and there were some improvements not originally envisaged to properly finish off the whole facility to a standard that will keep for a considerable time into the future. During January water mains at Piopio failed along State Highway 3 at two different locations. Repairs have been carried out and are substantially completed for an expected cost of \$160,000. This work was unbudgeted.

6.26 **Roads and Footpaths**

6.27 Two rehabilitation projects budgeted for in the current year have been put on hold and are being reassessed.

- The project located at Taharoa is still on hold. There are private works occurring around the project site and therefore this project will be reviewed.
- One Rehabilitation Project (Marokopa Road) has been let. This project is now in the construction phase.
- The Rora Street Stage 2 Project has been moved from current year to the 2013/14 financial year.

6.28 Some of the funds set aside for the rehabilitation projects will be redirected to smaller projects to improve the current network.

6.29 Currently we have eight sites which require urgent attention and these sites have now been programmed through the maintenance contract for a May to June completion.

7.1 **TREASURY REPORT**

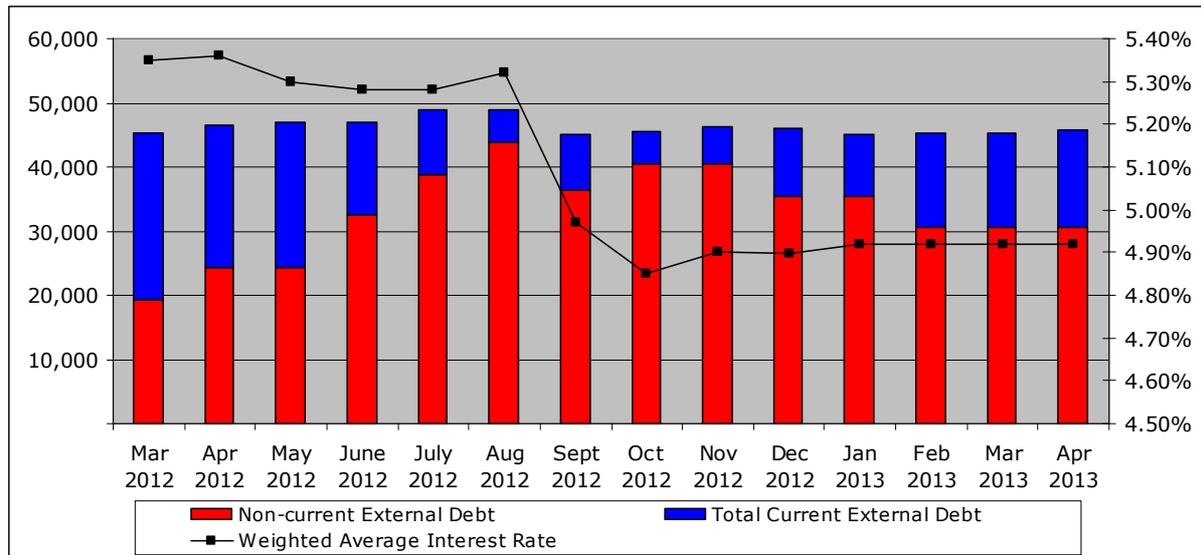
7.2 Set out below is the Treasury Report which provides more information on Council's public debt position and debt financing costs.

7.3 **Cash Position**

7.4 Council's cash position at 30 April 2013 was \$243,000 in funds. At the 30 June 2012 balance date the cash balance was \$2,711,000. Included in the 30 June cash balance was a term deposit of \$2,045,000 which has now been utilised.

7.5 **Summary of Public Debt Position**

7.6 Set out below is a chart recording trends in Council's current and non-current debt for the year to 30 April 2013. The trend line overlaid is the weighted average interest rate currently being paid on all loans.



7.7 At 30 April 2013 the weighted average interest rate for all loans excluding Finance Leases and Accrued Interest was **4.92%** (excluding Loan Facility Line Fees).

7.8 Public Debt Position Comparison to Budgets

7.9 Forecasted public debt at 30 June 2013 (as per the Long Term Plan 2012-2022) is \$48,086,000.

7.10 Actual public debt at 30 April 2013 was \$45,792,000. Public debt net of cash and liquid investments was \$45,549,000.

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

7.12 The Term Advance and Call Advance Facilities is a Westpac credit facility up to the value of \$19,000,000 for refinancing maturing Westpac Term Loans and working capital requirements over the year. The limits on borrowing contained in the Council's Financial Strategy requires lines of credits of at least 105% of external debt outstanding to be maintained at all times.

7.13 A Line of Credit fee of 0.5% (\$95,000 p.a.) of the facility balance applies to this credit facility.

7.14 As a general policy this facility will continue to be used to finance capital expenditure prior to a loan draw down or to meet Council's working capital requirements between each of the quarterly rates instalments.

7.15 As at the 30 April 2013 this facility was drawn by \$16,067,000 giving unused amount of \$2,903,000.

7.16 A Term advance of \$2,800,000 was used for the purchase of shares in Inframax Construction Limited and is to remain as a separate tranche within the Wholesale Advance facility for taxation reasons.

7.17 Details of Loan Portfolio

7.18 The following table records the public debt position and the key terms and conditions for each loan as at 30 April 2013. The classification of current and non-current loans is based on current loans (being loans that are due for refinancing or repayment within 12 months of the balance sheet date).

	Loan Start Date	Loan Maturity Date	Interest Reprice Date	Loan Balance	Interest Rate
Current Loans					
Finance Leases				154,938	0.00%
Accrued Interest				289,712	0.00%
Call Advance		1/07/2014		600,000	4.10%
Floating Rate Notes (Hedged)	31/08/2010	30/08/2013	30/08/2013	3,500,000	6.03%
Floating Rate Notes (Hedged)	10/12/2010	10/12/2013	11/09/2017	5,000,000	5.53%
Floating Rate Notes (Hedged)	21/01/2011	21/01/2014	21/01/2014	5,000,000	5.28%
Westpac Term Loan (ICL)	24/11/2011	24/11/2013	21/05/2013	750,000	7.50%
Total Current Loans				15,294,650	
Non-current Loans					
Term Advance		1/07/2014	31/05/2013	12,697,000	4.05%
Term Advance (ICL)		1/07/2014	31/05/2013	2,800,000	4.05%
Floating Rate Notes (Hedged)	31/08/2010	31/08/2015	31/08/2015	5,000,000	6.66%
Floating Rate Notes (Unhedged)	9/11/2012	9/11/2015	9/05/2013	5,000,000	3.76%
Floating Rate Notes (Hedged)	18/04/2012	18/04/2017	18/04/2017	5,000,000	4.99%
Total Non-current Loans				30,497,000	
Total Public Debt				45,791,650	4.92%
Cash & Liquid Investments					
Cash				242,993	
Total Cash & Liquid Investments				242,993	
Public Debt Net of Investments				45,548,658	

7.19 Total public debt was \$45,792,000 and cash assets were \$243,000 at 30 April 2013 giving a net debt position of **\$45,549,000**

7.20 On 24 November 2011 an unsecured term loan of \$750,000 was drawn by Council and then advanced to Inframax Construction Limited. The term of the loan is for two years and interest resets quarterly. Interest paid monthly by the company to Council for the provision of this funding includes a small margin to cover administrative costs. Should repayment of this advance by Inframax Construction Limited not happen in November, the terms of both the advance to Inframax Construction Limited and the loan from Westpac to Council will need to be renegotiated.

7.21 Treasury Events since 30 April 2013

7.22 This treasury report portrays the position as at 30 April 2013.

7.23 Since that date work has been started for positioning Council to participate as a borrower from the Local Government Funding Agency in anticipation approval will be granted after public consultation as part of the Exceptions Annual Plan process. Work involves making minor changes to Council's Debenture Trust Deed and assessing whether Council will meet the financial covenants stipulated by the Agency.

7.24 Interest Costs

7.25 Due to the prevailing low interest rate environment (historically and forecast) and the prospect of being able to borrow from the Local Authority Funding Agency later in this calendar year, the proportion of debt held on a fixed interest rate profile has been purposely kept at the lower limit of Council's Treasury Management policy limits. In keeping with this strategy it is proposed that the

proportion of debt changing from fixed to floating will reduce from 33% to 22% from April 2017 and then to 11% from September 2017 onwards. Council's Treasury Management Policy requires a minimum fixed amount of 30% during that time horizon, however because of the reasons given above this "technical" breach is considered acceptable by the Treasury Management Committee.

- 7.26 The total actual interest paid to lenders to 30 April 2013 was \$1,888,000 against the YTD budget of \$2,268,000 a reduction of **\$380,000** (or **17%**) against budget. Interest paid constitutes 7.26% of total revenue; Council's Treasury Policy requires this amount does not exceed 40%.

7.27 Financial Derivatives and Hedge Accounting

- 7.28 Included in the balance sheet are valuation amounts for Derivative Financial Instruments. The valuation amount is componentised into assets, liabilities, current and non-current and was for interest rate swaps held in the balance sheet at 30 June 2012 for a total net liability of \$702,000.
- 7.30 Council uses interest rate swaps to manage its interest rate exposure in accordance with its Treasury Management policy. The use of interest rate swaps is an accepted treasury management tool to manage interest rate exposure and in particular since the Global Financial Crisis, managing interest rate fluctuations through traditional debt instruments, such as term loans, for extended periods has become prohibitively expensive.
- 7.31 The contracts for interest rate swaps Council has entered into are "Receive Floating – Pay Fixed"; whereby in exchange for receiving an interest rate on a floating rate profile, Council has agreed to pay a fixed amount. By doing this there is certainty of the amount of interest payable over the life of the swap. These swaps are termed a 'Cash Flow Hedge'.
- 7.32 Council's accounting policy and IFRS require all financial instruments to be valued at balance date to fair value. However if a set of criteria are met then any change in fair value does not form part of the Net Surplus/(Deficit) figure and Hedge Accounting is applied. The change in value is then included in the Income Statement as part of Comprehensive Income alongside other items such as Property, Plant and Equipment revaluation Gains and Losses.
- 7.33 The reason for doing this is to remove volatility from the Income Statement that is due entirely to changes in the market place. During the life of the interest rate swap, certainty of interest cost is assured, however when the swap expires it will have no value, as it had no value at its inception.
- 7.34 In the monthly financial reports, the fair value of the interest rate swaps has not been recorded in the balance sheet at report date because a calculation is required by Council's treasury advisors to componentise the fair value into either an asset or liability, current or non-current amounts. Notwithstanding that, the total fair value of all swap contracts at the 30 April 2013 was \$695,000 where as at the 31 December 2012 they were \$855,000. This significant change in value of \$160,000 over four months demonstrates the importance of applying Hedge Accounting where possible to remove this market related influence from the Net Surplus/(Deficit) figure.

8.0 TRADE AND OTHER RECEIVABLES

- 8.1 Set out below is summary of Trade and Other Receivables (i.e. unpaid rates and other debtor amounts owing) as at 30 April 2013 with comparatives from the same period last year.

Trade & Other Receivables (Amounts in \$1000's)	As at 30.4.12	As at 30.4.13	Variance \$	Variance %
Rates Receivable	5,793	6,110	317	5%
Rates Penalties	1,098	1,228	130	12%
Rates and Penalties Receivable	6,891	7,338	447	6%
NZ Transport Agency	1,900	809	(1,091)	-57%
Ministry of Health Subsidy	992	12	(980)	-99%
Extraordinary Water Charges	0	104	104	
Other Trade Receivables	603	399	(204)	-34%
Other Trade Receivables	3,495	1,324	(2,171)	-62%
Gross Receivables	10,386	8,662	(1,724)	-17%
Less Provision for Doubtful Debts	(807)	(1,063)	(256)	32%
Total Trade & Other Receivables	9,579	7,599	(1,980)	-21%

- 8.2 Included in the above rate and rate penalties receivables are rates and penalties outstanding on freehold Maori land which may be eligible for rates remission during the 2012/13 year. As at 30 April, substantially all remissions received or to be processed on behalf of owners of Maori Multiple Owned Freehold Land has been processed. A total of \$172,000 in rates remissions have been granted to date against a full year budget of \$260,000 and last year the total remitted came to \$304,000.
- 8.3 Please note there is an appearance that Rates Receivables has increased in line with Rates Revenue budget from the Long Term Plan of 5.4%, however a better measure of how rates arrears will have increased over the year will be gained after the due date for the fourth instalment (31 May), when most of the current rates due will have been collected.
- 8.4 The rates arrears and penalties, including those owing on freehold Maori land, are substantially recognised in the Provision for Doubtful Debts figure.
- 8.5 At 30 April 2013 Other Trade Receivables totalled \$582,000 of which \$132,000 has been due and owing for more than three months. Of that \$23,000 is a long term outstanding debt owed by a Resource Management applicant \$75,000 for Trade Waste Debtors.

9.0 CHANGE IN ACCOUNTING BASIS FOR GOODS AND SERVICES TAX (GST)

- 9.1 The following is a high level briefing of the expected effect of a change in how Council accounts for its GST obligations under the Goods and Services Tax Act 1985.
- 9.2 This accounting change process is a work stream that was indicated in Council's Road Map to be carried out in the second half of this financial year.
- 9.3 Council along with seven other Local Authorities in the past had been given leave under section 19AB to account for GST under the "Payments Basis". This section is expected to be repealed and all Councils will be required to apply the "Invoice Basis" on or before the 30 June 2013.
- 9.4 By way of explanation; the accounting basis mentioned above relates to timing of when GST is accounted for and returned to Inland Revenue via Council's monthly

GST returns. The "Payments Basis" requires GST to be accounted for the supply of goods and services when cash is paid or received. The "Invoice Basis" requires GST to be accounted for when a tax invoice is raised or received. Under both accounting bases a valid tax invoice is to be held by Council before a GST Tax Input credit can be claimed.

- 9.5 There is a cashflow implication under the Invoice Basis for cash receipts, in that GST has to be accounted for and returned to Inland Revenue before the cash is actually received from Council's customers or ratepayers. From a cashflow perspective the shorter the time between issuing a tax invoice and collection of the cash receipt the better.
- 9.6 At issue for Council is that it will be required to account for GST on all rates assessments (which are tax invoices) issued to date. This includes rate assessments issued for multiple owned Maori unproductive freehold land where the owners cannot be located. For these properties a rates debtor is held in Council's Accounts Receivables until it is either (a) written off through being statute barred (older than six years) or (b) remitted through Council's remission policy. To explain further; for a rates debtor that remains unpaid until written off by either process, the GST amount on the original rates assessment will have been paid over to Inland Revenue and will not return to Council until one of the formal credit note adjustments (either a statute barred write off or remission) has been carried out.
- 9.7 Initial transition calculations indicated that Council's full liability for GST owing is reflected in the balance sheet, subsequent work indicates there may have to be one off adjustment to establish the correct amount. The adjustment amount will be made via the income statement or through a prior period adjustment.
- 9.8 Some relief from this accounting change has been granted to the affected Councils in that **the amount that becomes immediately payable at the date of change can be spread over 72 months from the 30 June 2013.**
- 9.9 For presentation of Council's Annual Report, there will be a new item in the Non-current liability section of the Balance Sheet for part of the GST owing but not due within one year from balance date. For this and all prior monthly financial reports and annual reports Council's full liability for GST had been shown as current.
- 9.10 Tax advisors have been engaged to assist Council with this transition and perform a wider review of Council's compliance with the GST Act. It is anticipated that 1 May 2013 will be the transition date where the accounting change will be made. Up until that date trial calculations have been and will be undertaken to ensure accuracy.
- 9.11 A separate briefing paper for this accounting change will be presented to Council for its meeting in June after the final transition calculation has been completed and reviewed.

Suggested Resolution

The business paper financial report to 30 April 2013 be received.



