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Report To: Council**Meeting Date:** 25 March 2014**Subject: Strategic Plan – Procurement Alignment Between Waitomo District Council and Inframax Construction Limited**

Purpose

- 1.1 The purpose of this business paper is to provide a progress report to Council on the establishment of a Strategic Plan intended to formally document the authority/agreement for procurement alignment over WDC functions with its subsidiary, Inframax Construction Ltd (ICL).

Local Government Act S.11A Considerations

- 2.1 Section 11A of the Local Government Act 2002 (LGA 2002) states:

'Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- a) *Network infrastructure:*
- b) *Public transport services:*
- c) *Solid waste collection and disposal:*
- d) *The avoidance or mitigation of natural hazards:*
- e) *Libraries, museums, reserves, recreational facilities, and other community infrastructure.'*

- 2.2 There are no considerations relating to Section 11A LGA 2002 in regards to this business paper.

Background

- 3.1 As of, and leading up to, the 2012 'Better Local Government' reform program local authorities have been under increasing pressure to seek greater efficiencies, with shared service models being the most common area of focus by local authorities to achieve these efficiencies.
- 3.2 The shared services model is most commonly referred to in a Territorial Authority (TA) to Territorial Authority context, however this does not exclude less traditional and/or more innovative shared services models. WDC have a preference for engaging in shared service initiatives implemented through utilising a

collaborative approach and as such actively seek such opportunities where synergies exist.

- 3.3 ICL is a regionally active civil contractor with a focus on roading construction and maintenance for local authorities. ICL has head offices located in Te Kuiti with additional field offices located in regional towns as demand requires, usually in conjunction with being awarded contracts for road maintenance in these areas.
- 3.4 ICL has undergone a period of significant challenges/change in the last 5 years with an increased focus on core operations and company sustainability.
- 3.5 WDC management and staff are constantly on the lookout for procurement alternatives that will be of benefit to its subsidiary ICL.
- 3.6 To date, alternative procurement opportunities identified and actioned have included:
- Inclusion in the Waikato Councils' insurance collective; and
 - Fuel and oil procurement through BP as a result of the Ministry of Defence proposal to Waikato LASS.

Commentary

- 4.1 The ICL Board is preparing a draft Strategic Plan for Council to consider. Essentially, that Plan will replace the approved Recovery Plan.
- 4.2 In the meantime, and until that draft Strategic Plan is received, we are continuing to look for procurement opportunities that can be shared with ICL. The latest shared service opportunity actioned was the alignment between WDC and ICL in relation to IT service delivery.

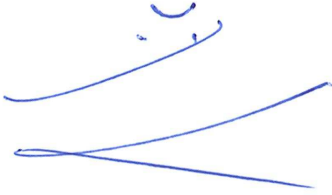
Shared ICT Services

- 5.1 On 6 December 2013 we received a signed MoU from ICL that agreed to establish shared ICT services between the two organisations with WDC taking a lead role for both parties in delivering:
- administration and support of ICT environment(s);
 - administration and support of end users;
 - provision of helpdesk services;
 - management of ICT vendor relationships;
 - administration of ICT procurement;
 - appointment of an ICT administrator;
 - provision of common and/or shared ICT infrastructures;
 - provision of project based ICT advice and planning;
 - provision of strategic ICT advice and planning;
 - development of ICT solutions to meet business objectives.

- 5.2 The MoU outlines the following common overarching objectives;
- Reduce total cost of ICT investments and services.
 - Every change to the ICT environment adds value and reduces risk.
 - Continually improve ICT services enhancing staff productivity and value.
 - Minimise complexity and inefficiency for staff using ICT services and systems.
 - Develop and maintain a reliable, secure and accessible ICT environment for both parties.
 - Demonstrate enhanced working relationships between the ICL and WDC so as to provide an example for future shared service agreements.
- 5.3 On 18 March 2014 the Tenders Committee approved the project, including the purchasing of hardware, software and services along with associated delegations.
- 5.4 The project will be managed by a Project Board and Project Team, each with different roles and delegated responsibilities. The project will consist of the following phases:
- (i) Establishment of a disaster recovery and business continuance network link between WDC and ICL. This will be achieved with a 1Gbps radio network link between the Queen Street and Waitete Road data centres.
 - (ii) Upgrade and reconfigure the shared data centres with a new server and storage area network (SAN) at ICL and an increase in the capacity of the WDC SAN to optimize the role of existing hardware.
 - (iii) WDC Wide Area Network (WAN) Reconfiguration. This involves eliminating obsolete WAN equipment, releasing some WAN equipment for upgrading internet connectivity and standardizing WAN connectivity at both sites on a common radio WAN platform.
 - (iv) Internet connectivity upgrade to improve the speed, capacity and reliability of ICL and WDC's connectivity to the internet and Virtual Private Network (VPN) connections.
 - (v) Decommissioning of the ICL Gen-I Private Office Network (PON). This involves replacing existing PON connections to the remote ICL offices in New Plymouth, Taumarunui and Stratford with VPN connections. This will reduce costs and increase the reliability of connectivity for those sites.
- 5.5 The total capital cost for the project is estimated to be \$66,470 and will be funded from existing budgets. ICL's share of costs will be recovered by way of monthly charge-outs.
- 5.6 Houston Technology Group (HTG), as both WDC's and ICL's incumbent supplier of IT support and consultancy services will provide, implement and reconfigure the server and SAN hardware and software.
- 5.7 PC Soft (local supplier) will provide the 'high speed' radio based WAN network link between WDC and ICL.

Suggested Resolution

1. The business paper 'Strategic Plan – Procurement Alignment between Waitomo District Council and Inframax Construction Limited' be received.



C.E. (KIT) JEFFRIES

GROUP MANAGER – CORPORATE SERVICES

18 March 2014

Attachment: Memorandum of Understanding (MoU) for Shared Information and Communications Technology Services between WDC and ICL (*doc # 319689*)



Memorandum of Understanding (MoU)
Shared Information & Communications
Technology (ICT) Services

Between

Waitomo District Council

And

Inframax Construction Limited

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1.0 **Parties**

- 1.1 Waitomo District Council (WDC), a territorial local authority under the Local Government Act 2002.
- 1.2 Inframax Construction Limited (ICL), a Council Controlled Trading Organisation under the Local Government Act 2002.

2.0 **Background**

- 2.1 ICL is a regionally active civil contractor with a focus on roading construction and maintenance for local authorities. ICL has head offices located in Te Kuiti with additional field offices located in regional towns as demand requires, usually in conjunction with being awarded contracts for road maintenance in these areas. ICL is a Council Controlled Organisation (CCO) 100% owned by WDC operated at 'arms length' with an independent board.
- 2.2 ICL has limited internal ICT capacity and experience with any such capacity being incidental to core functions. WDC has dedicated internal ICT capacity and relevant experience. In the context of the local district environment both WDC and ICL are significant consumers of ICT services and such services are critical to the success of each organisation, both with regards to ongoing daily operations as well as providing enablement of strategic initiatives.
- 2.3 Accessibility to quality, cost effective, responsive ICT support locally is a challenge for both organisations as major commercial centres are more than 1 hours travel away. Remote support is available but not preferred as this can impact the overall quality of services due to reduced understanding or awareness of current circumstances in the organisation in the organisation for requests received and/or miss-communication.
- 2.4 Both parties have objectives which encourage closer working relationships with each other and / or sector partners to enhance business results.
- 2.5 The parties have discussed ways to formalise a working relationship for ICT services and have decided to enter into a Memorandum of Understanding.

3.0 **Intent**

- 3.1 The intent of the MoU is to:
 - Formalise a working relationship between the parties for the shared provision of ICT services;
 - Specify the principles, objectives and nature of collaboration between the parties for the shared provision of ICT services;
 - Outline the scope of shared ICT services between the parties in order to achieve mutually beneficial outcomes, effectively manage organisational risks associated with ICT investments and maintain an effective collaborative relationship between the parties for the purposes of shared ICT services.

3.2 The parties do not intend that this MoU creates a legally enforceable agreement. Both parties agree that execution of this MoU is to be carried out in 'good faith' without recourse.

4.0 **Scope**

4.1 ICL and WDC agree to collaborate on, including but not limited to the:

- administration and support of ICT environment(s);
- administration and support of end users;
- provision of helpdesk services;
- management of ICT vendor relationships;
- administration of ICT procurement;
- appointment of an ICT administrator;
- provision of common and/or shared ICT infrastructures;
- provision of project based ICT advice and planning;
- provision of strategic ICT advice and planning;
- development of ICT solutions to meet business objectives.

5.0 **Goals**

5.1 The parties acknowledge they have separate objectives and statutory responsibilities some of which may not be congruent. However, in addition to any Goals specified in the Information Services Strategic Plan (ISSP), both parties agree that they share the following common overarching objectives;

- Reduce total cost of ICT investments and services.
- Every change to the ICT environment adds value and reduces risk.
- Continually improve ICT services enhancing staff productivity and value.
- Minimise complexity and inefficiency for staff using ICT services and systems.
- Develop and maintain a reliable, secure and accessible ICT environment for both parties.
- Demonstrate enhanced working relationships between the ICL and WDC so as to provide an example for future shared service agreements.

5.2 It is therefore important to list the respective goals to set up a platform from which collaborative efforts can be pursued. This shall be accomplished through the establishment and regular review of an individual ISSP or such similar plan, for each

party. In the absence of these ISSP's, projects, processes or any such activity may be carried out under mutual agreement.

- 5.3 Each ISSP will be developed with consideration to this MoU and resulting work programs will be aligned to optimise collaborative opportunities and organisational synergies.
- 5.4 Both parties seek the timely, efficient and effective realisation of these work plans.
- 5.5 Neither party shall be hindered under this MoU to the extent that it impacts unduly upon the timely, efficient and effective realisation of either party's objectives.

6.0 **Agreements**

- 6.1 The parties agree to:
- 6.2 Act in 'good faith' at all times for the benefit of both parties.
- 6.3 Formally establish one party as the lead agency, or to act on behalf of the other party where practicable, for the purposes of executing ICT initiatives, procurement and/or service provision.
- 6.4 Fund, or provide funds to the other party for, the provision of ICT services as agreed against an 'expenditure plan' prepared on an 'equitable shared costs' or 'cost recovery' basis.
- 6.5 'Expenditure plans' for the provision of ongoing ICT services will be prepared as part of WDC and ICL's annually budgeting processes. 'Expenditure plans' for projects will be prepared as part of the project approval process.
- 6.6 Meet to discuss issues which impact on the roles and responsibilities of either party including those issues which are preventing the parties from delivering their goals.
- 6.7 Acknowledge that consideration of future ownership / local government models is a matter of strategic importance to both parties, and agree to consider these aspects in the establishment of all shared ICT initiatives.
- 6.8 Work collaboratively and co-operatively on any other issue that may be identified from time to time.
- 6.9 Monitor the effectiveness of the relationship.
- 6.10 Maintain confidentiality in the context of this MoU except as agreed from time to time.

7.0 **Term**

- 7.1 The term of this MoU is indefinite until terminated by either party.

8.0 **Conflict**

- 8.1 Where a conflict arises between the parties, which impacts on collaborative efforts, then:

10

8.2 The conflict will be referred immediately to the respective Chief Executives.

9.0 **Signing**

Date:

Name: Chris Ryan

Occupation: Chief Executive
Waitomo District Council

Address: Queen Street, Te Kuiti

Date:

Name: Chris Hayward

Occupation: Chief Executive
Inframax Construction Ltd

Address: Waitete Road, Te Kuiti

10.0 **Changes**

10.1 The following register shall record all changes made to the MoU:

Reference	Description of Change	Documentation

Document No: 329556

File No: 100/018A

Report To: Council**Meeting Date:** 25 March 2014**Subject:** **Financial Report for period ending 28 February 2014**

Purpose of Report

- 1.1 The purpose of this business paper is to present the Financial Report for the period ended 28 February 2014.

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 financial performance in delivering core services to the Waitomo District and community.

Background

- 3.1 The period covered by this report is 1 July 2013 to 28 February 2014.
- 3.2 The order of the report is as follows:
- **Summary Income Statement** with comments detailing significant variances to Exceptions Annual Plan 2013/14 on Council's operating performance for the eight months to 28 February 2014.
 - **Summary Balance Sheet** with comments detailing significant balance movements from 1 July 2012 to 28 February 2014.
 - **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 28 February 2014 is presented in **Appendix 2**.
- 3.3 All figures in the tables, except percentages, are expressed in thousands of dollars ('\$000s).

Financial Report to 28 February 2014

4.1 INCOME STATEMENT HIGHLIGHTS

4.2 Set out below is the summary of financial information for the eight months to 28 February 2014. Detailed Summaries of Cost of Service Statements are attached as **Appendix 1**.

FINANCIAL HIGHLIGHTS (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Total Expenditure						
- Direct Operating	11,399	12,683	7,556	7,906	350	
- Indirect Operating	11,772	11,854	7,781	7,349	(432)	
Total Expenditure	23,171	24,537	15,337	15,255	(82)	-1%
Total Revenue						
- Operating Revenue	(12,033)	(11,041)	(5,987)	(6,073)	(86)	
- Rates Revenue	(16,735)	(17,248)	(12,983)	(13,033)	(50)	
Total Revenue	(28,768)	(28,289)	(18,970)	(19,106)	(136)	1%
Net Operating Cost/(Surplus)	(5,597)	(3,752)	(3,633)	(3,851)	(218)	6%

4.3 **Net Operating Cost/ (Surplus):** The net operating surplus was 6% (\$218,000) less than budget for the first eight months of the financial year.

- Included in the Net Operating Surplus is \$1,087,000 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.

4.4 **Operating Expenditure** was 1% (\$82,000) less than budget forecast for the eight months ended February 2014.

- Direct Operational expenditure was \$350,000 more than budget. The main contributors to this variance in order of magnitude are:
 - **Roads and Footpaths:** \$976,000 more than budget. More expenditure on first response emergency maintenance and sealed and unsealed pavement maintenance work carried out during the reporting period.
 - **Community Services:** \$221,000 less than budget. Repairs and maintenance expenditure which is carried out on an 'as needed' basis is currently tracking less than budget and operational costs on-charged from the Internal Services Unit are also tracking less than budget.
 - **Sewerage:** \$136,000 less than budget. Electricity costs and ordered maintenance costs are tracking less than budget - offsetting those reductions is increased expenditure on chemicals.
 - **Solid Waste Management:** \$111,000 less than budget. There is less volume of refuse entering the landfill and reduced product sales which has resulted in less than forecast revenue.
 - **Community Development:** \$125,000 less than budget. The basis on which sales of tourism related services are accounted for at the Visitor Information Centre has been changed; only the commission earned is

included as revenue on a net basis, whereas the budgets provided for gross sales and purchases to be shown.

- Indirect expenditure is \$432,000 is less than the year to date budget and is made up of the following three components:
 - **Allocated Costs:** \$46,000 more than forecast.
 - **External Interest:** \$430,000 less than forecast, due to interest rates being less than interest rate assumptions and public debt being less than forecast in the Exceptions Annual Plan 2013/14 (and Long Term Plan 2012-22).
 - **Depreciation:** \$48,000 less than forecast, primarily due to changes in timing for capital expenditure and useful life estimates for capital additions being different to those used in the Exceptions Annual Plan 2013/14.

4.5 **Total Revenue** is 1% (\$136,000) more than forecast for the eight months to February 2014.

- Operating Revenue was \$86,000 more than forecast. The main contributors to this variance in order of significance are:
 - **Sewerage:** \$282,000 more than forecast. Trade Waste and sewer connection fees are currently tracking more than forecast for this reporting period.
 - **Solid Waste Management:** \$124,000 less than forecast. Generally reduced product sales and refuse volumes resulting in less than forecast revenue.

5.1 **BALANCE SHEET HIGHLIGHTS**

5.2 Balance Sheet highlights presented below show the movement in Council's financial position from 30 June 2013 to 28 February 2014. The complete Balance Sheet is attached as **Appendix 2**.

BALANCE SHEET HIGHLIGHTS (Amounts in \$1000's)	Actual Position 30 June 2013	Actual Position 28 Feb 2014	Movement from 30 June 2013
Assets			
- Cash and cash equivalents	171	2,615	2,444
- Debtors and Other Receivables	5,593	4,619	(974)
- Other current assets	45	45	0
- Other financial assets	791	791	0
- Non-current assets	314,815	315,046	231
- Derivative financial instruments	239	239	0
TOTAL ASSETS	321,654	323,355	1,701
Liabilities			
- Other Liabilities	5,557	3,975	(1,582)
- Total Borrowings	45,182	44,614	(568)
- Derivative financial instruments	390	390	0
Total Liabilities	51,129	48,979	(2,150)
Public Equity			
- Public Equity	270,525	274,376	3,851
TOTAL LIABILITIES AND EQUITY	321,654	323,355	1,701

5.3 **Total Assets** have increased from \$321,654,000 to \$323,355,000

- Cash and cash equivalents have increased by \$2,444,000.
- Debtors and Other Receivables have decreased from \$5,593,000 to \$4,619,000.
- Non-current assets have increased by \$231,000. The increase is due to asset additions of \$3,822,000, less depreciation of \$3,514,000 and asset disposal of \$80,000, including a section in Parkside Subdivision.

5.4 **Total Liabilities** have decreased from \$51,129,000 to \$48,979,000.

- Other Liabilities have decreased by \$1,582,000. The decrease is due to reductions in Creditors and Other Payables (\$1,437,000) and Employee Entitlements (\$161,000) compared to 30 June.
- Total Borrowings have decreased by \$568,000. This is due to \$300,000 of loans (funding Council's investment in Inframax Construction Limited) being repaid as part of a consolidation of this specific tranche of debt. In addition to that the Call Advance facility of \$50,000 and Finance Leases of \$33,000 were repaid and Accrued Interest decreased by \$183,000.

5.5 **Public Equity** increased from \$270,525,000 to \$274,376,000. The increase being equal to the Net Operating Surplus for the eight months of \$3,851,000.

6.1 CAPITAL EXPENDITURE

6.2 Set out below is the Capital Expenditure Budget for the year compared to actual expenditure for the eight months to 28 February 2014.

CAPITAL EXPENDITURE SUMMARY (Amounts in \$1000's)	EAP Budget 2013/14	Actual YTD Feb 2014	Variance 2013/14
Community Facilities			
- Parks and Reserves	99	28	(72)
- Housing and Other Property	722	84	(638)
- Recreation and Culture	398	164	(234)
- Public Amenities	233	19	(214)
Solid Waste Management			
- Landfill and Transfer Stations	96	47	(50)
Stormwater			
- Te Kuiti Stormwater	362	59	(303)
- Rural Stormwater	5	0	(5)
Sewerage			
- Te Kuiti Sewerage	671	634	(36)
- Te Waitere Sewerage	10	0	(10)
- Benneydale Sewerage	78	0	(78)
- Piopio Sewerage	101	0	(101)
Water Supply			
- Te Kuiti Water	3,242	206	(3,036)
- Mokau Water	810	183	(627)
- Piopio Water	41	5	(36)
- Benneydale Water	3	27	24
Roads and Footpaths			
- Subsidised Roads	4,435	2,211	(2,224)
- Non subsidised Roads	265	98	(168)
Corporate Support			
- Corporate Support	230	56	(174)
- Internal Services Unit	0	0	0
TOTAL CAPITAL EXPENDITURE	11,803	3,822	(7,981)

6.3 **Capital Expenditure** was \$3,822,000 for the eight months to 28 February 2014, of which \$2,211,000 (58%) related to Subsidised Roads, \$634,000 (17%) Te Kuiti Sewerage and \$206,000 (5%) to Te Kuiti Water Supply.