C.E (KIT) JEFFRIES
GROUP MANAGER – CORPORATE SERVICES

Appendix 1: Cost of Service Statements

Summary Cost of Service Statement

Summary Cost of Service (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Leadership	738	(149)	(43)	(117)	(74)	
Community Service	(368)	(390)	(331)	(345)	(14)	
Community Development	(222)	(227)	(205)	(235)	(30)	
Regulation	(306)	(402)	(360)	(311)	49	
Stormwater Drainage	0	0	0	(68)	(68)	
Resource Management	(91)	(73)	(61)	(34)	27	
Solid Waste Management	(859)	(1,070)	(874)	(721)	153	
Sewerage	(2,968)	(535)	(446)	(2,794)	(2,348)	
Water Supply	(776)	(1,686)	(1,592)	(556)	1,036	
Roads and Footpaths	(5,674)	(5,644)	(4,851)	(3,947)	904	
Total Operating Revenue	(10,526)	(10,176)	(8,763)	(9,128)	1,048	-12%
Rates Revenue						
General Rate	(2,997)	(2,928)	(2,928)	(2,932)	(4)	
UAGC	(2,995)	(3,080)	(3,080)	(3,087)	(7)	
Targeted Rate	(9,506)	(10,312)	(10,312)	(10,344)	(32)	
Rates Penalties Revenue	(386)	(310)	(310)	(321)	(11)	
Less Council Rates	214	0	0	0	0	
Total Rates Revenue	(15,670)	(16,630)	(16,630)	(16,684)	(54)	0%
Direct Operating Expenditure						
Leadership	801	658	333	365	32	
Community Service	1,103	1,356	1,073	1,124	51	
Community Development	865	749	636	570	(66)	
Regulation	232	241	206	178	(28)	
Solid Waste Management	925	1,216	913	767	(146)	
Stormwater Drainage	90	137	113	96	(17)	
Resource Management	73	81	67	25	(42)	
Sewerage	1,048	1,231	1,028	743	(285)	
Water Supply	1,232	1,233	1,020	1,177	157	
Roads and Footpaths	5,472	4,387	3,693	3,626	(67)	
Total Direct Operating Expenditure	11,841	11,289	9,082	8,671	(411)	-5%
Indirect Expenditure	11,714	12,078	10,040	9,271	(769)	-8%
Total Expenditure	23,555	23,367	19,122	17,942	(1,180)	-6%
Net Operating Cost/(Surplus)	(2,641)	(3,439)	(6,271)	(7,870)	(1,599)	

- Indirect expenditure is \$769,000 less than budget. There are three components that make up direct expenditure;
 - External Interest: \$395,000 less than budget, due to interest rates being less than interest rate assumptions made in the Long Term plan.
 - Allocated Costs: \$733,000 less than budget, due primarily to internal structural changes through the creation of the Internal Services Unit and Roading Business Unit where the recovery of the overhead costs is shown as a credit in Indirect Expenditure but the costing of allocated costs is shown as Direct Operating Expenditure.
 - Depreciation: \$359,000 more than budget, due primarily to depreciation being more than expected due to "uplift" of depreciation of very old assets. For budgetary purposes, these were depreciated to zero carrying value and thereafter have no depreciation charged, however for valuation purposes; depreciation is calculated (reinstated) to be one year of the assets' expected base life. In addition to that depreciation on capital additions and capitalised work in progress can be different to assumed depreciation on these assets.

Leadership

LEADERSHIP	Actual	EAP Budget	YTD Budget	YTD Actual	Variance	%
(Amounts in \$1000's)	2011/12	2012/13	Apr 2013	Apr 2013	Apr 2013	Variance
Operating Revenue						
Representation	(11)	(12)	(21)	(17)	4	
Investments	849	(132)	(20)	(79)	(59)	
Treasury Management & Overhead	(100)	(5)	(2)	(21)	(19)	
	738	(149)	(43)	(117)	(74)	172%
Direct Expenditure						
Representation	291	286	214	213	(1)	
Strategic Planning & Policy Development	188	84	25	48	23	
Monitoring & Reporting	213	122	12	4	(8)	
Investments	109	166	82	100	18	
Treasury Management & Overhead	0	0	0	0	0	
Total Direct Expenditure	801	658	333	365	32	10%
Indirect Expenditure	1,924	1,997	1,663	1,320	(343)	
Total Expenditure	2,725	2,655	1,996	1,685	(311)	-16%
Net Operating Cost/(Surplus)	3,463	2,506	1,953	1,568	(385)	-20%

Variance comments:

- Net Operating Cost** for the Leadership Activity is 20% (\$385,000) below the budget for the YTD April 2013.
- Operating Revenue** was 172% (\$74,000) more than budget for the period.
 - Interest revenue of \$30,000 was received on Council's call account and short term investments. This was conservatively budgeted for in Treasury Management in the 2012-22 LTP.
 - Interest revenue of \$47,000 has been received on the \$750,000 advance to Inframax Construction Ltd. This revenue was not budgeted for in the Investments activity. This revenue is offset by the interest Council pays to the bank on the loan raised and then advanced to Inframax.
 - Included in the Investments Activity is Quarry royalties' revenue of which \$25,000 has been received from Inframax Construction Ltd for crushing at WDC owned quarries to 30 April 2013. There has been an agreed change to the methodology of calculating royalties due and invoiced, whereby it is based on usage and not production. .
- Total Direct Expenditure** is 10% (\$32,000) over budget due to:
 - Direct expenditure was more than budget for Strategic Planning and Policy Development as a result of costs incurred to date relating to the Joint Management Agreement around the Waipa River. In addition to that there additional costs for completion of the Long Term and Annual plans and communications (for instance newsletters and publications) expenditure.
 - Direct expenditure for the Investments activity is more than budget due to rates expenditure on Council owned quarries being expensed in this activity. In prior years, and when the budgets were prepared, this expenditure has been included in the Community Services (Housing and Other Properties) activity. The expenditure showing in Housing and Other Properties shows the corresponding under expenditure.

Community Service

COMMUNITY SERVICE (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Parks and Reserves	(6)	(11)	(9)	(9)	0	
Housing and Other Property	(218)	(216)	(180)	(196)	(16)	
Recreation and Culture	(96)	(114)	(101)	(104)	(3)	
Public Amenities	(48)	(49)	(41)	(36)	5	
Safety	0	0	0	0	0	
	(368)	(390)	(331)	(345)	(14)	4%
Direct Expenditure						
Parks and Reserves	204	270	197	203	6	
Housing and Other Property	199	320	257	272	15	
Recreation and Culture	256	308	285	329	44	
Public Amenities	409	386	286	279	(7)	
Safety	35	72	48	41	(7)	
Total Direct Expenditure	1,103	1,356	1,073	1,124	51	5%
Indirect Expenditure	1,851	1,692	1,412	1,328	(84)	
Total Expenditure	2,954	3,048	2,485	2,452	(33)	-1%
Net Operating Cost/(Surplus)	2,586	2,658	2,154	2,107	(47)	-2%

Variance comments:

- Net Operating Cost** for the Community Services Activity is 2% (\$47,000) less than budget for the YTD April 2013.
- Operating Revenue** is 4% (\$14,000) more than budget.
 - Revenue for Housing and Other Property is more than budget due to increased Rental and Lease revenue from investments properties and receipt of a Grant for the Community House for a feasibility study on relocating the Community House.
- Total Direct Expenditure** is 5% (\$51,000) more than the budget for the period.
 - Additional repair works to fences and grounds, was undertaken at the Rukuhia Domain (Piopio) at the request of local users. This work and expenditure was not budgeted for but was partly funded by donations to Council.
 - Land and Other Housing expenditure is more than budget due to costs associated with land transfers and in some cases the transfers and transactions relate to the recovery of unpaid rates. These transfers could result in the addition of capital assets to Council.
 - Some repairs and maintenance within the Housing and Other Properties Activities have not been undertaken to date. This type of expenditure is usually incurred as and when required and some of this work is weather dependent.
 - The direct costs associated with the Recreation and Culture activity were higher than budget for the ten months to 30 April 2013. From 1 October 2012 both the district mowing and the operation of the pool are now undertaken by the Internal Services Unit (ISU). The change in how the service is provided has impacted on how the costs are shown in the cost of service statement. While the mowing costs are effectively provided for in both direct and indirect budgets through the original contract allocation, the costs associated with the pool operations were budgeted in the indirect expenditure section of the cost of service statement. However from 1 October 2012 these costs are now accounted for in the direct costs section of the statement. This has led to a variance in the direct expenditure section of the Recreation and Culture activity. This variance is offset by a reduction in the indirect expenditure section of the cost of service statement.
 - Half of Council's contribution to the Waikato Valley Rural Fire Group was budgeted to have been paid before April 2013 however there has been a delay due the group undergoing structural and organisational issues leading to this project not being finalised. In addition to that some cost was incurred to Council to control a fire at Mokau; recovery of this cost from the perpetrator may be successful otherwise a claim will be made to the Rural Fire Authority.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Community Support	(20)	0	0	(71)	(71)	
Economic Development	(22)	0	0	(4)	(4)	
Regional Tourism	(161)	(207)	(188)	(147)	41	
Agencies	(19)	(20)	(17)	(13)	4	
	(222)	(227)	(205)	(235)	(30)	15%
Direct Expenditure						
Community Support	631	452	371	362	(9)	
Economic Development	4	13	9	8	(1)	
Regional Tourism	230	282	254	200	(54)	
Agencies	0	2	2	0	(2)	
Total Direct Expenditure	865	749	636	570	(66)	-10%
Indirect Expenditure	346	476	397	371	(26)	
Total Expenditure	1,211	1,225	1,033	941	(92)	-9%
Net Operating Cost/(Surplus)	989	998	828	706	(122)	-15%

Variance comments:

- Net Operating Cost** for the Community Development Activity is 15% (\$122,000) less than budget for the YTD April 2013.
- Operating Revenue** is 15% (\$30,000) more than forecast for the period.
 - A grant for the Job Pool Feasibility programme of \$7,250 has been received from the Ministry of Social Development and recognised in the Community Support activity. These funds were not included in the budget.
 - Grant revenue of \$28,586 from the Ministry of Social Development to provide funding to support the delivery of youth activities has been recognised in YTD Actuals for the Community Support activity. This revenue was received in the last financial year however has been recognised in 2012/13 in order to match revenues with expenses.
 - Grant revenue of \$31,500 has been received from the Ministry of Social Development for a Contract for Youth Services. It is expected this grant will be spent in full on Social Sector Trials during the remainder of the financial year. Any unspent amounts will likely be moved to the balance sheet as Revenue in Advance to match expenditure in the following year.
 - Revenue for the Regional Tourism activity was below budget by \$48,000 due to a reduced level of sales at the Visitor Information Centre and is reflected in a similar reduced level of purchases in the expenditure section. Ticket sales for the 10 months to 30 April was \$122,000; for the same period last year is was \$142,000. Possible reasons for the decrease are a reflection of changes to rail passenger services in and to Te Kuiti and reduced ticket sales for local events and performances.
- Total Direct Expenditure** is 10% (\$66,000) less than forecast for the period.
 - Costs of \$32,000 associated with the provision of the Youth Programme were incurred in the Community Support activity. These costs were unbudgeted in current year however are funded by the Ministry of Social Development grant that was received in the last financial year.
 - Community Partnership Fund grant allocation expenditure in the Community Support activity was less than expected with only \$14,000 being allocated in YTD April 2013.
 - The rates remissions expense in the Community Support for the year is less than budget. The rates remissions on undeveloped and unoccupied Maori Freehold land that have been applied for or granted on behalf of Maori land owners have been substantially processed. To

date \$173,000 of rates remissions have been granted whereas the full year budget is for \$260,000. Last year a total of \$304,000 was granted, but included in that figure would have been significant historical arrears being remitted as a "one off".

- Costs in the Regional Tourism activity are less than budget as stock and service purchases at the Visitor Information Centre have reduced in line with reduced levels of sales, as discussed above.

Regulation

REGULATION (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Regulation	(306)	(402)	(360)	(311)	49	
	(306)	(402)	(360)	(311)	49	-14%
Direct Expenditure						
Regulation	232	241	206	178	(28)	
Total Direct Expenditure	232	241	206	178	(28)	-14%
Indirect Expenditure	548	480	400	479	79	
Total Expenditure	780	721	606	657	51	8%
Net Operating Cost/(Surplus)	474	319	246	346	100	41%

Variance comments:

1. **Net Operating Cost** for the Regulation Activity is 41% (\$100,000) more than budget for the YTD April 2013.
2. **Operating Revenue** is 14% (\$49,000) below the budget for the period.
 - Building consent revenue continues to be less than forecast. Building consent numbers are down with much of the construction activity focused on less expensive projects.
3. **Total Direct Expenditure** is 14% (\$28,000) below the budget for the period.
 - Direct expenditure for the Building Control Activity has been reduced as a result of processing more building consents in-house rather than using external agencies, In addition to this there has also been no Building Accreditation costs spent to date, however , it is anticipated that some minor costs will be incurred in June 2013.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Collection	(109)	(95)	(79)	(93)	(14)	
Landfill Management	(750)	(975)	(795)	(628)	167	
	(859)	(1,070)	(874)	(721)	153	-16%
Direct Expenditure						
Collection	268	283	238	224	(14)	
Landfill Management	657	933	675	543	(132)	
Total Direct Expenditure	925	1,216	913	767	(146)	-16%
Indirect Expenditure	771	739	603	434	(169)	
Total Expenditure	1,696	1,955	1,516	1,201	(315)	-21%
Net Operating Cost/(Surplus)	837	885	642	480	(162)	-25%

Variance comments:

1. **Net Operating Cost** for the Solid Waste Activity is 25% (\$162,000) below the budget for the YTD April 2013.
2. **Operating Revenue** is 16% (\$153,000) below the forecast for the period.
 - Solid Waste Collection (i.e. rubbish bag sales) revenue is tracking well above YTD budget, with \$92,000 received so far, against a YTD forecast of \$79,000 and full year forecast of \$95,000.
 - Generally, reduced volumes are entering the landfill resulting in reduced revenue for the year to April 2013, however there are a number of underlying trends within different classes of refuse entering the landfill.
 - **Total Direct Expenditure** is 16% (\$146,000) below the budget for the period.
 - Landfill operational costs are currently tracking less than budgeted for and due to reduced refuse volumes entering the landfill as is the Waste Minimisation Levy also tracking less than budget.
 - In addition to that there are a number of "compliance" type costs still to be charged but were budgeted to be spent before April. These include items such as resource compliance costs, compaction surveys and the Annual peer Review costs.
 - The effect of reduced landfill revenue and reduced operational expenditure results in net direct operational income of \$89,000. The year to date budget is for \$119,000 and the full budget for the year is \$33,000. For the same period last year, that is the ten months to 30 April 2012; net direct operational income was \$40,000. (Direct operational income includes total Landfill Revenue less direct expenditure; in other words depreciation, interest, allocated costs and all costs for the Waste Minimisation Activity are ignored). It should be noted; however there are still year end adjustments to be charged, including changes to the Landfill Provision, losses on disposal of assets (if any) and others.

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Te Kuiti Stormwater	0	0	0	(68)	(68)	
	0	0	0	(68)	(68)	0%
Direct Expenditure						
Reticulation and Disposal - Urban	87	127	107	89	(18)	
Reticulation and Disposal - Rural	3	10	6	7	1	
Total Direct Expenditure	90	137	113	96	(17)	-15%
Indirect Expenditure	265	243	203	240	37	
Total Expenditure	355	380	316	336	20	6%
Net Operating Cost/(Surplus)	355	380	316	268	(48)	-15%

Variance comments:

1. **Net Operating Cost** for the Stormwater Activity is 15% (\$48,000) below the budget for the YTD April 2013.
2. **Operating Revenue** is \$65,000 more than budget.
 - A contribution was received from St Andrew's Housing Trust towards the cost of piping and covering the open drains adjacent to St Andrews Retirement Village. This revenue was not included in the budgets and the expenditure will be capital in nature.
3. **Total Direct Expenditure** is 15% (\$17,000) below the budget for the period.
 - Maintenance costs have been less than budget for the period as work is carried out when required or as determined after rainfall events. This result may well alter with future wet weather events over the remainder of the year.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
District Plan Administration	(91)	(73)	(61)	(34)	27	
	(91)	(73)	(61)	(34)	27	-44%
Direct Expenditure						
District Plan Administration	73	81	67	25	(42)	
Total Direct Expenditure	73	81	67	25	(42)	-63%
Indirect Expenditure	133	110	92	113	21	
Total Expenditure	206	191	159	138	(21)	-13%
Net Operating Cost/(Surplus)	115	118	98	104	6	6%

Variance comments:

1. **Net Operating Cost** for the Resource Management Activity is 6% (\$6,000) more than budget for the YTD April 2013.
2. **Operating Revenue** is 44% (\$27,000) below the budget for the period.
 - Due to the reduced volume of applications being received for processing.
3. **Total Direct Expenditure** is 63% (\$42,000) below the budget for the period.