6.4 **Community Facilities**

- Parks and Reserves capital expenditure budget is for renewal work to be undertaken as required.
- Work on the Marokopa seawall has been completed but invoicing is yet to come to hand.
- Capital expenditure for Housing and Other Property is mainly for renewal works for Community Halls and other building assets.
- Restoration and revitalisation budget for the Railway building totals \$579,000. Design work has been completed as well as street alteration work in preparation of the restoration work.

- Renewal work of the main ceiling of the Culture Centre has been completed.
- Capital renewal work associated with the swimming pool will be undertaken at the end of the swimming season.
- Upgrade works at the Taupiri Street building for the relocation of the Community House users is subject to accessing funds from the Lotteries Commission.
- Piopio Public toilets, Mokau Public Toilet Effluent Renewal, work on the Te Kuiti main street redesign and renewal of car parking around the Cottage and Culture Centre are planned as part of the Public Amenities activity. Land purchase for Mokau Toilets is being worked through and design work for the Piopio toilets and car parking around the Cottage and Cultural Center has been completed.

6.5 **Solid Waste**

- High wall shaping capital expenditure at the landfill has been provided for at a cost of \$51,600 along with some minor renewal works for the Transfer Stations.
- Capital expenditure for development of the next cell at the landfill has been brought forward with \$47,000 spent on design and management work. This expenditure was forecast for the 2014/15 financial year in the Long Term Plan but actual operational experience confirms it is necessary to undertake this work sooner.

6.6 **Stormwater**

- In addition to general renewal works and piping of open water drains, renewal projects have been identified as a priority for Duke and George Streets. Investigation work is also to be undertaken for Rora Street.
- As a result of installation of the stock effluent facility in Cotter Street, stormwater services in the wider area have had to be improved.

6.7 **Sewerage**

- Te Kuiti WWTP construction is in the final stages of commissioning.
- The budget includes provision for reticulation and pump station renewals for Te Kuiti.
- Renewals have been budgeted for Benneydale.
- Upgrades have been budgeted for Piopio sewerage subject to meet growth demands of the village. At this stage it is envisioned, this expenditure will not be required.

6.8 **Water Supply**

- A major upgrade is planned for the Te Kuiti Water Treatment plant. Expenditure to date has been focused on upgrade design.
- Additional budgets have been provided for a new main pump station in Te Kuiti as well as reticulation renewals.

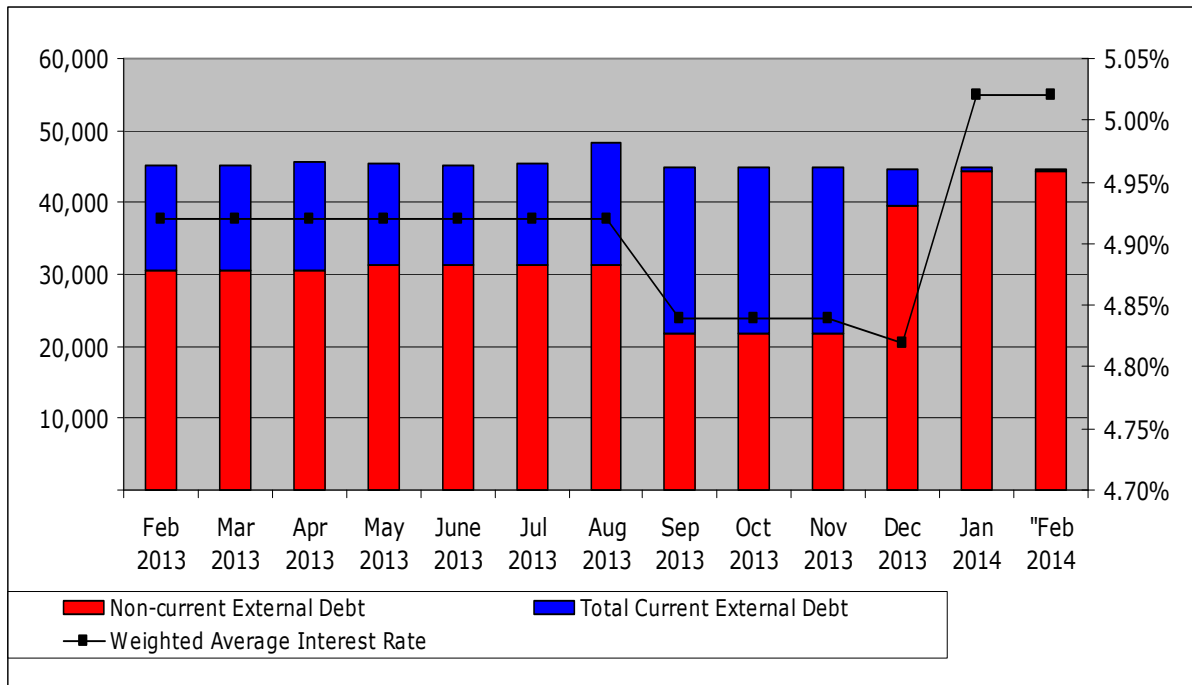
- The Mokau Dam upgrade project is planned for completion during the year to improve security of supply. Consents have been lodged and construction will be completed this financial year.

6.9 Roads and Footpaths

- Due to the drought experienced over the summer of 2013, unsealed roads grading and metalling programs were suspended and carried out this financial year.
- The Te Kuiti Stock Effluent Disposal facility is complete. It should be noted that funding for this asset is by way of a 50% Financial Assistance Rate (FAR) from NZTA and 50% capital contribution from Waikato Regional Council. Funding of ongoing operational and maintenance costs will be along the same funding lines.
- The Drainage Renewals budget, sealed road surfacing, structures components replacement, associated improvements for renewals and Minor improvements for growth are also part of the overall carryover figure of \$781,000. Pavement rehabilitation work is in progress for the year and the road sealing work has been started.
- \$41,700 was also carried over in the non-subsidised roading budget to effect repairs on Massey Street and other retaining walls.

7.0 SUMMARY TREASURY REPORT

7.1 Set out below is a chart recording trends in Council's current and non-current debt for the year to 28 February 2014. The trend line overlaid is the weighted average interest rate currently being paid on all loans.

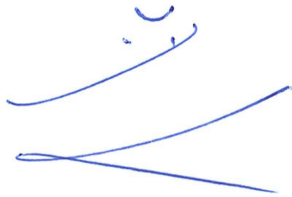


7.2 At 28 February 2014 the weighted average interest rate for all loans excluding Finance Leases, Accrued Interest and Loan Facility Line Fees was **5.02%**. At 31 December 2013 it was 4.82%; the reason for the 0.21% increase is due to commencement of a new interest rate hedge at an effective interest rate of 5.82%, whereas the expired hedge had an effective rate of 4.99%. This new hedge fixes interest rate exposure until April 2020.

- 7.3 In addition to that, floating interest rates have increased since December by 0.24% for \$5 million. In line with Reserve bank announcements it is expected interest rates will increase over the following two years.
- 7.4 The above graph illustrates that in January and February 2014 almost all of Council's total debt was non-current – i.e. maturity dates extend out further than 12 months from 28 February 2014.

Suggested Resolution

The business paper on the Financial Report for the eight months to 28 February 2014 be received.



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

20 March 2014

Appendix 1: Combined Cost of Service Statements

Summary Cost of Service (Amounts in \$1000's)	Actual	EAP Budget	YTD Budget	YTD Actual	Variance	%
	2012/13	2013/14	Feb 2014	Feb 2014	Feb 2014	Variance
Direct Operating Expenditure						
- Leadership	589	627	338	335	(3)	
- Community Service	1,534	2,016	1,367	1,146	(221)	
- Community Development	706	765	507	382	(125)	
- Regulation	230	262	175	185	10	
- Solid Waste Management	972	1,197	746	635	(111)	
- Stormwater Drainage	185	111	90	71	(19)	
- Resource Management	85	88	52	12	(40)	
- Sewerage	1,091	1,368	926	790	(136)	
- Water Supply	1,401	1,271	862	881	19	
- Roads and Footpaths	4,606	4,978	2,493	3,469	976	
Total Direct Operating Expenditure	11,399	12,683	7,556	7,906	350	5%
Indirect Expenditure						
- Allocated Costs	4,358	3,969	2,525	2,571	46	
- Interest	2,411	2,866	1,911	1,481	(430)	
- Depreciation	5,003	5,019	3,345	3,297	(48)	
Total Indirect Expenditure	11,772	11,854	7,781	7,349	(432)	-6%
TOTAL EXPENDITURE	23,171	24,537	15,337	15,255	(82)	-1%
Operating Revenue						
- Leadership	(125)	(193)	(115)	(67)	48	
- Community Service	(591)	(599)	(261)	(251)	10	
- Community Development	(255)	(232)	(168)	(206)	(38)	
- Regulation	(342)	(409)	(329)	(285)	44	
- Stormwater Drainage	(68)	0	0	(3)	(3)	
- Resource Management	(73)	(80)	(53)	(30)	23	
- Solid Waste Management	(885)	(1,111)	(729)	(605)	124	
- Sewerage	(3,602)	(629)	(420)	(702)	(282)	
- Water Supply	(801)	(2,117)	(430)	(481)	(51)	
- Roads and Footpaths	(5,291)	(5,671)	(3,482)	(3,443)	39	
Total Operating Revenue	(12,033)	(11,041)	(5,987)	(6,073)	(86)	1%
Rates Revenue						
- General Rate	(2,134)	(2,134)	(1,601)	(2,276)	(675)	
- UAGC	(3,874)	(3,985)	(2,989)	(2,335)	654	
- Targeted Rate	(10,327)	(10,729)	(8,046)	(8,071)	(25)	
- Rates Penalties	(400)	(400)	(347)	(351)	(4)	
Total Rates Revenue	(16,735)	(17,248)	(12,983)	(13,033)	(50)	0%
Net Operating Cost/(Surplus)	(5,597)	(3,752)	(3,633)	(3,851)	(218)	6%

Governance: Leadership and Investments

GOVERNANCE: LEADERSHIP AND INVESTMENTS (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Representation	281	321	201	175	(26)	
- Strategic Planning & Policy Development	69	62	22	44	22	
- Monitoring & Reporting	135	137	21	23	2	
- Investments	104	107	94	93	(1)	
Total Direct Expenditure	589	627	338	335	(3)	-1%
- Allocated Costs	1,195	1,257	717	801	84	
- Interest	515	593	395	309	(86)	
Total Operating Expenditure	2,299	2,477	1,450	1,445	(5)	0%
Operating Revenue						
- Representation	(27)	(80)	(51)	(4)	47	
- Investments	(98)	(113)	(64)	(63)	1	
Total Operating Revenue	(125)	(193)	(115)	(67)	48	-42%
Net Operating Cost/(Surplus)	2,174	2,284	1,335	1,378	43	3%

Net Operating Cost for the Governance Activity was 3% (\$43,000) less than budget for the eight months to 28 February 2014.

Total Direct Expenditure was 1% (\$3,000) less than budget for the period.

- Representation expenditure is tracking less than budget, due to a reduction in elected members' expenses.
- Strategic Planning and Policy Development is more than budget due to investigatory work being carried out for Waitomo Village water and sewerage system assets and operations being transferred to Council from the private service provider.
- In addition to that a contribution has been made for Council's joint submission on the Regional Policy Statement proposal.

Operating Revenue was 42% (\$48,000) less than forecast for the period.

- The 2013/14 budget provided for revenue from a proposed external contracting service to be provided by the Internal Services Unit to Inframax Construction Limited. Subsequent to the budget being adopted that arrangement was not fully entered into.

Community Service

COMMUNITY SERVICE (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Parks and Reserves	323	455	279	252	(27)	
- Housing and Other Property	293	404	286	296	10	
- Recreation and Culture	424	457	332	225	(107)	
- Public Amenities	432	545	369	319	(50)	
- Safety	62	155	101	54	(47)	
Total Direct Expenditure	1,534	2,016	1,367	1,146	(221)	-16%
- Allocated Costs	925	758	505	485	(20)	
- Interest	77	93	62	44	(18)	
- Depreciation	650	635	423	425	2	
Total Operating Expenditure	3,186	3,502	2,357	2,100	(257)	-11%
Operating Revenue						
- Parks and Reserves	(9)	(11)	(7)	(3)	4	
- Housing and Other Property	(421)	(420)	(145)	(159)	(14)	
- Recreation and Culture	(117)	(114)	(73)	(62)	11	
- Public Amenities	(33)	(54)	(36)	(27)	9	
- Safety	(11)	0	0	0	0	
Total Operating Revenue	(591)	(599)	(261)	(251)	10	-4%
Net Operating Cost/(Surplus)	2,595	2,903	2,096	1,849	(247)	-12%

Net Operating Cost for the Community Service Activity was 12% (\$247,000) below budget for the eight months to February 2014.

Direct Expenditure was 16% (\$221,000) less than budget for the period.

- Generally repairs and maintenance expenditure has not been required - this type of expenditure is carried out on an 'as needed' basis.
- Within Recreation and Culture
 - Repairs and maintenance at the Cultural & Arts Centre was under spent.
 - Library operational expenditure budget was only partly used during the period under review.
 - Activity Management Planning expenditure (for the Recreation and Culture group of activities) is also less than budget.
 - Repairs and maintenance and electricity/gas costs are currently tracking less than budget. Repairs and maintenance works will be undertaken after the swimming season closes.
 - Budgeted operational expenditure at the Aerodrome was under spent during the period.
- Within Public Amenities
 - Repairs and maintenance work for Street Furniture is currently tracking less than budget.
 - Security camera maintenance contract invoicing has yet to come to hand.
- Within Safety
 - Rural Fires to be operated under an enlarged rural fire proposal was also under spent due to the proposal still to be implemented.

Operating Revenue was 4% (\$10,000) less than forecast for the period.

- Library revenue is tracking less than forecast, due to reduced issues of books.
- Commercial lease and rental income is tracking more than forecast.

Community Development

COMMUNITY DEVELOPMENT (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Community Support	475	451	301	257	(44)	
- Youth Engagement	0	64	55	50	(5)	
- Economic Development	9	13	8	8	0	
- Regional Tourism	222	237	143	67	(76)	
- Agencies	0	1	0	0	0	
Total Direct Expenditure	706	765	507	382	(125)	-25%
- Allocated Costs	475	421	281	320	39	
- Interest	1	1	1	1	0	
- Depreciation	5	5	3	3	0	
Total Expenditure	1,187	1,192	792	706	(86)	-11%
Operating Revenue						
- Community Support	(69)	0	0	0	0	
- Youth Engagement	0	(62)	(60)	(171)	(111)	
- Economic Development	(4)	0	0	0	0	
- Regional Tourism	(163)	(150)	(95)	(21)	74	
- Agencies	(19)	(20)	(13)	(14)	(1)	
Total Operating Revenue	(255)	(232)	(168)	(206)	(38)	23%
Net Operating Cost/(Surplus)	932	960	624	500	(124)	-20%

Net Operating Cost for the Community Development Activity was 20% (\$124,000) less than budget for the eight months to February 2014.

Direct Expenditure was 25% (\$125,000) less than budget for the period.

- Expenditure for annual grants and rates remissions are currently less than year to date budgets. Further grants are expected to be made during the remainder of the year with the entire grants budgets to be allocated. Rates remissions continue to be processed and it is expected that \$244,000 in total will be remitted.
- The Regional Tourism activity includes the operation of the Visitor Information Centre. A review was undertaken as to the true nature of the revenue received by the centre (as part of the GST accounting change), and it was determined that "revenue" was the commission part only on each sale because of the "agency" relationship that exists between the i-SITE and the tourism operators. The original budgeting treatment was to record both forecast sales and budgeted expenditure on a gross basis. To date commissions earned are \$6,000, whereas the adjusted year to date budget, due to the change just described, is \$7,000.

Operating Revenue was 23% (\$38,000) more than forecast for the period.

- Revenue of \$118,000, including \$9,000 carried forward from last year, has been received from the Ministry of Social Development for the Support Social Sector Trials project. This capacity is expected to be used in this current financial year on youth initiatives.
- In line with the change in accounting for Visitor Information Centre revenue, described above, expenditure now does not include the purchase cost of tickets which are on-sold.

Regulation

REGULATION (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Regulation	230	262	175	185	10	
Total Direct Expenditure	230	262	175	185	10	6%
- Allocated Costs	597	457	305	248	(57)	
- Interest	2	1	1	1	0	
- Depreciation	2	2	1	1	0	
Total Expenditure	831	722	482	435	(47)	-10%
Operating Revenue						
- Regulation	(342)	(409)	(329)	(285)	44	
Total Operating Revenue	(342)	(409)	(329)	(285)	44	-13%
Net Operating Cost/(Surplus)	489	313	153	150	(3)	-2%

Net Operating Cost for the Regulation Activity was 2% (\$3,000) less than budget for the eight months to February 2014.

Direct Expenditure was 6% (\$10,000) more than budget for the period.

- Building Control expenditure is tracking more than budget due to an unbudgeted payment of an annual fee to the newly formed Waikato Building Group.

Operating Revenue was 13% (\$44,000) less than forecast for the period.

- Building Control Services revenue is currently less than forecast. Building consent activity reflects lower cost projects which in turn affect consent revenue as lower application fees apply.

To date 78 Building Consents have been issued with a project value of \$9.1 million, whereas for the same period last year 121 had been issued with a project value of \$10.1 million.

Resource Management

RESOURCE MANAGEMENT (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- District Plan Administration	85	88	52	12	(40)	
Total Direct Expenditure	85	88	52	12	(40)	-77%
- Allocated Costs	142	110	73	59	(14)	
Total Expenditure	227	198	125	71	(54)	-43%
Operating Revenue						
- District Plan Administration	(73)	(80)	(53)	(30)	23	
Total Operating Revenue	(73)	(80)	(53)	(30)	23	-43%
Net Operating Cost/(Surplus)	154	118	72	41	(31)	-43%

Net Operating Cost for the Resource Management Activity was 43% (\$31,000) below budget for the eight months to February 2014.

Direct Expenditure was 77% (\$40,000) less than budget for the period.

- Budgeted costs for legal expenses and consultants fees, which are usually on charged to resource consent applicants have not been spent during the period due to a lower number of applications being received.

Operating Revenue was 43% (\$23,000) less than forecast for the period.

- Due to lower than expected resource consent applications being processed less revenue has been received.