Expenditure on consultants for resource applications is currently tracking less than budget due to the reduced volume of applications requiring processing.

Sewerage

SEWERAGE (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Te Kuiti	(714)	(534)	(445)	(573)	(128)	
Benneydale	(1)	(1)	(1)	0	1	
Piopio	(254)	0	0	(1)	(1)	
	(969)	(535)	(446)	(574)	(128)	
Subsidy Revenue						
Te Kuiti	(1,285)	0	0	(1,862)	(1,862)	
Benneydale	(104)	0	0	0	0	
Piopio*	(610)	0	0	(358)	(358)	
	(1,999)	0	0	(2,220)	(2,220)	
	(2,968)	(535)	(446)	(2,794)	(2,348)	526%
Direct Expenditure						
Te Kuiti	942	1,110	931	629	(302)	
Te Waitere	17	16	14	18	4	
Benneydale	80	63	49	63	14	
Piopio	9	42	34	33	(1)	
Total Direct Expenditure	1,048	1,231	1,028	743	(285)	-28%
Indirect Expenditure	1,152	1,400	1,166	841	(325)	
Total Expenditure	2,200	2,631	2,194	1,584	(610)	-28%
Net Operating Cost/(Surplus)	(768)	2,096	1,748	(1,210)	(2,958)	-169%

Variance comments:

- Net Operating Surplus** for the Sewerage Activity is 169% (\$2,958,000) more than budget for the YTD April 2013.
- Operating Revenue** is 526% (\$2,348,000) above budget for the period.
 - Subsidy of \$358,000 has been claimed and paid for the Piopio Sewerage scheme; this represents the final amount of subsidy revenue for this scheme and was not included in the budgets for the current year but was included in prior budgets.
 - Subsidy of \$1,862,000 has been claimed for progress on the Te Kuiti Wastewater Treatment plant upgrade to date. This revenue was not included in the budgets for the current year as there was uncertainty at the time the subsidy application was made about whether or not we were eligible to receive subsidy monies.
 - Trade Waste revenue is currently tracking at \$144,000 more than forecast; however there is uncertainty around collectability of this amount. An issue has arisen where the nutrient load and volume measurements from which the revenue amount calculation was based on seem to be artificially higher than they should have been. As such revenue amounts have been recalculated to estimated amounts and shown here; it is expected that final calculations will be completed by the end of the financial year,
- Total Direct Expenditure** is 28% (\$285,000) below budget for the period.
 - Insurance costs associated with Local Authority Protection Programme (LAPP) were less than budget. As recommended, the savings on budget for all insurances (including LAPP) will be transferred to Council's Natural Disasters Reserve as part of its self insurance position.
 - Electricity costs are currently less than budgeted. The budgets were prepared on the assumption that the newly constructed WWTP assets would be using more electricity.
 - Variation and maintenance costs are currently tracking less than budget however this could change as the year progresses.

Water Supply

WATER SUPPLY (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Te Kuiti	(475)	(484)	(403)	(486)	(83)	
Mokau	(6)	(31)	(26)	(5)	21	
Piopio	(16)	(24)	(20)	(9)	11	
Benneydale	(13)	(23)	(19)	(6)	13	
	(510)	(562)	(468)	(506)	(38)	
Subsidy Revenue						
Mokau	0	(808)	(808)	0	808	
Piopio	(266)	(316)	(316)	(50)	266	
	(266)	(1,124)	(1,124)	(50)	1,074	
	(776)	(1,686)	(1,592)	(556)	1,036	-65%
Direct Expenditure						
Te Kuiti	810	866	718	774	56	
Mokau	173	139	115	134	19	
Piopio	183	167	137	211	74	
Benneydale	66	61	50	58	8	
Total Direct Expenditure	1,232	1,233	1,020	1,177	157	15%
Indirect Expenditure	739	693	577	672	95	
Total Expenditure	1,971	1,926	1,597	1,849	252	16%
Net Operating Cost/(Surplus)	1,195	240	5	1,293	1,288	

Variance comments:

1. **Net Operating Cost** for the Water Supply Activity is \$1,288,000 less than budget for the YTD April 2013.
2. **Operating Revenue** is 65% (\$1,036,000) less than budget for the period.
 - The Mokau raw water storage dam project has been delayed in order to develop a new design of the dam at the new site. Consequently no subsidy has been claimable to date.
 - Upgrade work at the Piopio Water Treatment Plant was scheduled to be undertaken in the 2012/13 financial year. However as subsidy was obtained unexpectedly and the scope of the work changed, a significant part of the work was completed in the 2011/12 year.
 - Metered water revenue is more than forecast due to greater consumption from mainly industrial users.
3. **Total Direct Expenditure** is 15% (\$157,000) below the budget for the period.
 - Indicative expenditure through Council's water contractor for variation and maintenance work is tracking more than budget year to date. Exact expenditure for March and April are still to be determined and further to this an assessment as to the exact nature of this expenditure (capital or maintenance) is still to be done. However offsetting part of this over expenditure is reduced insurance costs and electricity costs.
 - Fire hydrant replacement and repairs to a chlorine monitor have been carried out in Mokau causing an increase in maintenance expenditure.
 - Additional costs have been incurred in the commissioning of the Piopio Water treatment plant. These are currently being expensed as maintenance items. However a detailed assessment is still to be carried out to ensure correct classification as either maintenance or capital expenditure. In addition to that, investigation work has been carried out to track leaks in the reticulation system.

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$1000's)	Actual 2011/12	EAP Budget 2012/13	YTD Budget Apr 2013	YTD Actual Apr 2013	Variance Apr 2013	% Variance
Operating Revenue						
Subsidised Roads	(5,599)	(5,584)	(4,818)	(3,903)	915	
Non Subsidised Roads	(75)	(60)	(33)	(44)	(11)	
	(5,674)	(5,644)	(4,851)	(3,947)	904	-19%
Direct Expenditure						
Subsidised Roads	5,287	4,241	3,574	3,475	(99)	
Non Subsidised Roads	185	146	119	151	32	
Total Direct Expenditure	5,472	4,387	3,693	3,626	(67)	-2%
Indirect Expenditure	3,985	4,233	3,527	3,473	(54)	
Total Expenditure	9,457	8,620	7,220	7,099	(121)	-2%
Net Operating Cost/(Surplus)	3,783	2,976	2,369	3,152	783	33%
Subsidised Roads Maintenance	5,287	4,241	3,574	3,475	(99)	
Subsidised Roads Capital	3,833	4,642	4,025	3,075	(950)	
Combined Maintenance and Capital	9,120	8,883	7,599	6,550	(1,049)	
Subsidy Revenue for Subsidised Roads	(5,460)	(5,443)	(5,710)	(3,808)	1,902	

Variance comments:

- Net Operating Cost** for the Roads and Footpaths Activity is 24% (\$532,000) more than budget for the YTD April 2013.
- Operating Revenue** is 17% (\$762,000) below the budget for the period.
 - Subsidy revenue is based on both maintenance and capital expenditure amounts and currently tracking at a combined subsidy rate of 58% which is slightly lower than the Financial Assistance Rates (FAR) granted to Council of 59% for most work categories. As combined expenditure is less than YTD budget, subsidy claimed will also be less.
 - The reduced subsidy revenue is due to a contractor not completing a construction job and an additional contractor having to be established to remedy the works. This additional cost is currently being negotiated with NZTA for subsidy.
 - In addition two rehabilitation projects at Taharoa and Rora Street are currently on hold. These projects have private works being carried out around the project sites which will impact on the current designs for the projects. The delay in these projects has reduced the level of NZTA subsidy revenue claimed to date.
- Total Direct Expenditure** is 5% (\$171,000) below the budget.
 - There have been delays in both the sealed and unsealed pavement maintenance programs. Contractors have had difficulty obtaining sufficient material for metalling and this work is now due to be completed in May 2013. The unsealed pavement maintenance programme had also been delayed to May 2013 due to metal negotiations and this work will now be completed in the June quarter.
 - There has been increased expenditure required for emergency reinstatement as a result of weather events in the ten months to April 2013. The expenditure for emergency reinstatement was \$366,000 against a full year of budget of \$60,000. Savings will be made elsewhere in the roading programme so as to bring expenditure in total for Land Transport within budget for the year.

Appendix 2: Balance Sheet as at 30 April 2013

BALANCE SHEET	Actual Position	Actual Position	Long Term Plan	Variance from	Variance from
(Amounts in \$1000's)	30 June 2012	30 Apr 2013	30 Jun 2013	30 June 2012	LTP
Public Equity					
Retained Earnings	192,232	200,102	199,518	7,870	(584)
Other Reserves	3,529	3,529	2,765	0	(764)
Revaluation Reserve	68,617	68,617	50,168	0	(18,449)
Total Public Equity	264,378	272,248	252,451	7,870	(19,797)
Current Assets					
Cash and Cash Equivalents	2,711	243	100	(2,468)	(143)
Inventories	26	34	36	8	2
Land Subdivision Inventories	0	0	1,146	0	1,146
Other Financial Assets	2	752	2	750	(750)
Trade and Other Receivables	6,507	7,599	4,630	1,092	(2,969)
Derivative Financial Instruments	0	0	0	0	0
Total Current Assets	9,246	8,628	5,914	(618)	(2,714)
Current Liabilities					
Trade and Other Payables	3,918	2,357	3,629	(1,561)	1,272
Current Portion of Borrowings	14,264	15,295	5,200	1,031	(10,095)
Provisions	52	14	51	(38)	37
Employee Entitlements	456	330	456	(126)	126
Derivative Financial Instruments	265	265	118	0	(147)
Total Current Liabilities	18,955	18,261	9,454	(694)	(8,807)
Net Working Capital	(9,709)	(9,633)	(3,540)	76	6,093
Non Current Assets					
Property Plant and Equipment	305,353	311,682	298,242	6,329	(13,440)
Intangible Assets	91	79	80	(12)	1
Forestry Assets	39	39	39	0	0
Investment Properties	663	662	648	(1)	(14)
Assets Held for Sale and Discontinued Operations	1,112	1,076	0	(36)	(1,076)
Other Financial Assets	793	43	841	(750)	798
Deferred Tax Asset	0	0	0	0	0
Derivative Financial Instruments	46	46	54	0	8
Total Non Current Assets	308,097	313,627	299,904	5,530	(13,723)
Non Current Liabilities					
Borrowings	32,741	30,497	42,886	(2,244)	12,389
Employee Entitlements	59	76	61	17	(15)
Provisions	727	690	928	(37)	238
Derivative Financial Instruments	483	483	38	0	(445)
Total Non Current Liabilities	34,010	31,746	43,913	(2,264)	12,167
Net Assets	264,378	272,248	252,451	7,870	(19,797)

Appendix 3: Key to columns in Financial Tables and Terminology

The Income Statement and Cost of Service Statements contain five columns of information:

- Column <a> shows the actuals for 2011/2012 year. The actuals for prior year exclude rates paid on council properties in both rates revenue and expenditure in the cost of service statements.
- Column shows the budget for the whole year as approved by Council in the Annual Plan 2012/13.
- Column <c> shows the budget for the part of the year that this Financial Report relates to. Normally the budget is spent (or income received) evenly throughout the year, however where it is forecast that expenditure might be incurred or income received in a particular month or season, the budget has been allocated accordingly. In other words the budget has not been allocated on a uniform basis.
- Column <d> shows actual expenditure incurred or income received to 30 April 2013.
- Column <e> shows the variance between actual expenditure/income to date (<d>) and the budget to date (<c>). Where the variance is positive more expenditure has been incurred or less income received than budgeted for the year to date. Where the variance is negative, as denoted by closed brackets "()", expenditure incurred is less or income received is more than year to date budget.
- Column <f> shows the percentage variance and is calculated by dividing Variance Year to Date (<e>) by Budget Year to Date (<c>). Variance figures are presented for the Net Operating Cost/Surplus, Operating Revenue and Operating Expenditure rows for each cost of service statement.

Terminology

- Current loans are those due to mature (and therefore repaid or refinanced) prior to 30 June 2013.
- Floating Rate Notes are a floating interest rate debt security instrument raised on the Wholesale Debt Market, which operates between commercial borrowers and lenders.
- Non-current loans are those that have a maturity date beyond 30 June 2013.
- Finance Leases are for the financing of the main telephone and photocopying equipment used. This finance lease figure is included in the Loan Portfolio table so as to reconcile the total public debt figure to the balance sheet. The reason for using finance leases for these types of assets is that as part of the asset, a maintenance service is provided, access is gained to the latest equipment available and the risk of major breakdown rests with the supplier.
- Interest rate swaps are a "receive floating – pay fixed" contract, where in exchange for paying a fixed amount of interest, Council will receive a floating amount of interest from the bank. The floating amount received will then offset the floating amount due to be paid on floating rate notes. To ensure the effectiveness of the hedge, matching of the swap terms to the underlying debt terms is required. To avoid any doubt the notional amount of the swap does not represent additional debt being raised.
- Loan Maturity Date is the date the loan has to be either repaid in cash or refinanced through a draw down of a new loan or by extension of the existing loan maturity date.
- Interest Re-price Date is the date that the interest rate and interest period can be reviewed.
- Weighted Average Interest Rate is calculated by dividing the total loan amount, excluding the Wholesale Advance facility and finance leases, by the total of the interest cost on each loan. The interest cost is calculated by multiplying the loan amount by the interest rate listed above. This calculation assumes that the rate listed above is applicable for the whole year. The actual interest cost to the council is different to this because different interest rates apply during the course of the year and life of the loan.

Document No: 307516**File No:** 064/001C**Report To: Council****Meeting Date:** 6 June 2013**Subject: Local Government New Zealand – 2013-2016 Business Plan**

Purpose of Report

- 1.1 The purpose of this business paper is to advise Council of Local Government New Zealand's 2013-2016 Business Plan.

Commentary

- 2.1 Attached to and forming part of this business paper is a copy of the 2013-2016 Business Plan for Local Government New Zealand (LGNZ).
- 2.2 For some time the local government sector has been under sustained on-going criticism from central government, some lobby groups, and parts of the broader community.
- 2.3 From a strategic perspective the real questions that LGNZ needed to confront were – "how did this happen?" and "how can we position the sector in a way that will avoid harsh criticism in the future?"
- 2.4 The National Council has given these matters careful consideration over the last year, commissioning reviews of LGNZ, its brand positioning, and a communications audit of broader stakeholders. That consideration has resulted in the finalisation of the Business Plan which was approved on 8 February 2013 and became operative on 2 April 2013.
- 2.5 The business plan is ambitious but, as stated by LGNZ, if they do not set the bar high then the local government sector is likely to continue to be the subject of critical focus. This must not be allowed to happen.
- 2.6 The LGNZ Team is charged by the National Council with executing the Business Plan and LGNZ have recently been restructured to put it in a position to do that. However, they cannot be successful without the buy-in and commitment of the wider membership. Recent discussions with the sector have resulted in a lot of support for the concepts of the Business Plan.
- 2.7 Council is being asked to consider LGNZ's Business Plan and offer its support and/or comments on any aspect of it.
- 2.8 In particular, Council's attention is drawn to:
- Section 3 – Political, Regulatory and Economic Environment (pages 26-29 of the document);
 - Section 4 – Communications Strategy (pages 32-42);
 - Section 5 – Policy Priorities (pages 44-46); and
 - Section 6 – Elected Member Skills Enhancement (pages 48-54)

- 2.9 Council's subscription to LGNZ for the 2013/14 financial year is \$32,000 (incl GST)

Recommendation

- 3.1 It is recommended that Council advise LGNZ of its support for the 2013-2016 Business Plan.

Suggested Resolutions

1. The business paper on Local Government New Zealand – 2013-2016 Business Plan be received.
2. Local Government New Zealand be advised that Council has considered its 2013-2016 Business Plan and that Council supports the Plan's goals, objectives and strategic direction.



C.E. (KIT) JEFFRIES
GROUP MANAGER - CORPORATE SERVICES

22 May 2013

Attachment: 1 2013-2016 LGNZ Business Plan

RE:ACTION

TURNING IDEAS INTO ACTIONS.