Solid Waste Management

SOLID WASTE MANAGEMENT (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Collection	270	293	196	176	(20)	
- Landfill Management	702	904	550	459	(91)	
Total Direct Expenditure	972	1,197	746	635	(111)	-15%
- Allocated Costs	261	278	186	195	9	
- Interest	274	291	194	140	(54)	
- Depreciation	84	80	54	45	(9)	
Total Expenditure	1,591	1,846	1,180	1,015	(165)	-14%
Operating Revenue						
- Collection	(115)	(100)	(67)	(87)	(20)	
- Landfill Management	(770)	(1,011)	(662)	(518)	144	
Total Operating Revenue	(885)	(1,111)	(729)	(605)	124	-17%
Net Operating Cost/(Surplus)	706	735	451	410	(41)	-9%

Net Operating Cost for the Solid Waste Management Activity was 9% (\$41,000) less than budget for the eight months to February 2014.

Direct Expenditure was 15% (\$111,000) less than budget for the period.

- Kerbside Collection expenditure is less than budget due to disposal charges for collected refuse being less than budget as a result of reduced volumes collected. The cause of this is partly due to increased waste being diverted to recycling but also due to reduced volumes being put out for collection.
- Operation and maintenance expenditure at the Landfill is currently tracking less than budget. In addition to that, expenditure for the Waste Minimisation Levy, which is imposed on all landfill operators, is tracking less than budget due to reduced volumes being received.

Operating Revenue was 17% (\$124,000) less than forecast for the period.

- Revenues from the sale of rubbish bags and recycle bins were \$20,000 more than forecast for the period.
- Generally there is less volume of refuse entering the landfill and reduced product sales which has resulted in less than forecast revenue.

Stormwater Drainage

STORMWATER DRAINAGE (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Te Kuiti Stormwater	178	102	84	67	(17)	
- Rural Stormwater	7	9	6	4	(2)	
Total Direct Expenditure	185	111	90	71	(19)	-21%
- Allocated Costs	127	83	55	57	2	
- Interest	7	7	4	4	0	
- Depreciation	175	179	119	117	(2)	
Total Expenditure	494	380	268	249	(19)	-7%
Operating Revenue						
- Te Kuiti Stormwater	(68)	0	0	(3)	(3)	
Total Operating Revenue	(68)	0	0	(3)	(3)	0%
Net Operating Cost/(Surplus)	426	380	268	246	(22)	-8%

Net Operating Cost for the Stormwater Drainage Activity was 8% (\$22,000) less than budget for the eight months to February 2014.

Direct Expenditure was 21% (\$19,000) less than budget for the period

- Resource management compliance and operational costs are tracking less than budget.

Operating Revenue was \$3,000 more than forecast for the period.

- Connection fees have been received from two building applicants as part of their building consent requirements for connection to Council's Stormwater system. This revenue is "one off" in nature.

Sewerage and Treatment and Disposal of Sewage

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Te Kuiti	922	1,234	833	698	(135)	
- Te Waitere	16	16	11	11	0	
- Benneydale	79	65	45	43	(2)	
- Piopio	74	53	37	38	1	
Total Direct Expenditure	1,091	1,368	926	790	(136)	-15%
- Allocated Costs	281	271	180	181	1	
- Interest	376	579	386	311	(75)	
- Depreciation	435	774	516	435	(81)	
Total Expenditure	2,183	2,992	2,008	1,717	(291)	-14%
Operating Revenue						
- Te Kuiti	(992)	(627)	(418)	(697)	(279)	
- Benneydale	(1)	(1)	(1)	(1)	0	
- Piopio	0	(1)	(1)	(4)	(3)	
Total Operating Revenue	(993)	(629)	(420)	(702)	(282)	67%
Subsidy Revenue						
- Te Kuiti	(2,250)	0	0	0	0	
- Benneydale	0	0	0	0	0	
- Piopio	(359)	0	0	0	0	
Total Subsidy Revenue	(2,609)	0	0	0	0	0%
Total Revenue	(3,602)	(629)	(420)	(702)	(282)	67%
Net Operating Cost/(Surplus)	(1,419)	2,363	1,588	1,015	(573)	-36%

Net Operating Cost for the Sewerage Activity was 36% (\$573,000) below budget for the eight months to February 2014.

Direct Expenditure was 15% (\$136,000) less than budget for the period.

- Electricity costs and ordered maintenance costs are tracking less than budget – those reductions are offset by an increase in expenditure on chemicals.

Total Revenue was 43% (\$134,000) more than forecast for the period.

- Trade Waste revenue and sewer connection fees are currently tracking \$289,000 more than the year to date forecast.

Water Supply

WATER SUPPLY (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Te Kuiti	883	852	574	549	(25)	
- Mokau	183	180	124	115	(9)	
- Piopio	273	169	117	175	58	
- Benneydale	62	70	47	42	(5)	
Total Direct Expenditure	1,401	1,271	862	881	19	2%
- Allocated Costs	355	268	179	184	5	
- Interest	170	221	148	114	(34)	
- Depreciation	380	403	269	280	11	
Total Expenditure	2,306	2,163	1,458	1,459	1	0%
Operating Revenue						
- Te Kuiti	(625)	(507)	(338)	(382)	(44)	
- Mokau	(25)	(4)	(2)	(14)	(12)	
- Piopio	(25)	(16)	(8)	(5)	3	
- Benneydale	(22)	(2)	(1)	(46)	(45)	
Total Operating Revenue	(697)	(529)	(349)	(447)	(98)	28%
Subsidy Revenue						
- Te Kuiti	0	(780)	0	0	0	
- Mokau	(25)	(808)	(81)	(34)	47	
- Piopio	(50)	0	0	0	0	
- Benneydale	(29)	0	0	0	0	
Total Subsidy Revenue	(104)	(1,588)	(81)	(34)	47	-58%
Total Revenue	(801)	(2,117)	(430)	(481)	(51)	12%
Net Operating Cost/(Surplus)	1,505	46	1,028	978	(50)	-5%

Net Operating Cost for the Water Supply Activity was 5% (\$50,000) less than budget for the eight months to February 2014.

Direct Expenditure was 2% (\$19,000) more than budget for the period.

- Chemicals have been purchased for the Piopio Water Treatment Plant and operational and maintenance costs for the water treatment plant and reticulation system are tracking more than budget for Piopio.
- Te Kuiti expenditure is less than budget due to a reduction in electricity costs offset by increased operational and maintenance expenditure.

Total Revenue was 12% (\$51,000) more than forecast for the period.

- Metered Water revenue for the reporting period was more than the year to date forecast due to greater than expected consumption. Volume charges also reflect the true cost of production. Apart from large industrial users, water metered properties are billed every six months, ending December and June.
- Subsidy revenue of \$81,000 for Mokau was reported in December - however subsequent to that the Ministry of Health requested the claim be resubmitted based on actual costs incurred to date rather than the original approved amounts which has resulted in a reduced claim of \$34,000.

Roads and Footpaths

ROADS AND FOOTPATHS (Amounts in \$1000's)	Actual 2012/13	EAP Budget 2013/14	YTD Budget Feb 2014	YTD Actual Feb 2014	Variance Feb 2014	% Variance
Direct Expenditure						
- Subsidised Roads	4,427	4,832	2,405	3,374	969	
- Non Subsidised Roads	179	146	88	95	7	
Total Direct Expenditure	4,606	4,978	2,493	3,469	976	39%
- Allocated Costs	0	66	44	41	(3)	
- Interest	989	1,080	720	557	(163)	
- Depreciation	3,272	2,941	1,960	1,991	31	
Total Expenditure	8,867	9,065	5,217	6,058	841	16%
Operating Revenue						
- Subsidised Roads	(5,217)	(5,611)	(3,450)	(3,404)	46	
- Non Subsidised Roads	(74)	(60)	(32)	(39)	(7)	
Total Operating Revenue	(5,291)	(5,671)	(3,482)	(3,443)	39	-1%
Net Operating Cost/(Surplus)	3,576	3,394	1,735	2,615	880	51%
Subsidised Roads Maintenance	4,427	4,832	2,405	3,373	968	
Subsidised Roads Capital	4,030	4,435	3,217	2,211	(1,006)	
Combined Maintenance and Capital	8,457	9,267	5,622	5,584	(38)	-1%
Subsidy Revenue for Subsidised Roads	(5,085)	(5,470)	(3,358)	(3,311)	47	-1%

Net Operating Cost for the Roads and Footpaths Activity was 51% (\$880,000) more than budget for the eight months to February 2014.

Direct Expenditure was 39% (\$975,000) more than budget for the period.

- Generally both capital and maintenance expenditure on the district's local roads are adjusted within the expenditure categories during the year so that total expenditure does not exceed that budgeted. Notwithstanding that there was \$1.4 million of work budgeted for last year that is expected to be carried over and spent in this financial year.
- The expenditure reflects the scale of the emergency works initial reinstatement projects in the district and also the extensive grading and metalling programme catch-up across the unsealed network. Sealed and Unsealed pavement maintenance and Environmental Maintenance works for the year have been carried out earlier in the year than anticipated.

Operating Revenue was 1% (\$39,000) less than forecast for the period.

Appendix 2: Balance Sheet as at the 28 February 2014

BALANCE SHEET	Actual Position	Actual Position	Variance from	Long Term Plan	Variance from LTP
(Amounts in \$1000's)	30 June 2013	28 Feb 2014	30 June 2013	30 Jun 2014	
Public Equity					
- Retained Earnings	196,865	200,716	3,851	201,880	1,164
- Other Reserves	5,277	5,277	0	2,729	(2,548)
- Revaluation Reserve	68,383	68,383	0	50,265	(18,118)
TOTAL PUBLIC EQUITY	270,525	274,376	3,851	254,874	(19,502)
Current Assets					
- Cash and Cash Equivalents	171	2,615	2,444	100	(2,515)
- Inventories	43	43	0	37	(6)
- Land Subdivision Inventories	0	0	0	1,067	1,067
- Other Financial Assets	2	2	0	2	0
- Debtors and Other Receivables	5,593	4,619	(974)	4,791	172
- Derivative Financial Instruments	0	0	0	0	0
Total Current Assets	5,809	7,279	1,470	5,997	(1,282)
Current Liabilities					
- Creditors and Other Payables	3,490	2,053	(1,437)	3,748	1,695
- Current Portion of Borrowings	13,851	118	(13,733)	5,200	5,082
- Provisions	15	15	0	51	36
- Employee Entitlements	461	300	(161)	471	171
- Derivative Financial Instruments	274	274	0	118	(156)
Total Current Liabilities	18,091	2,760	(15,331)	9,588	6,828
NET WORKING CAPITAL	(12,282)	4,519	16,801	(3,591)	(8,110)
Non Current Assets					
- Property Plant and Equipment	312,979	313,248	269	302,515	(10,733)
- Intangible Assets	76	76	0	80	4
- Forestry Assets	44	44	0	39	(5)
- Investment Properties	653	653	0	657	4
- Assets Held for Sale and Discontinued Operations	1,063	1,025	(38)	0	(1,025)
- Other Financial Assets	791	791	0	839	48
- Derivative Financial Instruments	239	239	0	54	(185)
Total Non Current Assets	315,845	316,076	231	304,184	(11,892)
Non Current Liabilities					
- Trade and Other Payables	790	790	0	0	(790)
- Borrowings	31,331	44,496	13,165	44,690	194
- Employee Entitlements	60	76	16	63	(13)
- Provisions	741	741	0	928	187
- Derivative Financial Instruments	116	116	0	38	(78)
Total Non Current Liabilities	33,038	46,219	13,181	45,719	(500)
NET ASSETS	270,525	274,376	3,851	254,874	(19,502)

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Report To: Council Meeting**Meeting Date:** 25 March 2014**Subject:** **Adoption of the Draft 2014/15 Exceptions Annual Plan and Summary of Information for Consultation Purposes****Purpose**

- 1.1 The purpose of this paper is to present to Council the Draft 2014/15 Exceptions Annual Plan (dEAP) and Summary of Information (SoI) for adoption for consultation purposes.

Background

- 2.1 Section 95 of the Local Government Act 2002 (LGA) requires Council to prepare and adopt an Annual Plan for each financial year and that the Council use the special consultative procedure prescribed by Section 83 of the LGA in considering any Annual Plan for adoption.
- 2.2 At Workshops in December 2013, February and March 2014 a range of strategic issues and working draft EAP budgets were presented to Council for consideration/guidance.

In summary those major issues included:

- **Council Workshop 10 December 2013**
 - Waikato Mayoral Forum
 - District Economic Development Board
 - Local Government Act 2002 Amendment Bill (No 3)
 - Mandatory Performance Measures
 - Performance of Investment – Inframax Construction Ltd
 - Level of the UAGC and the Annual s.101 LGA 2002 adjustment between the UAGC and General Rates
 - Water and wastewater reticulated services at Waitomo Village
 - Funding the operation of rural community halls
 - Annual rate setting resolution
 - Sport Waikato
 - Emissions Trading Scheme
 - Local Government Funding Agency (LGFA)
 - Review of District Plan
 - Three Waters

- Roads and Footpaths
- Community Facilities

▪ **Council Workshop – 12 February 2014**

Not all of the issues raised at the 'Strategic Issues' workshop in December had an immediate impact on rate funding for 2014/15 and in some cases the issues raised 'flagged' that there may be future funding and work stream implications in these areas.

The 12 February 2014 Workshop therefore recapped only those issues integral to the 'exceptions' in the 2014/15 WDEAP and provided a clearer picture on the directions taken and the work planned. The Mayoral Vision presented 24 October 2013 was revisited and the assumptions behind the budgets were highlighted for Council's agreement. The workshop also provided information on the budget implications of these.

The issues identified in this Workshop as integral to the 'exceptions' in the 2013/14 wdEAP were:

- Waikato Mayoral Forum (WMF)
- District Economic Development Board
- Local Government Act 2002 Amendment Bill (No 3)
- Level of the UAGC and the Annual s.101 LGA 2002 adjustment between the UAGC and General Rates
- Water and Wastewater reticulated services at Waitomo Village
- Funding the operation of rural community halls
- Sport Waikato
- Review of District Plan
- Three Waters
- Roads and Footpaths
- Funding of Depreciation
- Allocated Costs

The preliminary draft budgets indicated that a total rate increase for 2014/15 of **7.45%** was required – this compared favourably to the forecasted **7.6%** for Year 3 of the 2012-2022 LTP.

▪ **Council Workshop – 19 February 2014**

This Workshop presented the second iteration of the budgets and the rating implications for the 2014/15 wdEAP. It also provided Council with:

- a comparison of rates required for reticulated services;
- the s.101(3)(b) adjustment between the UAGC and General Rates;
- information on public debt;
- information on reserve funds;
- information on proposed capital expenditure for 2014/15; and
- rating examples on indicative properties.

An overview of wdEAP budget forecasts resulting from changes made at the 12 February Workshop was provided and indicated a total rate increase of **2.8%** would now be required.

▪ **Council Workshop– 6 March 2014**

This Workshop presented the third iteration of the budgets and the 2014/15 draft EAP. It was advised that Council's auditors had confirmed that as there were no significant variations to the 2012-2022 LTP proposed in the 2014/15 dEAP, an audit would not be required.

Council agreed to proceed with the preparation of the 2014/15 dEAP on the following basis:

- that the proposed total rate increase be capped at **2.9%**;
- that targeted rates for water in Te Kuiti, Piopio, Benneydale and Mokau remain at similar levels to those adopted in the 2013/14 budgets; and
- that rates required for roading remain at the same level as adopted in the 2013/14 budgets; and
- that targeted rates for sewerage in Te Kuiti, Piopio, Benneydale and Te Waitere reflect increased levels of service as a result of recent and significant capital investment in sewerage networks throughout the District. (N.B. This had the effect of increasing the total rate required for 2014/15 to **2.9%**).

▪ **Council Workshop– 18 March 2014**

The fifth (and last) of Council's Workshops summed up the final position taken on the previously identified strategic issues and considered the implications of the information and budgets contained in the dEAP.

Key proposals for 2014/15 were confirmed as being:

- District Economic Development Board
- Te Kuiti Railway Buildings
- Upgrades of Core Infrastructure

- 2.3 Council guidance has been given throughout the dEAP development process and that has been applied in terms of both the budget model and the dEAP document for Council consideration and adoption.

The 2014/15 Draft Exceptions Annual Plan

- 3.1 The 2014/15 dEAP is enclosed separately and forms part of this business paper. The Summary of Information (SoI) included with this agenda will be further developed to include a submission form following the 25 March Council meeting.
- 3.2 Other than clarifying matters associated with the Te Kuiti Railway Buildings and public debt that were raised by Council at the 18 March Workshop, the dEAP document itself has not been changed in any material way from what was considered by the Council at that Workshop. The various issues and treatments considered by the Council throughout the development process are reflected as per Council's feedback.

3.3 The following table provides the summary of rates required for 2014/15.

**SUMMARY OF DRAFT RATES REQUIREMENT
2014/15**

Comparison Between Years 2 & 3 LTP

	LTP Year 2 2013/14	LTP Year 3 2014/15	Increase/ -Decrease \$	Increase/ -Decrease %
Targeted Rates				
Sewerage	2,179,448	2,409,922	230,474	10.57%
Water	1,518,554	1,675,144	156,590	10.31%
Targeted Services *	475,678	516,118	40,440	8.50%
District Development Rate	176,879	185,477	8,598	4.86%
Piopio Retirement Village Contribution	13,932	14,364	432	3.10%
Land Transport	5,356,880	5,754,585	397,705	7.42%
Solid Waste Management	722,988	869,576	146,588	20.28%
Solid Waste Collection	244,325	259,709	15,384	6.30%
Stormwater	395,528	419,144	23,616	5.97%
Marokopa Hall	3,966	3,933	33	-0.83%
Total Targeted Rates	11,088,178	12,107,972	1,019,794	9.20%
UAGC	4,095,104	4,350,585	255,481	6.24%
General Rate	2,276,407	2,328,799	52,392	2.30%
Total All Rates	17,459,689	18,787,356	1,327,667	7.60%

Comparison Between EAP 2013/14 & 2014/15 DEAP Budgets

	Adopted EAP 2013/14	DEAP Budgets 2014/15	Increase/ -Decrease \$	Increase/ -Decrease %
Targeted Rates				
Sewerage	2,057,330	2,185,217	127,887	6.22%
Water	1,535,212	1,531,366	3,846	-0.25%
Targeted Services *	471,977	471,890	87	-0.02%
District Development Rate	137,729	158,801	21,072	15.30%
Piopio Retirement Village Contribution	13,500	15,000	1,500	11.11%
Land Transport	5,398,811	5,398,685	126	0.00%
Solid Waste Management	484,537	505,198	20,661	4.26%
Solid Waste Collection	243,957	190,557	53,400	-21.89%
Stormwater	381,599	389,025	7,426	1.95%
Marokopa Hall	3,966	3,966	-	0.00%
Total Targeted Rates	10,728,618	10,849,705	121,087	1.13%
UAGC	3,985,403	4,166,431	181,028	4.54%
General Rate	2,134,354	2,322,499	188,145	8.82%
Total All Rates	16,848,375	17,338,635	490,260	2.91%

* Targeted Services includes Non-Subsidised Roading and Swimming Pool

(N.B. The figures provided in the above table exclude GST. The UAGC and General Rate figures are shown prior to the s.101 LGA adjustment, details of which are provided below).