*Local Government New Zealand's
three year business plan*

2013/14 - 2015/16

RE: ACTION

FOREWORD





This is Local Government New Zealand's ("LGNZ's") first Business Plan. Previously our focus was on producing and working towards the achievement of a formal policy work programme. The National Council has consciously chosen to move away from that policy only model to refresh LGNZ's service offerings by moving to an advocacy model whose focus is as much on the marketing of our policy positions as it is on the development of those policy positions. Additionally, National Council has chosen to adopt the model used by our sister local government associations in Australia. In particular that used by the Local Government Association of Queensland ("LGAQ") with whom we have entered into a formal alliance to develop the LGNZ model on similar lines to those used by LGAQ.

Accordingly, this Business Plan heralds a new era of advocacy, representation and support for councils in New Zealand.

LGNZ's new business model means that over time there will be a range of additional opportunities, services, and products which we will be able to offer members as the Business Plan is implemented.

To address the advocacy side of the equation, our new business approach merges LGNZ's policy and communications arms into one new group. As well as reacting to matters as they arise, the intention is that LGNZ will also focus much more on developing a proactive position on policy matters and then actively lobbying for those matters. LGNZ's recent work on mining royalties is an example of this new approach.

On the Business Solutions side of LGNZ an entirely new commercially focussed arm has been created along the lines of the model used by LGAQ. Business Solutions will offer products and services that will help our sector build capacity and capability. All profits will be returned to the membership through rebated membership fees. The more the services are used the greater the benefit to the membership as a whole.

This plan was signed off by National Council in February 2013 and it comes into effect from 1 April, 2013. It will be refreshed annually by the National Council as part of a formalised strategy programme.

As a sector, we have many challenges to rise to, but significant potential as we make our way through the second decade of the 21st Century.

LGNZ is here to support you in the great work you do for your communities.

Yours sincerely

EXECUTIVE SUMMARY



INTRODUCTION

The LGNZ 2013/14-2015/16 Business Plan ("Business Plan") outlines the organisation's vision, strategy, policy priorities, business objectives and budget for the next three financial years. It sets out a fundamental change in strategy for LGNZ as the representative organisation for the local government sector.

This change in strategy centres on the following components:

1. A new Vision for LGNZ that will drive and guide the nature of the organisation's culture, policy priorities and communications strategy with external stakeholders;
2. A new Purpose statement that will drive and guide the organisation's and the sector's internal governance work, and product and service offerings;
3. An assertive communications strategy;
4. A focus on selecting and advocating a number of key policy priorities where the value for the sector is judged to be the most pronounced;
5. A re-dedicated focus on improving elected member governance through a refreshed skills enhancement programme; and
6. An adoption of a business solutions strategy that will pursue the utility and value to the sector of offering, at a national level, products and services to the membership to enhance sector capability and capacity.

VISION

In October 2012, the National Council reviewed LGNZ's strategic direction and agreed to reorient the organisation's activities around a new Vision statement to deliver better and more sustained value to the membership. The new Vision for LGNZ is built around the concept of LGNZ and local government per se as "The Enabler." It is as follows:

"Local democracy powering community and national success"

Building on the Vision, the National Council has set a new purpose statement for LGNZ. This is for use by LGNZ and its members, and is designed to ensure that the organisation continuously strives for improvement not only in respect of its own outputs but also to facilitate constructive and productive innovation in the wider local government sector. The purpose statement is built around the concept of "The Leader." It is as follows:

"We are the strong voice for great local government"

STRATEGIC PRIORITIES

LGNZ intends to move from being primarily a contributor to policy development to an organisation that provides a more customer focused rounded and assertive representative and membership service offering albeit with sound policy work forming the engine room for the advocacy agenda. Additionally, it will actively promote in broad terms the value that local government provides both nationally and locally to New Zealand's diverse communities.

In the commercial sphere it will look to support its members drive to deliver value to ratepayers by offering products and services that can be provided efficiently at a national level. These products and services, if successful, are intended to support the manner in which local authorities add value to their communities but in a way that ensures any profits are retained within the organisation to offset membership fees – a type of cooperative model. In doing so, LGNZ is re-dedicating itself to provide the maximum value possible for its members.

Accordingly LGNZ will:

- Rebrand the organisation to ensure that the organisation's look, feel, and culture support the achievement of the Vision;
- Reorient its advocacy efforts to ensure that its policy work is supported with an assertive communications strategy;
- Provide communications tools, information and messaging to the membership to ensure that LGNZ maximizes its media positioning and reputation;
- Provide state of art skills enhancement training for elected members;
- Offer national products and services that add value to the members and contribute to their success; and
- Become a membership organisation whose reputation for innovative and quality work is second to none.

COMMUNICATIONS

Fundamental to executing the Business Plan successfully is implementation of a new model of strategic communications. The key features of that model are:

- Organisation and communications goals are integrated – there is a shared narrative;
- Issues, messages and solutions are prioritized – value is identified;
- Horizontal and vertical integration of communications exist within the organisation;
- Participatory communications involves cultivating active strategic partners;
- Communications is by deeds as much as it is by words; and

- A learning culture operates by: doing, evaluating and improving.

To achieve this LGNZ will:

- Embed and position a new Vision;
- Relaunch the LGNZ brand to drive business and communications objectives;
- Focus initially on member buy-in to the new Vision – transformation is only possible with membership support;
- Invest in increased levels of personal contact with key stakeholders and implement a new engagement plan;
- Demonstrate to priority stakeholders that LGNZ is a transformed organisation; and
- Redesign the LGNZ website to become the local government sector portal for members and external stakeholders and to meet business and communications objectives.

POLICY PRIORITIES

The National Council has agreed to a core set of policy priorities on which LGNZ's advocacy work should centre. Where new issues arise or are promoted by the membership then the priority of those issues will need to be assessed against existing priorities. The intention is that if a new matter is prioritised, an existing matter will need to exit the priority list to ensure that appropriate resourcing can be devoted to successfully pursuing all identified and Board approved priorities.

As with any prioritisation, the judgments to be made are subjective in nature but have been made against the following set of guiding principles:

1. Policy objectives must align and advance LGNZ's Vision and Purpose;
2. Policy objectives must be realistically achievable at reasonable cost;
3. Policy objectives should be either broadly supported by the majority of LGNZ's membership or at least not opposed by the majority of LGNZ's membership; and
4. In the event of assessment against existing priorities, a proposed policy objective should create more value for the membership than an existing policy objective.

Over the three year business planning cycle, the policy priorities have been grouped under three themes as follows.

Governance and Funding

- Development and promotion of LGNZ agreed financial and non-financial benchmarks;
- Research into comparative models of local government in overseas jurisdictions with a view to the promotion of localism;
- The appropriate nature of Maori representation at a local government level;
- Funding:
 - Research into revised funding models for local government;
 - Promotion of minerals and petroleum royalties revenue sharing;
 - Implementation of appropriate elements of the Shand Report;
- Research into best practice CCO governance and operation;

Community and Economic Development

- Housing Affordability - coordinated work with Central Government on nature of appropriate policy responses to improve housing affordability;
- "Better Local Government" Phase 2 - Response to Government's decisions on the Expert Advisory Group on Infrastructure's recommendations;
- Joint LGNZ/SOLGM/INGENIUM research into best practice governance and operational models for the delivery of water infrastructure;
- Participation in the implementation and promotion of the Road Efficiency Taskforce's recommendations;
- Road funding – Response to NZTA's FAR review;
- Core Cities – Execution of approved projects in conjunction with MBIE;

Regulatory Best Practice

- "Better Local Government" Phase 2 - Response to Productivity Commission's inquiry into Local Government Regulatory Performance, including influencing the Government's response to the Commission's report;
- "Better Local Government" Phase 2 - Response to Government's decisions on the Efficiency Taskforce's recommendations;
- Respond to Government's proposed Resource Management Act reforms;
- Formulation of an agreed LGNZ position on the reform of the building consent authority sector;

- LGNZ research into best practice delivery of local authority regulatory functions and promotion of best practice guidelines.

ELECTED MEMBER SKILLS ENHANCEMENT

National Council has determined that an elected member skills enhancement programme has strategic importance as it promotes sector capability, better decision making, and effective representation at a local level for New Zealand communities. Elected member training is to be positioned as an investment not a cost.

Currently the costs associated with running KnowHow are not being fully recovered. However, LGNZ has a commercial responsibility to make KnowHow financially sustainable. This should be achievable over the course of a three year election period provided the budgetary assumptions in this Business Plan are met.

The training programme consists of a suite of offerings delivering a service to elected members at council venues. The programme is versatile with the ability to change and expand to suit the current climate; for example, customizing a full day workshop into a half day to suit a council's needs. Alternatively, customized workshops can be created from a list of selected topics.

The operational objectives are to:

- Grow sector capability and improve decision making by providing the tools for greater local governance;
- Build a training workshop programme to be the voice of community success;
- Provide workshops in the areas of governance, financial management, leadership, strategic thinking, economic leadership and business relationships;
- Improve elected members' understanding of both the responsibilities and opportunities that are provided by the local government legislative framework;
- Establish a learning culture in local government;
- Partner, engage and work collaboratively with local and central government as well as wider public sector partners to improve local democracy;
- Work efficiently and effectively within the political environment ensuring effective representation in meeting community expectations by fulfilling statutory roles and obligations; and
- Develop a competency model that is externally recognised.

BUSINESS SOLUTIONS

The National Council has requested that management consider whether a case exists to introduce new product and services for use by the membership. The parameters set by the National Council in considering this issue are:

1. Any products or services introduced must be projected to cover their cost of capital within a commercially acceptable period;
2. The target market is the local government sector;
3. Any products or services must enhance the efficiency and effectiveness of the sector;
4. Any profit is to be retained by LGNZ to offset membership fees;
5. Partnerships and joint ventures are to be explored to minimise investment and start-up costs; and
6. National Council must agree any final business case for a particular initiative.

LGNZ proposes a graduated approach to pursuing its assessment of the market potential. The proposed approach is as follows:

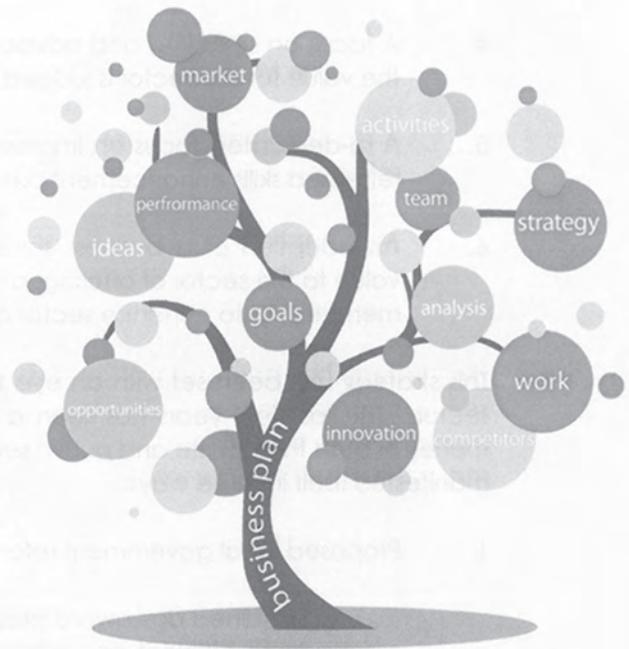
1. Develop the partnership with the Local Government Association of Queensland ("LGAQ") to determine whether on a commercially successful basis, LGAQ's product and service offering in Queensland might be usefully rolled out in New Zealand, in whole or in part, after appropriate adaption to local circumstances; and
2. Recruit a dedicated resource with commercial experience and expertise to lead LGNZ's business solutions proposals. Such resource to be appropriately incentivized to ensure success.

BUDGET

LGNZ's three year budget is set out below.

New Zealand Local Government Association Inc			
Profit and Loss			
Budget For the 39 Months Ended 30 June 2016			
	Year 1 Forecast to June 2014 (15 months)	Year 2 Forecast to June 2015 (12 months)	Year 3 Forecast to June 2016 (12 months)
Income			
Membership Subscription	4,449,750	3,693,800	3,869,255
Services provided (MTFJ, Rural, IT)	23,000	15,000	15,000
Interest Income	84,860	80,073	85,727
Grants Received	143,750	115,000	115,000
Conference	150,000	150,000	150,000
Professional Development	611,955	384,745	236,740
Consultancy Income	-	240,480	491,040
Total Income	5,463,316	4,679,097	4,962,762
Less Direct Costs			
People Costs	2,425,243	2,092,671	2,066,433
People Cost - Business Solutions	166,885	293,407	413,330
Project Costs - Policy Stream	587,500	470,600	465,600
Project Costs - Communications	240,000	149,000	189,000
Project Costs - Intl Governance	222,000	210,000	224,000
Project Costs - Professional Development	687,150	318,300	222,200
Project Costs - Business Solutions	45,000	36,000	48,000
Total Direct Costs	4,373,777	3,569,979	3,628,562
Gross Surplus	1,089,538	1,109,119	1,334,199
Less Expenses			
Accommodation	231,400	228,737	205,100
Advisory	100,000	40,000	40,000
Computer Maintenance / IT	170,233	126,700	138,750
Financial	16,300	18,680	19,320
Honoraria	133,820	109,733	112,366
Insurance	52,970	46,842	51,526
Library	39,000	36,000	40,800
Office	271,350	228,000	263,640
Other Staff Costs	94,875	70,200	75,900
Total EXPENSES	1,109,948	904,891	947,402
Net Surplus before Tax and Depreciation	(20,410)	204,228	386,797
Depreciation	93,000	76,800	79,200
Holiday Accrual	7,500	6,000	6,000
Net Surplus before Tax	(120,910)	121,428	301,597

INTRODUCTION



SECTION 1

1. INTRODUCTION

- 1.1 The LGNZ 2013/14-2015/16 Business Plan ("Business Plan") outlines the organisation's vision, strategy, policy priorities, business objectives and budget for the next three financial years.
- 1.2 This is the first business plan prepared by LGNZ. It is intended that this document will always be "live" in the sense that it will be subject to on-going critical review by the National Council of LGNZ to ensure that LGNZ remains focused on the issues that deliver the best value to the membership.
- 1.3 The Business Plan outlines a fundamental change in strategy for LGNZ as the representative organisation for the local government sector.
- 1.4 This change in strategy centres on the following components:
1. A new Vision for LGNZ that will drive and guide the nature of the organisation's culture, policy priorities and communications strategy with external stakeholders;
 2. A new Purpose statement that will drive and guide the organisation's and the sector's internal governance work, and product and service offerings;
 3. An assertive communications strategy;
 4. A focus on selecting and advocating a number of key policy priorities where the value for the sector is judged to be the most pronounced;
 5. A re-dedicated focus on improving elected member governance through a refreshed skills enhancement programme; and
 6. An adoption of a business solutions strategy that will pursue the utility and value to the sector of offering, at a national level, products and services to the membership to enhance sector capability and capacity.
- 1.5 This strategy has been set with an eye to the future nature of the local government sector. The last few years has seen a keen focus on fiscal restraint and value for money in both the private and public sectors. In the local government sector this has manifested itself in three ways:
1. Proposed local government reform by the Government to ensure that there is:
 - i. Sustained downward pressure on rates increases; and
 - ii. More efficient and effective delivery of local government services to the public;
 2. A concerted campaign from some business and individual ratepayers that constantly questions the purpose, value and competence of local government; and

3. A drive within the sector itself to increase its value proposition either through amalgamation of local authorities or through the delivery of shared services in respect of certain council functions.
- 1.6 These drivers are likely to result in considerable change in the sector over the next several years. The challenge for LGNZ in this environment is to:
1. Be a leading voice in the policy debate;
 2. Continue to enhance its value proposition for the membership; and
 3. Assist and lead the membership through this period of disruptive change.
- 1.7 The National Council of LGNZ has accepted this challenge and this Business Plan details how those challenges will be met and exceeded.
- 1.8 The Business Plan is structured as follows:
- **Section 2: Vision and Purpose;**
This section describes LGNZ's scope of business, new Vision and new Purpose, business objectives, and organisational values and capabilities.
 - **Section 3: Political, Regulatory and Economic Environment;**
This section provides a brief synopsis of the probable environment that LGNZ and its membership will face over the next few years. It is provided, in particular, to give context to the proposed communications strategy and policy priorities.
 - **Section 4: Communications Strategy;**
This section describes the strategic communications goals for LGNZ and scopes the nature of the various workstreams required to meet those goals.
 - **Section 5: Policy Priorities;**
This section describes the key policy themes to be pursued by LGNZ during the course of the Business Plan. This includes policy matters currently before the membership and matters that the sector has chosen to pursue. By definition policy priorities will vary from business planning period to business planning period. National Council will keep these matters under review to ensure alignment with LGNZ's Vision.
 - **Section 6: Skills Enhancement for Elected Members;**
This section describes LGNZ's business objectives for enhancing the skills of elected members. Presently, KnowHow is the only commercial offering from LGNZ. As this Business Plan describes,

this is likely to alter in the future at which point the appropriate delivery model for KnowHow could differ. For the purpose of this Business Plan it has been assumed that KnowHow will continue as a commercial activity within LGNZ.

- **Section 7: Business Solutions; and**

This section describes at a high level the goals of LGNZ's business solutions programme. This is a new activity for LGNZ. The National Council has decided to devote resources to determine whether a range of new products and services could be offered to the membership in a similar vein to LGNZ's sister organisations in Australia;

- **Section 8: Financial Analysis.**

This section describes the budget for the period of the Business Plan.

VISION AND PURPOSE



SECTION 2

2. VISION AND PURPOSE

2.1 A new Vision has been developed to transform LGNZ's organisational culture and business model to deliver better and more sustained value to the membership.

Scope of Business

2.2 LGNZ's core business involves:

- The assertive representation of member council's interests in the policy debate;
- Cultivating a positive, constructive and informed image of local government with external stakeholders;
- A strong customer focus that keeps members informed and up to date on issues that may impact how they deliver value to their respective communities;
- Providing elected members with a suite of training and self-improvement courses and tools to continuously improve the standard of governance within local authorities; and
- Providing at a national level additional products and services that add value to members.

2.3 Table 1 shows how funding for these activities is derived.

Table 1: Funding for Activities

Membership Fee	Targeted Fees (Optional)
<ul style="list-style-type: none"> • Advocacy 	<ul style="list-style-type: none"> • Know-How training workshops
<ul style="list-style-type: none"> • Policy Analysis 	<ul style="list-style-type: none"> • New products and services that may be developed
<ul style="list-style-type: none"> • Research 	<ul style="list-style-type: none"> • Annual Conference
<ul style="list-style-type: none"> • Public and media communications 	
<ul style="list-style-type: none"> • Communications to the membership including webinars, workshops, and seminars on particular work programme issues 	
<ul style="list-style-type: none"> • Administration of National Council, National Council Committees, Sector and Zone meetings, and LGNZ working groups 	
<ul style="list-style-type: none"> • Honoraria for President and Deputy President 	

- 2.4 Following a restructure in March 2013, it is intended that LGNZ's operations will be supported by 19 full-time equivalent staff members (excluding consultants, contractors and fixed term employees).

Vision

- 2.5 In October 2012, the National Council reviewed LGNZ's strategic direction and agreed to reorient the organisation's activities around a new Vision statement. The new Vision for LGNZ is built around the concept of LGNZ and local government *per se* as "The Enabler." It is as follows:

"Local democracy powering community and national success"

Purpose

- 2.6 With that Vision in mind, the National Council also set a new purpose statement for LGNZ. This is for use by the organisation and its members, and is designed to ensure that the organisation continuously strives for improvement not only in respect of its own outputs but also to facilitate constructive and productive innovation in the wider local government sector.
- 2.7 The purpose statement is built around the concept of "The Leader." It is as follows

"We are the strong voice for great local government"

Business Objectives

- 2.8 LGNZ intends to move from being primarily a contributor to policy development to being organisation that provides a more customer-focused rounded and assertive representative and membership service offering sound policy work forming the engine room for the advocacy agenda. This will alter fundamentally the manner in which LGNZ does business.
- 2.9 As a broad-based local authority membership organisation, LGNZ plans to become one of New Zealand's leading representative organisations that not only represents its members' interests with Central Government but also actively promotes in broad terms the value that local government provides both nationally and locally to New Zealand's diverse communities.
- 2.10 Additionally, it will look to support its members' drive to deliver value to ratepayers by offering products and services that can be provided at a national level efficiently. These products and services, if successful, are intended to support the manner in which local authorities add value to their communities but in a way that ensures any profits are retained within the organisation to offset membership fees – a form of

cooperative model. In doing so LGNZ is dedicating itself to provide the maximum value possible for its members.

2.11 Accordingly, LGNZ will:

- Rebrand the organisation to ensure that the organisation's look, feel and culture support the achievement of the Vision;
- Transform the culture of LGNZ by making customer-centricity a core attitude at LGNZ;
- Reorient its advocacy efforts to ensure that its policy work is supported with an assertive communications strategy;
- Provide communications tools, information and messaging to the membership to ensure that LGNZ maximizes its media positioning and reputation;
- Provide state of art skills enhancement training for elected members;
- Offer national products and services that add value to the members and contribute to their success;
- Access best available technology and practices, not only through direct investment but also through partnering and collaboration; and
- Become a membership organisation whose reputation for innovative and quality work is second to none.

2.12 To meet its Vision, LGNZ will focus its activities on the following objectives:

- **Policy Work:** To advocate principled and facts based policy solutions that are grounded in sound research and which will enhance the sector's reputation for quality, innovative and proactive analytical thinking;
- **Stakeholders:** To engage constructively and productively with key stakeholders on the policy issues of concern to the membership and to promote the value proposition of local government to New Zealand;
- **Members:** To be recognised by the membership as:
 - An effective advocate for the local government sector;
 - A trusted source of sound advice and counsel to the membership; and
 - A provider of innovative products and services that add value to the membership;
- **Governance and Benchmarking:** To promote and follow best practice in governance, and benchmark the organisation's performance;
- **Financial:** To be responsible fiscally while delivering on membership value and performance expectations; and

- **Employees:** To partner with LGNZ's employees for success.
- 2.13 By implementing these business performance objectives, LGNZ will deliver on membership value expectations and make a positive contribution to New Zealand's local government sector.
- 2.14 To measure its performance, LGNZ will develop and implement in the 2013/14 financial year a Reputation Index whose purpose is to track over time its effectiveness in meeting the objectives identified above.

LGNZ's Values

- 2.15 Delivering on LGNZ's business objectives is underpinned by LGNZ's corporate values shown in Table 2. These values influence our day-to-day behaviour and actions.

Table 2: LGNZ's Values

Value	Description
Drive	We continuously drive for exceptional results in delivering superior value to the membership through energy, courage and commitment.
Innovation	We seek to innovate in everything we do and strive to find creative ways to deliver value to the membership. We anticipate change and take advantage of opportunities as they arise. We are solution oriented.
Integrity	We always do what we say we will and give total commitment to treating people as we would wish them to treat us. We act according to principle and in an honest and transparent manner.
Courage	We hold ourselves accountable for our actions and for doing what is right. We live our Vision and values daily. We make choices and set priorities that will achieve our Vision. We are resilient in tough times maintaining our vitality and spirit.

Organisational Capabilities

- 2.16 To achieve its Vision LGNZ will need to ensure it has the following organisational capabilities:

Leadership

- **Vision:** commitment to clear planning and goals, clear communication of a compelling vision and direction and a long term focus;
- **Strategic capacity:** ability to read shifts in the environment and to adapt quickly in response;
- **Influencing/communication:** bringing people and organisations together on issues, expertise that is sought after, persuasive, inspirational presenter, provides advice and support;

- **Staff and organisational leadership:** identification and motivation of talent, giving and receiving feedback, communication of expectations, coaching; and
- **Business insight:** identification of future opportunities and of key issues, consideration of alternative courses of action, challenges traditional thinking, understands impact of decisions, strategic view of expenditure, understands sector issues.

Decision Making/Judgement

- **Bias for action:** calculated risk taking, successful dealmaker, understands commercial realities, synthesizes the complex into the simple, drive and insight to take action where required, a can do customer-focused attitude;
- **Adaptability:** ability to see change, innovate and adapt, adopts alternative courses of action where necessary, considers others' points of view;
- **Business acumen:** drives business priorities, understands business risks and financial performance, dealmaker;
- **Fact based:** acquires and processes business intelligence, data analysis, thinks clearly in ambiguous situations, pursues information to reduce uncertainty;
- **Problem solving:** seeks out problems in the making and resolves these before they arise, finds ways to improve performance continually; and
- **Delegation:** delegate's decision making and execution to capable people with full responsibility for results, implements organisational systems and procedures which drive culture.

Teamwork/Partnership

- **Networks:** develops a range of multidisciplinary networks and contacts, understands wide range of viewpoints, appreciates diversity;
- **Organisational teamwork:** emotional intelligence, understands own, other individual's and team's roles in achieving organisational goals, encourages and respects contributions of others, manages behaviour consistent with values, works successfully with others, gives and receives constructive feedback, recognises own and others' strengths, works constructively with team members, builds team spirit;
- **Conflict resolution:** empathises with others, builds common viewpoints in resolving conflicts, uses strategies to build consensus and support, and respects others views, encourages feedback, shares information, develops relationships which are mutually beneficial, establishes rapport; and
- **Political nous:** detect patterns of behaviour which are under the surface, social awareness and intuition, reading situations and people.

Performance Orientation

- **Project management:** managing pressure with many competing demands, manage a number of different projects at various stages of completion, meets consistently high quality standards and project budgets, and identifies targets and milestones;
- **High performing teams:** creates a working environment that encourages high performance and calculated risk taking, giving feedback; and
- **Goal setting:** sets and achieves challenging goals for self and others, pursues goals despite setbacks or obstacles, faces difficult situations with tenacity, anticipates obstacles and able to adapt if necessary, plans and priorities.

Technical Expertise

- **Excellent in house resources/systems:** IT, Communications, Finance, HR, delivery mechanisms;
- **Improve business performance:** innovative solutions, drive for continuous improvement, calculated risk taking; and
- **Technical leadership:** wide range of in-depth knowledge legal, economic analysis, policy, finance, communications, media.

Performance Orientation

Field management marketing program with many competing demands
manager's number of different projects at various stages of completion needs
consistently fair quality standards and project budgets and schedule targets
and objectives:

High performing teams: capable of working independently but also together
performance and quality are essential for success

2. Outcomes: all team objectives are achieved and all team members
are satisfied with the results of their work. Team members who lack
autonomy and control are likely to be less motivated and less effective.

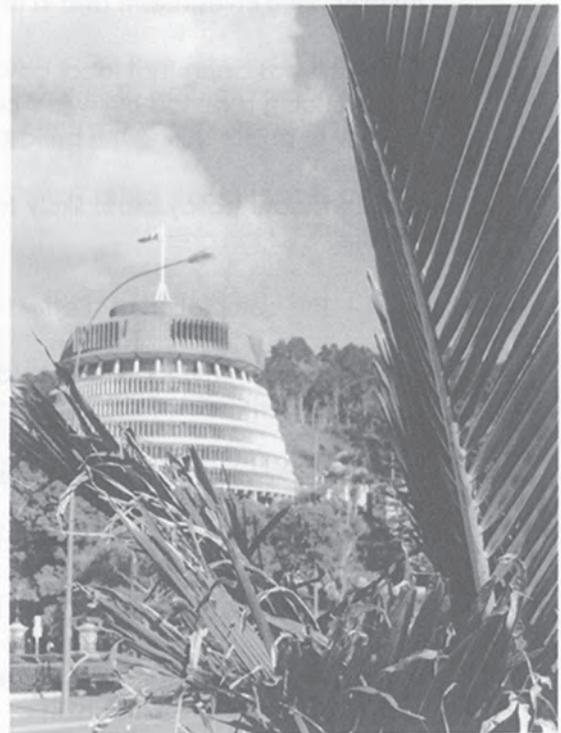
Technical Expertise

Excellent in their technical expertise. They are often the ones who
solve the most difficult problems.

These people are often the ones who are most likely to be promoted.

This page has been intentionally left blank

POLITICAL, REGULATORY AND ECONOMIC ENVIRONMENT



SECTION 3

3. POLITICAL, REGULATORY AND ECONOMIC ENVIRONMENT

Introduction

- 3.1 This section outlines in broad terms the expected nature of the political, regulatory and economic environment that may prevail over the life cycle of this Business Plan and which is likely to shape LGNZ's advocacy programme.

Political Environment

- 3.2 The present Government appears to have a solid majority through to the next election which is likely to occur in November 2014 (unless called earlier than legally required).
- 3.3 The Government has made a particular point of its second term policy agenda to focus on a number of key initiatives that intimately involve the role, scope and performance of local government. Local government is seen as a key economic influencer both in its ability to enable economic activity (for example through infrastructure investment) and in terms of imposing costs on business activity.
- 3.4 The result has been that local government has been placed under a spotlight and is experiencing a period of severe political, media and public pressure. This pressure is unlikely to abate during the period of this Business Plan.
- 3.5 The significant policy issues likely to be pursued by Government during the period of this Business Plan are:
- The completion of "Better Local Government" Phase 1;
 - Policy development and legislative implementation of "Better Local Government" Phase 2;
 - Addressing the issue of housing affordability, particularly in Auckland;
 - Resource Management Act 1992 reform;
 - Water quality and quantity management reform;
 - Policy responses to the recommendations of the Royal Commission on the Canterbury Earthquake;
 - Building consent reform;
 - A fundamental review of road investment, maintenance contracting and funding models; and

- A review of water infrastructure investment and maintenance contracting, operational, and funding models.
- 3.6 Many of these initiatives are likely to be inherently political in nature and accordingly will be the subject of scrutiny by Opposition parties and the Government's Coalition partners. Local government will need well rounded and principled, evidentially-based, policy and communications positioning during this period.

Regulatory Environment

- 3.7 The policy issues that the Government intends to pursue over the next two years will have a direct impact on the regulatory environment that the local government sector will face. Consistent with the proposed policy themes, prioritised for the next three years by LGNZ in this Business Plan, the regulatory environment for local government is likely to be dominated by initiatives in the following areas:
- Governance;
 - Economic development; and
 - Regulatory efficiency.

Governance

- 3.8 A continued focus on amalgamation of local authorities and/or more efficient and effective delivery of services is expected to be a key focus. Although Government has indicated that it will not amalgamate on particular communities it nonetheless appears determined to facilitate such activity as evidenced by its changes to the Local Government Act 2002. The Local Government Commission is likely to be given more resource to process proposals and now has greater flexibility as to how proposals are ultimately framed for communities.
- 3.9 In addition there will be a continued and possibly heightened focus on more effective delivery of services by local authorities. This will be particularly the case in respect of core infrastructure such as the three waters and roads. A drive to larger and more commercial structures is possible. The Expert Advisory Group on Infrastructure is tasked with delivering advice to the Government in 2013 as part of the second phase of the Government's local government reform package. Additionally, the upcoming report of the Productivity Commission may also have a significant impact in this area.
- 3.10 Local government funding may also come under review over the next three years. Development contributions are under review and this may be a precursor to a broader assessment of funding models for local government activity.

Economic Development

- 3.11 The Government will continue to focus on economic development. It is particularly concerned about ensuring core infrastructure can be brought to market and that current infrastructure assets are appropriately maintained and renewed.

- 3.12 Regulatory risk for local government will exist where the Government views local authorities as not focussing on this task appropriately or lacks the expertise to do so.

Regulatory Efficiency

- 3.13 An overriding theme of the present Government is a drive to ensure that the regulatory environment supports rather than hinders economic activity. This underpins its view on the efficiency of local government and the role of local democracy and drives major reform agendas in resource management law, water management, building consent authority consolidation, and governance reform of local government. Ensuring that irrigation projects in Canterbury were brought to market was a significant driver for eliminating local democracy at Environment Canterbury.
- 3.14 The tension between the preservation of local democracy and the Government's economic reform agenda will be a major point of pressure in the central/local government relationship.