- 3.4 The following table provides information on the s.101 adjustment between the UAGC and General Rates.

Reconciliation of Rates Adjustment between General Rate and UAGC

	General Rate	UAGC *
As per Summary above	2,322,499	4,166,431
s.101(3)(b) adjustment	1,049,822	- 1,049,822
Total After Adjustment (excl GST)	3,372,321	3,116,609
Add - GST @ 15%	505,848	467,491
Total Requirement (incl GST)	3,878,169	3,584,100

* UAGC at \$650.00 (incl GST)

- 3.5 This year the dEAP is not subject to Audit Review as it does not propose any significant amendments to the 2012-2022 Long Term Plan. Nevertheless, the Auditors were requested to have a look at the dEAP and they agree that there is nothing of significance in the document that triggers a disclosure of 'Amendments to the 2012-2022 LTP' and a subsequent audit. This decision of auditors has been included in the dEAP.

Consultation/Process Forward

- 4.1 Consultation is scheduled from Tuesday 8 April to Thursday 8 May 2014. The table below outlines the process forward for the dEAP consultation and adoption process.

Next Steps	Date
Consultation Starts	8 April
Consultation Ends (Close of submissions)	8 May
Hearings	22 May
Council Deliberations	5 June
Adoption of Final 2014/15 Exceptions Annual Plan	24 June

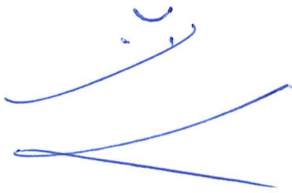
- 4.2 In previous years public meetings were held as an opportunity to discuss the EAP. Those meetings involved considerable effort in preparing/printing of material and posters, setting up of venues, advertising and staff and Councillors time and travel. Despite all of this effort the meetings were invariably poorly attended.
- 4.3 Councillors also attended ratepayer meetings and it was agreed that ratepayers' meetings be attended instead of holding public meetings. Availability of Councillors at the ratepayers meetings in the month of April and at the Business After 5 meeting in Te Kuiti on 8 April has been noted in the Summary of

Information document and the full dEAP in order to inform residents, should they wish to meet with the Councillors personally.

- 4.4 The Summary of Information (SoI) will be sent out to all households, as usual, and that together with the main document will be available from all key locations and Council's website. Facebook will also be used for provision of information.

Suggested Resolutions

- 1 The business paper on Adoption of the Draft 2014/15 Exceptions Annual Plan and Summary of Information for consultation purposes be received.
- 2 Council adopt the Draft 2014/15 Exceptions Annual Plan and Summary of Information for Consultation Purposes.
3. Public consultation on the Draft 2014/15 Exceptions Annual Plan be in the form of:
 - attendance at ratepayers' meetings;
 - delivery of the Summary of Information (SoI) to all households;
 - giving public notice of where copies of the Draft 2014/15 Exceptions Annual Plan and SoI are located; and
 - Council's website and Facebook.



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

18 March 2014

Enclosures: 1 Draft 2014/15 Exceptions Annual Plan

Waitomo Way

Creating a better future with vibrant communities and thriving business.

Welcome to a Summary of the draft Annual Plan (dEAP) for 2014/15. This document summarises the full draft Annual Plan document. It contains the key aspects from the dEAP and identifies the impacts over the next financial year. If you want to know more details, the full document is available through a variety of sources listed on the last page of this Summary.

Message from the Mayor and Chief Executive

The 2014/15 year is the third year of the Long Term Plan 2012-22 (LTP) and the Draft Exceptions Annual Plan 2014/15 (Draft Plan) contains proposals and plans for this coming financial year.

This Draft Plan follows the work plans set out through the LTP for the 2014/15 year on the whole, with a few exceptions. The changes proposed are not material and are mostly in response to external drivers which have required a tactical change.

As has been the case for the past few years, Council is still closely adhering to the principles of financial sustainability and efficient delivery of services. This Draft Plan forecasts an average rate increase of **2.9%** for all properties in the District, against the original LTP forecast of 7.6% for the 2014/15 financial year. This has been made possible by taking advantage of opportunities on various fronts like favourable interest rates, lower insurance premiums and also more efficient service delivery through better delivery options.

Council's vision for our District is **"Creating a better future with vibrant communities and thriving business"** and we have been working steadily towards this. The new Council, elected in October 2013, has set out some objectives to guide the effort in working for achieving this vision. These objectives are:

- Create economic development opportunities
- Continue with essential infrastructure upgrades
- Further develop community engagement
- Drive community connectivity

- Support stakeholder relationships and
- Be part of regional leadership

The 2013 census figures show that the population of our District has decreased slightly since 2006. It is crucial for the future of our communities that we create a vibrant and thriving environment where people would choose to come and live, work or visit. Council intends to maintain its focus on economic development, which needs sustained effort over a longer period. Some examples of what we are working towards are leveraging arising tourism opportunities like the Timber Trail and Hairy Feet Waitomo, improving signage in the district and identifying and promoting the range of job opportunities available within the district. We continue to support the work being done in the social sector trials, and our own Youth Council to give our youth a sense of pride and purpose and belonging to our district.

It is equally important to have good infrastructure in our communities in order to maintain its liveability and we will continue working on essential infrastructure upgrades required. We are very pleased to have now completed one of the largest infrastructure projects undertaken in our district, the Te Kuiti Wastewater Plant rebuild, and to report that it is performing exceptionally well. Further much needed upgrade work is planned to Te Kuiti and Mokau water supplies in the 2014/15 year and some other upgrades essential to better asset performance.

Our goal is to work closely with all our key stakeholders in our district, including our local Police and other government agencies along with numerous community groups in Te Kuiti, Waitomo, Piopio and Benneydale to make our communities a better place to live in. We will also be working collaboratively with other local authorities to ensure that the interests of our district are well represented and so that we are able to influence the future, to some degree at least.

We all have a role to play in growing and developing our district. You are invited to share any thoughts on the proposals in this Draft Plan. It is available for submission until 8 May 2014.




Brian Hanna
MAYOR




Chris Ryan
CHIEF EXECUTIVE

Key aspects of this Plan

The Local Government Act 2002 requires Council's to produce an Annual Plan for the two years in between the Long Term Plan. The main purpose of the Annual Plan is to:

- Contain the proposed annual budget for the coming year and;
- To identify any variations or exceptions from what was included in the LTP pertaining to that year.

In the main, this Draft EAP follows the programmes and projects set out for 2014/15 in the LTP 2012-22. There are some exceptions and these have resulted either due to changes in the external policy environment or re-sequencing of work programmes due to further investigations, or availability of better information.

The key work programmes planned to be carried out in 2014/15 are:

- The Te Kuiti Railway Buildings Restoration and Renewal projects. These are progressing as planned. The projects were not included in the LTP 2012-22 since the buildings were not secured when the plan was developed. However, they were consulted upon and endorsed through the 2013/14 Annual Plan. Funding from the Lotteries Board for the renewal of the Community Space has been obtained since then, and documentation is being developed to commission the work. Council will continue

to engage with the community on this development through the Reference Group and by other suitable means.

- Progressing economic development opportunities for the district. In line with its vision, Council will work towards creating a vibrant and thriving environment where people would choose to come and live and/or work. Council's aim is to set up an Advisory Group during 2014/2015 for economic development. It is intended that this Group will support activities identified in Council's Economic Development Action Plan. The decision on the need for a formal entity (like a Board) is not likely to be taken for the next 2 to 3 years.
- Some stormwater network rehabilitation is proposed for parts of the system which have been identified as being under stress. Given the extreme weather events of recent years such an upgrade has become essential.
- The major upgrade of the Te Kuiti Water Treatment Plant, to ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005, is continuing. Some investigative works are also planned in Te Kuiti, Piopio and Mokau in a bid to detect and reduce leakage.
- Capital works to improve the condition and performance of sewerage assets in various schemes, for example, upgrade of the main sewer pipe crossing the river in Te Kuiti to increase its capacity.
- Continued focus on engaging the youth of our District and providing development opportunities for them.
- Maintaining the service levels for libraries, playgrounds, dog and animal control and other community services and seek efficiencies where possible.
- Reviewing the LTP for the next 10 years and implementing other legislative changes as they are passed in Parliament for example, changes to the fencing of swimming pools and the changes to the LGA 2002, will be a focus in the coming year.

Financial Summary

The total rate revenue proposed for the 2014/15 financial year is \$17,338,000 (excl GST) and represents an average overall **2.9%** increase over the current year's total rate requirement compared to the 7.6% projected increase in the LTP 2012-22. The Combined Cost of Service Statement provides for a decrease of overall Rate Revenue of \$1,448,000 when compared to the LTP 2012-22 forecast for 2014/15. This outcome reflects Council's continued work and commitment to prioritise what needs to be done and to do it in the most cost effective manner.

(Note: The tables provided in this section utilise brackets (...) for a credit value and no brackets ... for a debit value).

EAP 2013/14 \$000's		LTP 2014/15 \$000's	EAP 2014/15 \$000's	VARIANCE TO LTP 2014/15
Cost of Service Statement for All Council				
(11,441)	Total Operating Income	(10,931)	(11,260)	329
24,543	Total Operating Expenditure	27,222	26,037	1,185
13,102	Net Operating Cost/ (Surplus)	16,291	14,777	1,514
Funded By				
11,571	Total Capital Expenditure	9,718	10,155	(437)
24,673	Total Net Expenditure	26,009	24,932	1,077
Funded By				
(4,732)	Loans	(4,081)	(3,451)	(630)
(3,092)	Reserves	(3,142)	(4,143)	1,001
(16,849)	General Rates, UAGC and Service Charges	(18,786)	(17,338)	(1,448)
(24,673)	Total Funding	(26,009)	24,932	(1,077)

What will it cost?