Economic Environment

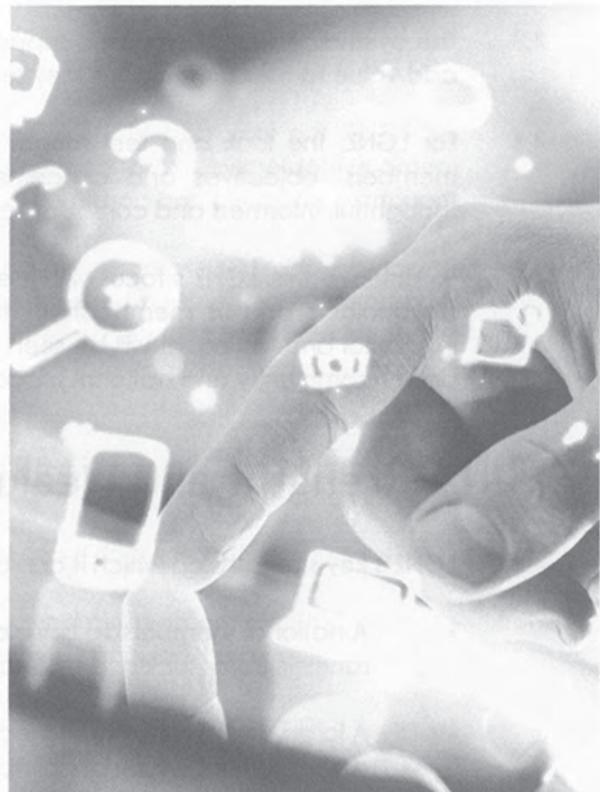
- 3.15 The ANZ, a leading trading bank, is predicting publically that:
- New Zealand will experience around 2.5% growth over the next two years. Relative to New Zealand's OECD peers this will be a good performance but it is low compared to past recoveries;
 - The global economy will remain subject to considerable uncertainty and will be prone to rapid changes in sentiment. A modest improvement in commodity prices is predicted;
 - Moderate rates of economic growth see the unemployment rate ease over coming years. Overall wage growth is expected to be respectable;
 - New Zealand will have a fiscal surplus by 2015/16;
 - Annual inflation will move towards the upper half of the target range in the latter half of the projection period. Inflation is not expected to trend outside of the top of the target band;
 - The dollar will continue to be strong until the end of the period of the Business Plan and then weaken.
- 3.16 The Treasury expects the pace of overall growth in GDP to continue strengthening. This process will be aided by a substantial employment and income boost arising out of the Christchurch rebuild, the maintenance of historically low borrowing costs and – in the case of primary industry exporters – on-going solid demand for New Zealand produce from key trading partners.
- 3.17 Not all sectors of the economy will benefit equally from the factors expected to underpin overall activity levels.

- 3.18 In the first part of the forecast period, Treasury expects non-commodity exporters to continue to experience eroded competitiveness in the face of the strong exchange rate which will reduce their New Zealand dollar earnings. The tourism sector, in particular, is expected to face additional headwinds from weak income growth in a number of countries which are traditionally key sources of inbound tourists, the loss of infrastructure in Christchurch, and the effects of more New Zealanders taking advantage of the high value of the currency to holiday abroad instead of at home. In the broader retail sector, spending levels are expected to continue to be moderated by New Zealand households' rising rate of saving in the face of high average debt levels.
- 3.19 Despite the increase in saving, Treasury forecasts that the current account deficit will widen to 6.7% of GDP in the year ending March 2016, with a significant contribution from the Canterbury rebuild.

Table 3: ANZ Bank Forecasts

	2013	2014	2015
Real GDP	2.5	2.4	2.0
Unemployment Rate	6.2	6.0	5.9
CPI Inflation	2.2	2.4	2.5
TWI	74.6	69.0	63.3
Official Cash Rate	2.5	3.25	4.0
10 year bond rate	4.4	5.0	5.0
Current account balance (% of GDP)	5.3	5.5	5.1

COMMUNICATIONS STRATEGY



SECTION 4

4. COMMUNICATIONS STRATEGY

Introduction

- 4.1 A major focus of the communications strategy is stakeholder engagement, sector issues management and new tools for extending the strategic purpose of LGNZ.
- 4.2 An overall aim of the strategy and its associated brand expression is to:
- Position LGNZ as the voice of local government in New Zealand;
 - Promote and facilitate a more conducive policy environment for local government to carry out its functions in the communities they democratically serve;
 - Articulate and promote the value proposition of local government to New Zealanders; and
 - Earn profile and respect to gain voice and influence.
- 4.3 The overriding focus is on LGNZ supporting its members so they may more effectively add value to the communities they represent.
- 4.4 For LGNZ, the look and feel sought is an organisation that deeply understands its members' objectives and concerns. LGNZ will be positioned as a principled, thoughtful, informed and constructive participant in the policy debate.
- 4.5 To achieve this, LGNZ's focus will need to be in constant engagement with external stakeholders and its membership. Its branded voice will be distinctive, valuable, influential and lasting. It will be seen as the sector champion of local democracy to power community and national success.

LGNZ Strengths and Weaknesses

- 4.6 LGNZ's key strengths on which it can build an effective communications strategy are:
- A national membership base comprising all of New Zealand's local authorities, ranging from Auckland Council to the Chatham Islands;
 - A large and diverse set of elected members and Council chief executives with a well-developed set of political and business relationships; and
 - A Board and management team that are committed to the new business strategy.

- 4.7 The three key weaknesses from a communications perspective are:
- A low profile and reputation with most external audiences and stakeholders;
 - A lack of access to leading edge communications technology to deliver membership value; and
 - An organisational culture, structure and brand that has been created to support a different business model.

Communications Challenges

Revised Business Model

- 4.8 LGNZ's business model is changing from one that is heavily focused on policy work to one which is based on the assertive communication of its point of view on issues affecting the sector. Under this model the emphasis is on the communications and marketing of policy positions rather than their development *per se*. It also encompasses a more proactive customer-centric mode of operation *vis à vis* its members.
- 4.9 A strong coherent brand for LGNZ – coupled with committing to its powerful expression – will anchor the success, internally and externally, of LGNZ's new approach.
- 4.10 For employees, the business strategy will transform the way employees view their jobs and how they approach member service and innovation. A cultural change within the organisation is required.
- 4.11 To external audiences, the business strategy will deliver for LGNZ's members opportunities to enhance their value proposition to the communities they represent and it will enhance LGNZ's corporate reputation.
- 4.12 To enable external audiences to comprehend and identify with the business plan, a more active, targeted and higher profile approach to communications both inside and outside LGNZ is required. This also will require a disciplined adherence to core corporate messaging across the organisation and membership, and significantly increase stakeholder engagement.

Member Engagement

- 4.13 The membership of LGNZ is the key to turning business strategy into reality. A successful transformation will take place when members see the point of change and agree with it. Members are the real change agents. Only when the membership becomes engaged and empowered by the desired change can change credibly migrate to external audiences.
- 4.14 Members are engaged by a clear and credible change vision communicated across the entire organisation, led by the President and Chief Executive and endorsed by the Board and management in a positive and affirming manner. Articulating the new

vision is the first communications task. An expression of the refined vision will be prepared in conjunction with the development of a new look for LGNZ. This is considered central to stakeholder engagement.

Outside Perceptions of LGNZ

- 4.15 The findings of a September 2012 communications audit show that LGNZ does not have the policy influence that an organisation of its type and membership make-up should. As an organisation it has a low reputation with many key external stakeholders.
- 4.16 The audit found that most stakeholders perceived LGNZ as having a critical role but is under-performing and not enjoying the influence, relevance or profile of a membership and sector organisation equivalent to Business New Zealand or Federated Farmers. LGNZ faces competition in the public space for a share of voice as the local government sector go-to organisation. At present, LGNZ lacks the central government, stakeholder, public, and media clout that it ought to have by virtue of its membership base.
- 4.17 All stakeholders were encouraging of a better performing LGNZ as the advocate for the local government sector. Stakeholders, including central government do not want to deal with "five or more regional or individual local government representatives." LGNZ is seen as having a strategic role to work with and influence decision-makers at the local and national levels. Stakeholders understand LGNZ is in a state of transition and felt the new chief executive could improve performance with the support of the National Council and members. There is genuine goodwill to see LGNZ succeed.
- 4.18 LGNZ's purpose and roles are familiar to stakeholders although LGNZ's effective representation of the local government sector is perceived as "potential" rather than active. Most stakeholders see LGNZ representing members as well as "the people" who are community stakeholders of the sector. Most stakeholders urged LGNZ to explain the importance and role of the local government sector.
- 4.19 Stakeholders believe LGNZ needs also to explain itself – what it does – to a wider audience than just its members. LGNZ has little presence in high profile news media such as television, with predominant coverage in print and radio, some online.
- 4.20 New tools, such as:
- A sector web portal;
 - A LGNZ communications task force to support members in crisis;
 - Evidence-based reports and stakeholder seminars on major issues,
- were identified as being useful to stakeholders (and LGNZ). Most stakeholders did not want more paper based communication; they prefer e-communications.

Brand Review and Development

- 4.21 Brand is the sum of an organisation's values and aspirations. Branding is not just the realm of retail marketing, but is the very life and expression of what the organisation stands for.
- 4.22 With a strategy driven by heightened value for the membership, LGNZ will need to present a new face to the world. Accordingly, LGNZ's current corporate branding needs to be reviewed and be brought into line with the new vision.
- 4.23 Brand architecture and execution are critical. Whether it is the organisation's internal communications, messaging to policy-makers or communities, advertising or web communications, all tactical brand expressions need to complement and reflect the LGNZ Vision.
- 4.24 Presently, LGNZ's vision and brand are unclear or unknown to stakeholders, even though LGNZ online/offline material is consistently branded. LGNZ signifies conservative and "beige". Its voice is sometimes muted in a fragmented sector. Not speaking with one voice is seen as a major challenge to LGNZ. The current LGNZ brand has little equity. Development of strategies to sell the organisation to audiences beyond the membership is limited. Vision and brand messaging to internal and external audiences are not vigorously expressed or pursued, and few LGNZ value/benefit messages are obvious.

Look and feel of the new business model

- 4.25 For LGNZ's members and external audiences to understand and accept the new approach, they will need to experience what a successful, member-centric lobbying organisation looks and feels like. The historic perceptions of external audiences (often driven by indifference and apathy) will need to be addressed through a compelling vision, clear messaging and top quality policy work. Appealing and delivering to audiences builds closer involvement and positive relationships with LGNZ.
- 4.26 Communications research will be fundamental to deciding priority audiences, and determining their needs and interests.

Guiding Principles

- 4.27 To be successful in achieving its Vision, LGNZ will need to implement a new model of strategic communications. The key features of that model are:
- Organisation and communications goals are integrated – there is a shared narrative;
 - Issues, messages and solutions are prioritized – value is identified;
 - Horizontal and vertical integration of communications exist within the organisation;
 - Participatory communications involves cultivating active strategic partners;

- Communications is by deeds as much as it is by words; and
- A learning culture operates: doing, evaluation and improvement.

4.28 These features are embodied in the following strategic communication principles, namely:

- **Strategic focus:**
 - Communications are strategically-focused on meeting member's needs;
 - Communications demonstrate the LGNZ vision, purpose, and knowledge;
 - Communications match the target audience's interests and channel use;
 - An active communications approach is undertaken to ensure that the LGNZ voice is strong and heard; and
 - Member and stakeholder contact is meaningful, regular, mediated and interpersonal and evaluated.
- **Organisation:**
 - Excellence in communications is a top priority for LGNZ;
 - Communications priorities are set and met – and reflected in organisation and personal KPIs; and
 - Communications are supported and integrated across all activities of LGNZ.

Communications Needs

4.29 Table 4 below, identifies the communications needs that are required to deliver the Vision. Those needs are then mapped against the communications approach required.

Table 4: Communications Needs

Communications Need	Strategic Response
Implement the Business Strategy	<ul style="list-style-type: none"> • Integrate policy and communications objectives in a "one-LGNZ" approach • Embed and position a new Vision • Apply communications audit findings to identify and communicate more with priority audiences • Monitor communications progress methodically against reception of the Vision and its communication expressions
Revise current communications activities against new needs, objectives and recent audit findings	<ul style="list-style-type: none"> • Relaunch the LGNZ brand to drive business and communications objectives • Apply communications audit findings to better communicate with priority audiences • Revise channel investment against known priority audience media use/preference
Prioritise audience segments and tailor messaging for these audiences	<ul style="list-style-type: none"> • Drive all communications around core messaging that serves the new Vision of LGNZ • Focus initially on member buy-in to the new Vision – transformation is only possible with membership support • Transform LGNZ's culture to become member/customer-centric • Invest in increased levels of personal contact with key stakeholders and implement a new engagement plan • Demonstrate to priority stakeholders that LGNZ is a transformed organisation
Make channel choices and investments that serve strategic purpose	<ul style="list-style-type: none"> • Reach priority audiences in the media they use • Employ two-way feedback loops with members and priority external audiences to increase connectivity • Redesign the LGNZ website to become the local government sector portal for members and external stakeholders and to meet business and communications objectives • Invest in internet and social media to meet the needs of priority audience segments • Refine publications for strategic purpose, cost-effectiveness and user channel preference

Communications Need	Strategic Response
Action plans managed to implement the communications strategy	<ul style="list-style-type: none"> Generate communications innovation through discreet action plans coordinated by the LGNZ Communications Team tasked with managing message and media effectiveness for membership and external audiences Employ external skills where further resources are required for fresh ways of doing communications
Continuous improvement through a systematic performance criteria and value for money approach	<ul style="list-style-type: none"> Monitor corporate reputation and communications effectiveness with membership and external priority audiences, against benchmarks Account for communications effectiveness and value to the National Council twice a year

Critical Success Factors

4.30 Identified in Table 5 below are a series of communications oriented critical success factors, the communications issues that need to be addressed and the action proposed to address those issues. The communications strategy will support the achievement of the Business Plan by successfully addressing the identified issues.

Table 5: Critical Success Factors

Business Strategy Critical Success Factors	Communications Issues Requiring Resolution	Planned Action
A clearly articulated Vision and the drive to achieve it	<ul style="list-style-type: none"> Develop a short-form vivid and engaging Vision statement Must be credible, trusted, graphic, enduring, aspirational, and relevant 	<ul style="list-style-type: none"> Finalise Vision after membership feedback Vision informs brand development
Change perceptions of LGNZ "What will success look like?"	<ul style="list-style-type: none"> Externally LGNZ's reputation is low in the minds of key stakeholders LGZ is not seen as innovative, or thought-leading 	<ul style="list-style-type: none"> Capture hearts and minds of critical stakeholders Segment audiences by need and interest (applying research) Aligned to brand development

Business Strategy Critical Success Factors	Communications Issues Requiring Resolution	Planned Action
Enhanced stakeholder engagement	<ul style="list-style-type: none"> September 2012 communications audit shows LGNZ not held in high regard among many stakeholders Enhanced engagement and support is necessary for successful transformation 	<ul style="list-style-type: none"> Finalise stakeholder engagement programme and calendar Stakeholder programme identifies key stakeholder groups and critical messages for each Aligned to brand development
Measuring results	<ul style="list-style-type: none"> Currently weak baseline data of stakeholder perceptions. Need to define critical performance measures to assess communications performance 	<ul style="list-style-type: none"> Critical performance and success measures for communications to be defined. Research data identified to access value from communications activities Introduce Reputation Index

Action Plans

4.31 The communications strategy addresses strategic needs and solutions. Innovation, targeting, tactical gaps and implementation of the Communications Strategy will be managed through discreet but interrelated Action Plans.

4.32 Table 6 below:

- Details the required action plans and timeframes as platforms for targeted communications with priority audiences; and
- Identifies the high-level resource requirements needed to execute the Communications Strategy successfully.

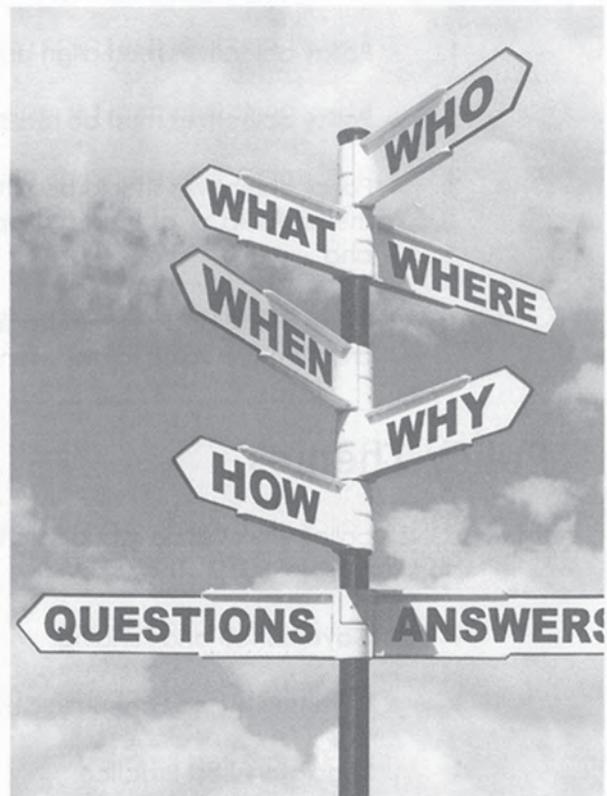
Table 6: Action Plans

1. Brand Development		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> Rebrand LGNZ according to National Council approved brand positioning (October 2012) Tender brief for external brand agencies 	<ul style="list-style-type: none"> January 2013 – brief prepared July 2013 – Brand launch (2013 Conference) 	<ul style="list-style-type: none"> Chief Executive, Executive Team and Communications Team Brand development tested and monitored through corporate reputation research tracking
2. Transformation		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> An overarching communications plan, referenced to the Communications Strategy to assist in implementing the transformation roadmap Strategies, tactics and messages for priority audiences, channel selection to deliver transformation goals Identification of resources and monitors required for success Develop and execute two to three year public relations programme to promote the value of local government Refresh LGNZ website to become <u>the</u> portal for information on local government 	<ul style="list-style-type: none"> May/June 2013 – to be prepared in tandem with organisation design and culture transformation roadmap Plan developed and Board approved by June 2013 Consistent with re-branding timeline 	<ul style="list-style-type: none"> Chief Executive, Director People and Performance, Chief Financial Officer, and Communications Team

3. Member Engagement		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> Briefings for members on business case to transform LGNZ Pictorial roadmap to demonstrate business case and transformation roadmap touch-points, benefits and desired outcomes Introduce free information briefings for the sector on policy issues (physical and via webinar) 	<ul style="list-style-type: none"> Immediately and up to April 2013 – consistent with finalisation of Business Plan First webinar by July 2013 	<ul style="list-style-type: none"> President, Board members and Chief Executive Accountability via direct formal feedback to LGNZ
4. Stakeholder Engagement		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> In-depth stakeholder mapping, identification and contact programme Systematic stakeholder evaluation to track performance Board and Executive roles defined for stakeholder management CEO engagement programme developed Introduce Reputation Index 	<ul style="list-style-type: none"> May/June 2013 – consistent with above Action Plans September 2013 	<ul style="list-style-type: none"> Communications Team, working with other business units Survey of stakeholders by February 2015
5. Operational Communications		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> A series of operationally focused communications plans covering all current policy issues Communications Issues Register identifying in one document current issues and high-level media positioning 	<ul style="list-style-type: none"> June 2013 	<ul style="list-style-type: none"> Communications Team, working with other business units Chief Executive to report to the Board every six months on progress against Communications Strategy

6. Social Media		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> • An overarching social media strategy and implementation plan referenced to the Communications Strategy • Development of appropriate messages and content required • Identification of resources, measurement and analytical tools required for on-going monitoring and refinement of the programme 	<ul style="list-style-type: none"> • August 2013 	<ul style="list-style-type: none"> • Communications Team • Support from specialist advisors and technical support from external agencies
7. Evaluation		
Content	Timeframe	Resources and Accountability
<ul style="list-style-type: none"> • Key performance criteria for communications established against business plan, vision and communications objectives • Performance measures to identify how LGNZ knows it is successful, and what it needs to do to become more successful in transforming its culture, performance, reputation and value maximization 	<ul style="list-style-type: none"> • Transformation research – as determined by transformation action plan • Reputation research – as determined by transformation and stakeholder action plans • Evaluation metrics – August 2014 	<ul style="list-style-type: none"> • Chief Executive in association with Communications Team; • Contracted resource to conduct reputation research

POLICY PRIORITIES



SECTION 5

5. POLICY PRIORITIES

Introduction

- 5.1 This section identifies the policy priorities that the National Council have set for the period of the Business Plan.
- 5.2 It is intended that the focus of LGNZ's advocacy will be on these policy priorities. Where new issues arise or are promoted by the membership then the priority of those issues will need to be assessed against existing priorities. The intention is that if a new matter is prioritised an existing matter will need to exit the priority list to ensure that appropriate resourcing can be devoted to successfully pursuing all identified and Board approved priorities.

Guiding Principles

- 5.3 As with any prioritisation, the judgments to be made are subjective in nature but have been made against the following set of guiding principles:
1. Policy objectives must align and advance LGNZ's Vision and Purpose;
 2. Policy objectives must be realistically achievable at reasonable cost;
 3. Policy objectives should be either broadly supported by the majority of LGNZ's membership or at least not opposed by the majority of LGNZ's membership; and
 4. In the event of assessment against existing priorities, a policy objective should create more value for the membership than an existing policy objective.

Policy Themes

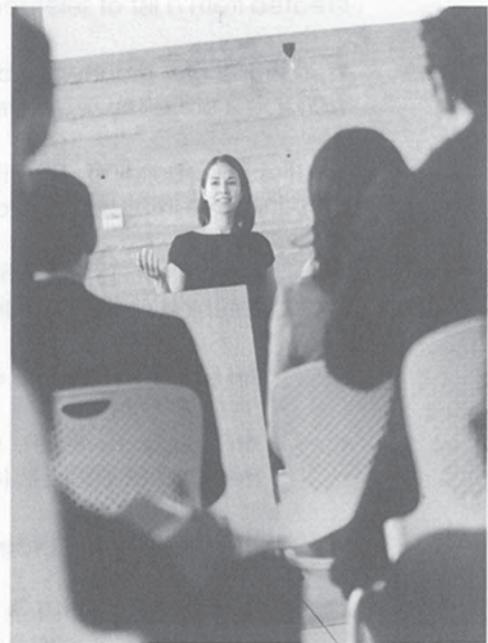
- 5.4 LGNZ's policy work will be grouped under three themes consistent with the new Vision and Purpose of LGNZ. They are:
- Governance and Funding;
 - Community and Economic Development; and
 - Regulatory Best Practice.
- 5.5 The proposed policy priorities are set out in Table 7.

Table 7: Policy Priorities

1. Governance and Funding	
Policy Objective	Timeframe
<ul style="list-style-type: none"> • Development and promotion of LGNZ agreed financial and non-financial benchmarks • Research into comparative models of local government in overseas jurisdictions with a view to the promotion of localism • The appropriate nature of Maori representation at a local government level • Funding: <ul style="list-style-type: none"> ◦ Research into revised funding models for local government ◦ Promotion of minerals and petroleum royalties revenue sharing ◦ Implementation of appropriate elements of the Shand Report • Research into best practice CCO governance and operation 	<ul style="list-style-type: none"> • National Council agreed set of benchmarks by end of 2013/14 financial year • In association with the New Zealand Initiative, by end of 2013/14 financial year • Agreed LGNZ position by end 2014/15 financial year • By end of 2014/15 financial year • Ongoing lobbying, dependent on Central Government agreement • By end of 2014/15 financial year
2. Community and Economic Development	
Policy Objective	Timeframe
<ul style="list-style-type: none"> • Housing Affordability - coordinated work with Central Government on nature of appropriate policy responses to improve housing affordability • "Better Local Government" Phase 2 - Response to Government's decisions on the Expert Advisory Group on Infrastructure's recommendations • Joint LGNZ/SOLGM/INGENIUM research into best practice governance and operational models for the delivery of water infrastructure • Participation into implementation/promotion of Road Efficiency Taskforce's recommendations • Road funding – Response to NZTA's FAR review • Core Cities – Execution of approved projects in conjunction with MBIE 	<ul style="list-style-type: none"> • Ongoing through to end of 2013 • Ongoing through to end of 2013 • Project launched April 2013 • Agreed LGNZ position by end 2014/15 financial year • By end of 2013/14 financial year • By February 2014 • By end of 2013/14 financial year

3. Regulatory Best Practice	
Policy Objective	Timeframe
<ul style="list-style-type: none"> • "Better Local Government" Phase 2 - Response to Productivity Commission's inquiry into Local Government Regulatory Performance, including influencing the Government's response to the Commission's report 	<ul style="list-style-type: none"> • Ongoing through to passage of 2013 Local Government Act Amendment Bill
<ul style="list-style-type: none"> • "Better Local Government" Phase 2 - Response to Government's decisions on the Efficiency Taskforce's recommendations 	<ul style="list-style-type: none"> • Ongoing through to passage of 2013 Local Government Act Amendment Bill
<ul style="list-style-type: none"> • Respond to Government's proposed Resource Management Act reforms 	<ul style="list-style-type: none"> • Ongoing through to passage of 2012/13 Amendment Bills
<ul style="list-style-type: none"> • Formulation of an agreed LGNZ position on the reform of the building consent authority sector 	<ul style="list-style-type: none"> • Agreed LGNZ position by mid 2013
<ul style="list-style-type: none"> • LGNZ research into best practice delivery of local authority regulatory functions and promotion of best practice guidelines 	<ul style="list-style-type: none"> • By end of 2014/15 financial year

ELECTED MEMBERS SKILLS ENHANCEMENT



SECTION 6

6. ELECTED MEMBER SKILLS ENHANCEMENT

Introduction

- 6.1 At present, LGNZ's only commercial offering to its membership is the KnowHow elected member training programme. KnowHow plans, designs, develops, delivers and manages the elected member training programme.
- 6.2 National Council has determined that an elected member skills enhancement programme has strategic importance as it promotes sector capability, better decision making, and effective representation at a local level for New Zealand communities. Elected member training is to be positioned as an investment not a cost.
- 6.3 Currently the costs associated with running KnowHow are not being fully recovered. However, LGNZ has a commercial responsibility to make KnowHow financially sustainable. This should be achievable over the course of a three year election period provided the budgetary assumptions in this Business Plan are met. Membership fees fund the salaries of the two dedicated staff members.
- 6.4 The training programme consists of a suite of offerings delivering a service to elected members at council venues. The programme is versatile with the ability to change and expand to suit the current climate, for example, customizing a full day workshop into a half day to suit a council's needs. Alternatively, customized workshops can be created from a list of selected topics.
- 6.5 Workshops are planned around the three year triennial cycle although individual workshops are often requested by councils.
- 6.6 Relationship building is critical to the success of KnowHow. LGNZ's market penetration is improving which is arguably attributable to:
- Consistent relationship building and relationship management with key decision makers within councils;
 - An ability to respond quickly to councils' requests for training information;
 - An ability to listen, understand, respond quickly and intellectually to the demand of councils (and in some cases within a workshop);
 - The agility of the programme to customize workshops;
 - First class facilitators - skilled presenters with extensive local government expertise and with an ability to animate the training with their own personal local government "war" stories;
 - Providing relevant and up-to-date workshops; and

- Working collaboratively with local government and wider public sector partners.
- 6.7 To maintain currency and quality, a focus is placed on listening to and building strong and sustainable partnerships with key decision makers in the sector. Training gaps in the sector are identified, and workshop content is updated to reflect current trends and new legislation.
- 6.8 Success is dependent on a number of factors any one of which can impact markedly on budget forecasts. These factors include:
1. The volatility of the economic and political climate;
 2. Unexpected crises, for example, the Christchurch earthquakes resulted in the cancellation of 13 workshops in 2011/12;
 3. The number of training providers in the local government sector. It is inevitable over past years that historical and existing relationships between councils and training providers outside of LGNZ have already been established, therefore KnowHow needs time to grow and establish its own credibility;
 4. The finite number of elected members to educate within the election triennium – approximately 1,100 elected members;
 5. Encouraging elected members to recognize that in order to undertake their role to the best of their ability, regular training is vital;
 6. Establishment of core relationships with councils nationwide;
 7. Investment in our own expertise;
 8. An increased workshop attendance to provide more income to invest in ongoing training development and updates;
 9. Support from LGNZ to build strong, reputable and sustainable relationships with elected members and council employees;
 10. Greater political support from the "influencers;"
 11. The provision of first class presenters/facilitation as well as workshop content;
 12. Effective marketing; and
 13. Sponsorship support and/or sector training rationalization to increase revenue and lower costs.

Operational Objectives

6.9 The operational objectives are to:

- Grow sector capability and improve decision making by providing the tools for greater local governance;
- Build a training workshop programme to be the voice of community success;
- Provide workshops in the areas of governance, financial management, leadership, strategic thinking, economic leadership and business relationships;
- Improve elected members' understanding of both the responsibilities and opportunities that are provided by the local government legislative framework;
- Establish a learning culture in local government;
- Partner, engage and work collaboratively with local and central government as well as wider public sector partners to improve local democracy;
- Work efficiently and effectively within the political environment ensuring effective representation in meeting community expectations by fulfilling statutory roles and obligations; and
- Develop a competency model that is externally recognised.

Workshop Programme

6.10 LGNZ will offer the following workshops (33 in total):

The programme is divided into separate training categories, they are:

- Core training;
- KnowHow Plus;
- Governance Modules;
- Community Boards' Training;
- Triennial Workshops (election year);
- Auckland Local Boards Training; and
- Webinars.

Table 8: KnowHow Workshops

Triennial Workshops	Core Skills Year 1 - \$595 (per person) (capped cost \$5950, max 20 attendees) Years 2 & 3 - \$625 (capped cost \$6250, max 20 attendees)
New Mayors - \$650	A Practical Guide to Consultation
Refresher/re-Elected Mayors - \$495	Asset Management
New Elected & Re-elected Members - \$595	Chairing/Conflicts of Interest/Understanding Orders
New Regional Chairs - \$395	Decision Making – How it really works
	Financial Governance 101
	<i>Governance Special Edition: in-house own-council (IHOC)</i>
	Local Government & Elected Members
	Introduction to Financial Governance
	Media & Presentation – How to present the right message
	RMA (Resource Management Act)- How it really works
	<i>Team Dynamics: in-house own-council (IHOC)</i>
	Understanding Te Ao Māori
KnowHow Plus - \$650 (per person) (capped cost \$6500, max 20 attendees) Years 2 & 3 - \$680 (capped cost \$6800, max 20 attendees)	Community Boards - \$395 (per person) (capped cost \$5500, max 20 attendees)
Audit & Finance Committees – Roles & Functions	Community Boards - Introduction
Economic Leadership	Community Boards – Influencing change
Establishing & Maintaining Working Relationships with your CE	
Financial Governance 201	
Good Debating & Influencing Techniques	
Leadership Skills	
Strategic Thinking & Planning	
Understanding & Maximising Relationships with China	
Governance Modules - \$395 (per person) Years 2 & 3 - \$425	
Business Presentation Skills	
Chairing Meetings	
Conflicts of Interest	
<i>Financial Governance Revision: in-house own-council (IHOC)</i>	
Getting the Best out of Your CCO's – A governance perspective	
Introduction to Local Government	
Roles & Responsibilities of an Elected Member	
Understanding Orders	
Auckland, priced as scheduled above	Webinars - \$150 (per person) or \$500 per council
KnowHow has delivered the following training to Local Board Members in the following areas and it is expected to continue :	
Chairing Meetings	Depreciation
Financial Governance 101	How to Read Financial Statements
Media Training	Revision Financial Governance 101
RMA	Significance policy
Understanding Orders	Topic based issues

Workshop Development

- 6.11 Continued success is dependent partly on continual workshop development. Workshop development responds to market need (for example, arising from new legislation).
- 6.12 A robust development process has been implemented to ensure workshop training content is current, accurate, relevant and legislatively up-to-date. This process begins with a steering group of interested parties, key stakeholders, subject matter experts, LGNZ representatives and often the workshop facilitator. Next, a training development plan, project plan and workshop scope is written and communicated between all individuals via meetings and emails. Once the workshop has been drafted, it is peer-reviewed by a panel of subject matter experts and edits/amendments take place until the workshop is fit for purpose.
- 6.13 The first workshop is known as the "pilot", and amendments are carried out in good time for the next. It often takes three facilitated workshops to fine-tune documentation and content.
- 6.14 To achieve financial sustainability and meet sector demand development will commence in 2013 on the following workshops:
- Leadership (how to be a great leader);
 - Strategic Thinking and Planning;
 - Team Dynamics; and
 - Good Debating/Influencing Skills.
- 6.15 An investment in workshop development is required and is reflected in the budget.
- 6.16 The pathway/workshop schedule is a new concept and will be implemented by July 2013. It will act as an educational guide and learning reference tool advising *newly elected members or re-elected members* what workshops they should attend and in which order they should attend. Research of this concept to councils has been warmly received.
- 6.17 In the near future, research will commence as to the validity of an accreditation process for the KnowHow programme.
- 6.18 LGNZ has been given the opportunity to tender for training contracts outside of the local government sector. These opportunities will be followed up until the programme becomes self-funded. Any income derived from external contracts will assist in sustaining the programme.

Workshop Pricing

6.19 In order to determine an appropriate and competitive price point, research was carried out on training products targeting a similar market:

- **SOLGM full day workshops range:** LG Funding & Rating Seminar \$700 + GST; Integrated Strategic Planning Seminar \$575 + GST. Sustainability Austerity Masterclass \$475 + GST;
- **Institute of Directors range:** Audit & Risk \$795 + GST; Governance Essentials \$795 + GST; Not for Profit Governance Essentials \$795 + GST; Chairing the Board \$1,860 + GST; Governance Development \$2,300 + GST; and
- **Organisation Development Institute:** Full day workshops \$700 + GST.

6.20 Accordingly, LGNZ has set the KnowHow pricing as follows:

Table 9: Pricing

Year 1	
Core Training	\$595 + GST per attendee
KnowHow Plus	\$650 + GST per attendee
Governance Modules	\$395 + GST per attendee
Community Boards	\$395 + GST per attendee
Webinars	\$150 + GST per attendee; \$500 per council
In-house, Own-council	Capped cost e.g. Core Skills \$5,950.00 & KnowHow Plus \$6,500.00
Years 2 & 3	
Core Training	\$625 + GST per attendee
KnowHow Plus	\$680 + GST per attendee
Governance Modules	\$425 + GST per attendee
Community Boards	\$395 + GST per attendee
Webinars	\$150 + GST per attendee; \$500 per council

6.21 Each workshop over the next two years will require an update/refresh with current and relevant content; however major workshop development for the current suite of workshops is near completion. A separate budget line has been created in the overall budget for workshop development.

6.22 A new initiative to the workshop suite is the introduction of Webinar technology. Webinars will be developed in conjunction with partners such as the DIA, OAG & SOLGM on specialised and issue based topics e.g. amendments to the RMA, the Elected Members Interest Act, How the Remuneration Authority works, debt, depreciation and local government reforms.

6.23 To ensure all costs are covered, LGNZ will ensure a minimum number of attendees are confirmed before workshop commencement. Over the past few years in some circumstances, LGNZ has allowed workshops to run, despite low numbers, which has provided the opportunity for workshop showcasing and programme establishment. This decision has proved successful with 'word of mouth' recommendation, '3rd party

endorsement' and a steady increase in new councillors who had not previously attended training.

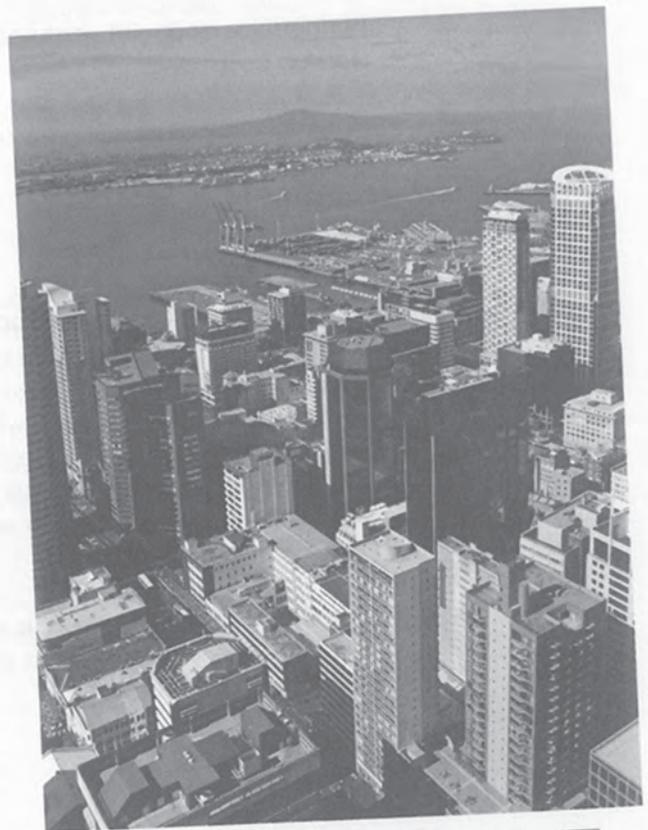
Budgets and Assumptions

6.24 The budget below is based upon the core assumption that support for the programme will materialise. During the pre and post-election period, additional resource is required by LGNZ, this cost has been included in the administrative section of the budget which results in a loss in Year 1. A per person workshop price increase of approximately 5% has been budgeted for, in Years 2 and 3.

Table 10: KnowHow Budget

	YEAR 1 1/4/2013 – 30/6/2014 (election year)	YEAR 2 1/7/2014 – 30/6/2015	YEAR 3 1/7/2015 – 30/6/2016
Projected Income	\$611,955	\$384,745	\$236,740
Projected Expenses	\$687,150	\$318,300	\$222,200
Profit/(Loss)	(\$75,195)	\$66,445	\$14,540
Projected # Workshops	78	54	36
Projected # Attendees	1060	552	404

BUSINESS SOLUTIONS



SECTION 7

7. BUSINESS SOLUTIONS

Introduction

- 7.1 The National Council has requested that management consider whether a case exists to introduce new product and services for use by the membership. The parameters set by the National Council in considering this issue are:
1. Any products or services introduced must be projected to cover their cost of capital within a commercially acceptable period;
 2. The target market is the local body sector;
 3. Any products or services must enhance the efficiency and effectiveness of the sector;
 4. Any profit is to be retained by LGNZ to offset membership fees;
 5. Partnerships and joint ventures are to be explored to minimize investment and start-up costs; and
 6. National Council must agree any final business case for a particular initiative.

Approach

- 7.2 LGNZ proposes a graduated approach to pursuing its assessment of the market potential. The proposed approach is as follows:
1. Develop the partnership with the Local Government Association of Queensland ("LGAQ") to determine whether on a commercially successful basis, LGAQ's product and service offering in Queensland might be usefully rolled out in New Zealand, in whole or in part, after appropriate adaption to local circumstances; and
 2. Recruit a dedicated resource with commercial experience and expertise to lead LGNZ's business solutions proposals. Such resource to have appropriate incentives to ensure success.

Why LGAQ?

- 7.3 LGAQ has been selected as an appropriate body to work with for the following reasons:
1. It is a local body membership organisation with a structure and ethos closely aligns with LGNZ;

2. It has indicated a willingness to partner with LGNZ to explore opportunities on favourable commercial terms;
3. Queensland's size and local body structure is very similar to New Zealand and accordingly LGAQ's market experience of product and service development and roll-out may offer significant efficiencies from a New Zealand perspective.

Possible Business Activity

7.4 At this stage of the business solutions cycle the possible areas of focus are conceptual only and are subject to detailed analysis and commercial assessment. However the following potential opportunities have been identified for assessment and possible development:

- National bulk purchase procurement, including:
 - advertising;
 - energy;
 - telecommunications;
 - library subscriptions;
 - software licenses;
 - legal advice;
 - accounting advice;
 - employment recruitment;
 - travel (hotel accommodation, rental cars and airfares);
 - consultancy arrangements;
- Governance:
 - Develop comprehensive (but non-mandatory) governance qualification for elected members potentially in partnership with similar organizations with an interest in governance excellence;
- In-House consultancy:
 - Communications advice to Councils;
 - Infrastructure and other procurement advice;
 - Human resources advice to Councils;
 - Plan, reporting and accounting advice to Councils;
 - Business process re-engineering advice;
- Centralised Cloud IT services;

7.5 Once dedicated resource is in place to pursue these initiatives, a work programme will be prepared for National Council approval.

FINANCIAL ANALYSIS



SECTION 8

Staffing

- 8.11 The positions and number of staff is based on the organisation review presented to National Council on 5 October 2012. The following budget assumes that 19 Full Time Equivalent staff will be sufficient for this entire period. Roles and salaries may change over this time but the number of staff is budgeted to remain level.
- 8.12 Salaries have been increased by the Treasury inflation rates (2.6%, 2.5% and 2.4% respectively) for budgeting purposes. Actual payments, however, will depend on performance.
- 8.13 The Kiwisaver employer contribution rate will increase from 2% to 3% from 1 April 2013.

Expenditure

- 8.14 Budgeted expenditure has been kept to a minimum based on historic information and following a budget challenge process to justify the costs.
- 8.15 IT costs include a maintenance cost of \$15,000 in April 2013 to bring systems up to date and running more efficiently and effectively.
- 8.16 Accommodation costs have been budgeted on the assumption that LGNZ will move premises in September 2014. An assumption has been made that the rent for new premises will be shared with other local government entities.
- 8.17 We have included \$50,000 for costs arising from the organisational restructure.
- 8.18 We have not budgeted for any contingency events. Any such unexpected expenditure would have an impact on LGNZ's operating balance in the year that it occurred.

Business Solutions

- 8.19 LGNZ has a number of options in regards to product and service offerings. Consultancy is one area we have explored. A Director of Business Solutions would be necessary to explore products, services and the market, this role has been included in the budget from 1 June 2013. Additionally one extra staff member per year has been budgeted for years 2 and 3 on the basis that revenue will rise to justify the expenditure.
- 8.20 The consultancy income has been calculated at \$180 per hour and 70% chargeable. LGAQ costs have been included as an estimate.

Assumptions

- 8.21 A full list of the assumptions underpinning the budget are set out below. These assumptions will be reviewed annually by National Council.

General

- The Forecast Financial Statements have been prepared in accordance with the accounting policies that are expected to be used in the comparable audited actual Financial Statements;
- All forecasts use the accrual basis of accounting;
- GST has been calculated at a rate of 15%; and
- All accounting policies have been applied on a consistent basis during the forecast period.

Income

- Subscription fees will be increased by 4.75 per annum.
- 78 councils will remain and no amalgamations have been anticipated.
- Consultancy income has been calculated at \$180 per hour and 70% chargeable from year 2.
- An administration fee will be charged from 1 April 2013 to the MTFJ; and
- Interest income has been calculated at Treasury forecasted inflation rates, 2.6%, 2.5% and 2.4% respectively.

Project Income

- Grant income received is the income less expenditure from NZ Aid agreement;
- Conference income and expenditure (including GST) is managed by Conference Innovators, therefore the minimum agreed net profit value is forecasted only;
- Any Policy income received is for the purpose of expenditure so would be expended in the same year;
- KnowHow income is dependent on the committed support of all councils. A per person price increase of 5% has been budgeted in years 2 and 3; and
- The KnowHow forecast is based on 168 workshops over the 39 month period; KnowHow will ensure a minimum number of attendees are confirmed before workshop commencement.

People Costs

- Pay increases are assumed to be adjusted by inflation from 1 April each year. Inflation rates are as forecasted by Treasury;
- Kiwisaver has been increased to a minimum contribution of 3% from 1 April 2013; the forecast assumes every staff member belongs to Kiwisaver;

- A Director Business Solutions has been included from 1 June 2013, and one staff member per year in years 2 and 3 to support this activity has been budgeted also.
- The number of staff assumes that the organisation review is completed before 1 April 2013 and no changes to existing staff salaries occur; and
- Staff members are replaced by an equivalent on resignation.

Project Costs

- Policy expenditure assumes works relating to Standards NZ are funded by donations from councils with minimal funding from LGNZ, so will be offset.
- Policy expenditure includes increased Better Local Government (BLG) research needs in 2013/14 which reduces in subsequent years.
- Policy expenditure is adjusted to reflect seasonal activity.
- Internal Governance assumes no extra LGNZ governance meetings are held;
- KnowHow requires additional resource during the pre and post-election period; and
- Each KnowHow workshop over the next two years will require an update with current and relevant content. Workshop development has been included.

Operating Expenses

- LGNZ's lease expires in September 2014. For the purposes of budgeting, an assumption has been made that LGNZ may move premises to co-locate with other local government entities. Rent is assumed to be therefore 65% of \$250,000 per annum. Moving costs have been estimated at \$40,000;
- HR restructure costs have been allowed for;
- Computer Maintenance/IT is based on a new provider Logical Solutions, and includes upgrades required in April 2013;
- Financial Costs include FBT, ACC, and bank fees;
- The Presidential Honoraria to be maintained at 33.3% of highest paid mayor and the Vice President at 30% of that paid to the President. The current highest paid Mayor salary has been maintained and then adjusted for inflation for years 2 and 3. Forecasted Treasury inflation rates have used;
- Insurance premiums have been increased 10% per annum; and
- A recruitment cost of \$20,000 has been included in April 2013 but it is assumed that recruitment will be done internally if required for remainder of the forecast.

Table 12: LGNZ Profit and Loss

New Zealand Local Government Association Inc			
Profit and Loss			
Budget For the 39 Months Ended 30 June 2016			
	Year 1 Forecast to June 2014 (15 months)	Year 2 Forecast to June 2015 (12 months)	Year 3 Forecast to June 2016 (12 months)
Income			
Membership Subscription	4,449,750	3,693,800	3,869,255
Services provided (MTFJ, Rural, IT)	23,000	15,000	15,000
Interest Income	84,860	80,073	85,727
Grants Received	143,750	115,000	115,000
Conference	150,000	150,000	150,000
Professional Development	611,955	384,745	236,740
Consultancy Income	-	240,480	491,040
Total Income	5,463,316	4,679,097	4,962,762
Less Direct Costs			
People Costs	2,425,243	2,092,671	2,066,433
People Cost - Business Solutions	166,885	293,407	413,330
Project Costs - Policy Stream	587,500	470,600	465,600
Project Costs - Communications	240,000	149,000	189,000
Project Costs - Intl Governance	222,000	210,000	224,000
Project Costs - Professional Development	687,150	318,300	222,200
Project Costs - Business Solutions	45,000	36,000	48,000
Total Direct Costs	4,373,777	3,569,979	3,628,562
Gross Surplus	1,089,538	1,109,119	1,334,199
Less Expenses			
Accommodation	231,400	228,737	205,100
Advisory	100,000	40,000	40,000
Computer Maintenance / IT	170,233	126,700	138,750
Financial	16,300	18,680	19,320
Honoraria	133,820	109,733	112,366
Insurance	52,970	46,842	51,526
Library	39,000	36,000	40,800
Office	271,350	228,000	263,640
Other Staff Costs	94,875	70,200	75,900
Total EXPENSES	1,109,948	904,891	947,402
Net Surplus before Tax and Depreciation	(20,410)	204,228	386,797
Depreciation	93,000	76,800	79,200
Holiday Accrual	7,500	6,000	6,000
Net Surplus before Tax	(120,910)	121,428	301,597

Balance sheet

8.22 Table 13 sets out anticipated capital expenditure for the three year period.

Table 13: LGNZ Capex

New Zealand Local Government Association Inc			
Budget For the 39 Months Ended 31 March 2016			
Capital Expenditure			
	Year 1 Forecast to June 2014 (15 months)	Year 2 Forecast to June 2015 (12 months)	Year 3 Forecast to June 2016 (12 months)
Consolidation of Servers	58,900		
Rotational Hardware upgrade	20,000	12,000	18,000
General	5,000	5,000	5,000
Furniture (Y2 move premises)	10,000	30,000	10,000
Total	\$ 93,900	\$ 47,000	\$ 33,000

Cash Reserves

8.23 Cash reserves are forecast in Table 14.

Table 14: LGNZ Uncommitted Cash Reserves

New Zealand Local Government Association Inc Including Business Development Budget For the 39 Months Ended 30 June 2016	Y1	Y2	Y3
<i>Opening Bank Balances (Incl Term deposits)</i>	1,282,869	1,098,358	1,172,381
<i>Budgeted Net Cashflow from Normal Operations</i>	27,373	162,950	209,129
<i>Profit / (Loss) from Business Development</i>	(211,885)	(88,927)	29,710
<i>Closing Bank Balances (Incl Term Deposits)</i>	1,098,358	1,172,381	1,411,221