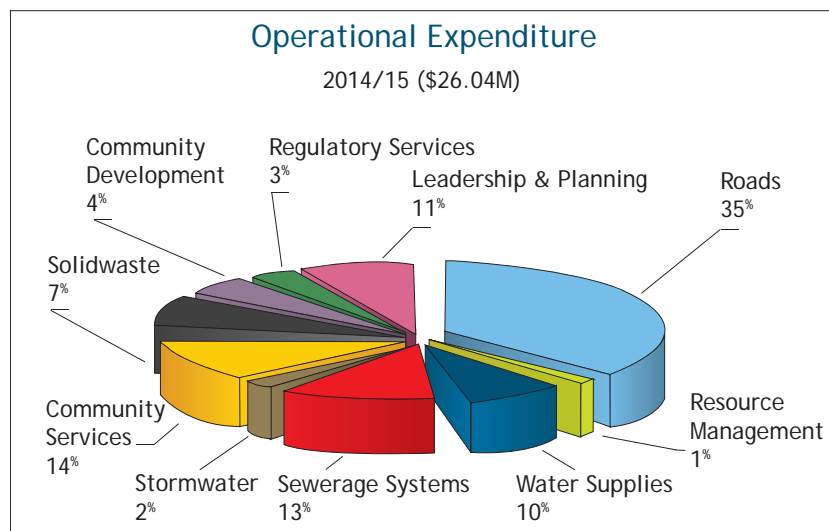
The overall increase in rates requirement for 2014/15 is \$490,260 (excl GST) which constitutes the average **2.9%** increase over the current year. It is important to note that the rates changes for individual properties can be above or below this average increase.

Council has identified savings in a number of activities e.g. favourable interest rates, insurance premiums and alternative service delivery options. Despite these savings the key influencers to the 2.9% increase in rates requirement are:

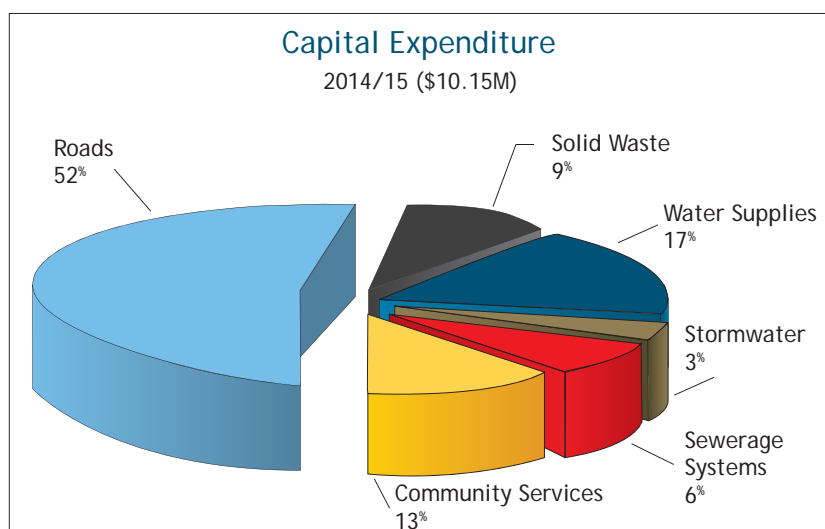
- Additional operating expenditure for the Te Kuiti and Benneydale Wastewater Treatment Plants.
- Additional operating expenditure for the Piopio and Mokau Water Supply networks.
- Additional operational expenditure for the Te Kuiti Railway Building restoration and revitalisation project.
- Additional provision for Long-Term Plan costs recognising the review of the 2015-2025 LTP to be undertaken during 2014/15.
- Reduction in Building Control revenue reflecting existing levels of applications.

Commentary on material variances in the different activities between the proposed 2014/15 budgets and year three (2014/15) of the LTP 2012-22 is provided in the relevant Cost of Service Statements in Section B of the Draft Plan.

The proposed total operational expenditure for 2014/15 of \$26.04 million will be spent in providing the following services and activities:



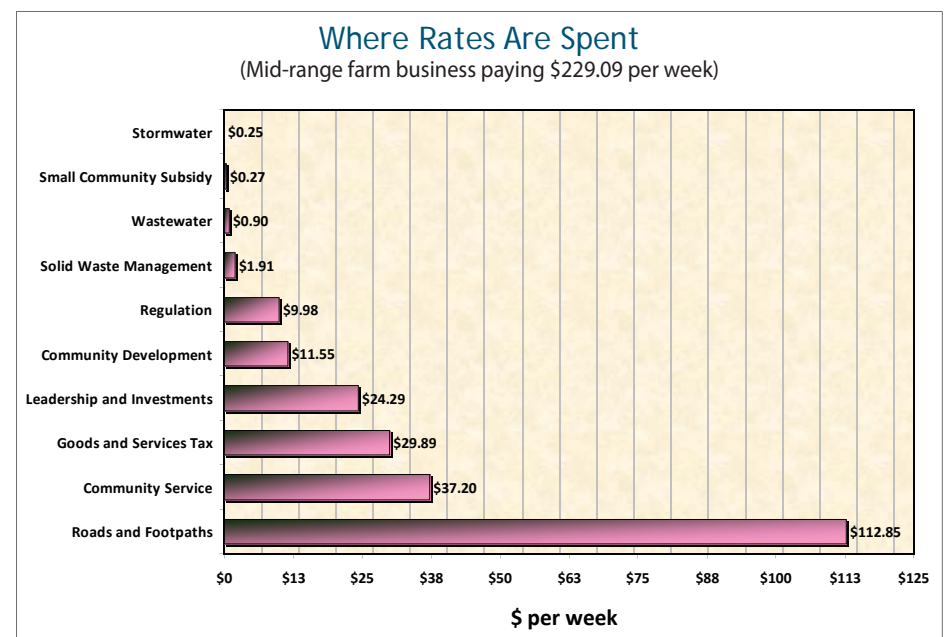
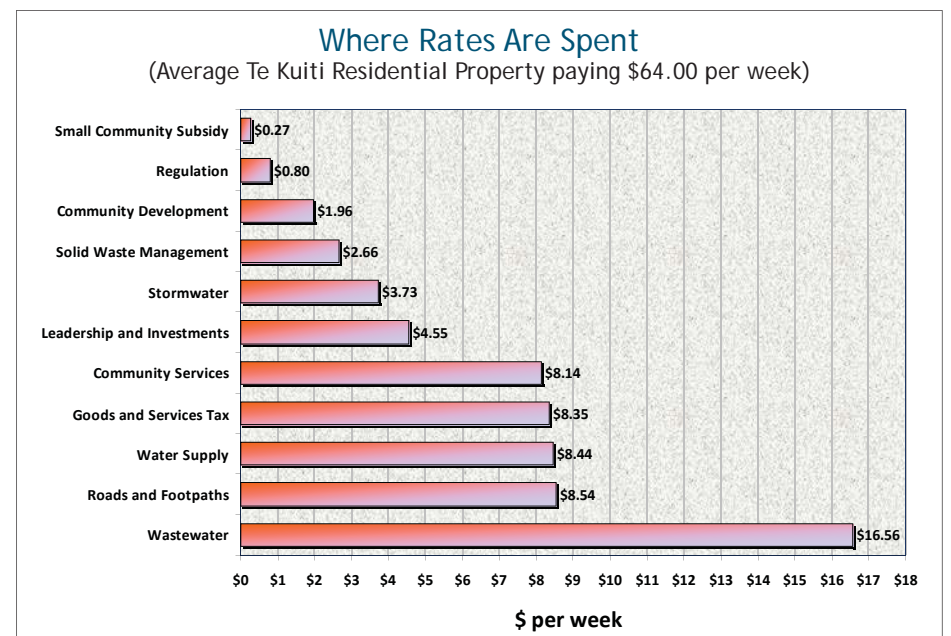
The proposed total capital expenditure for 2014/15 is \$10.15 million of which 52% will be spent on maintaining and upgrading the 1,014 kms of roading network in the District.



How will it be paid for?

Our activities are funded through a mix of sources – rates, fees and charges, reserves and loans. Details on the different type of rates charged are contained in the Funding Impact Statement in Section C of the Draft Plan.

The following provides a summary of where rates are spent on a weekly basis using indicative residential and rural properties.



Have your say

This draft Plan includes proposals for the 2014/15 financial year. The proposals mostly follow the direction set out for the 2014/15 financial year in the Long Term Plan 2012-22. Some adjustments and changes have been made in adherence to principals of prudent financial practices, affordability of rates and meeting the needs and demands of the District community.

FORMAL CONSULTATION PROCESS

This draft Exceptions Annual Plan 2014/15 (dEAP) is open for public consultation over the period beginning Tuesday 8th April 2014 to Thursday 8th May 2014.

- **Submissions close at 5.00pm on Thursday 8th May 2014.**

INFORMATION AVAILABILITY

Additional copies of the dEAP will be available for you to view at these locations:

- Waitomo District Council Office, Queen Street, Te Kuiti
- Te Kuiti Public Library, Taupiri Street, Te Kuiti
- Cloverleaf Café, Moa Street, Piopio
- Mokau Museum, Main Road, Mokau
- Benneydale Foodmarket, Ellis Road, Benneydale
- Waitomo Caves Discovery Centre, Waitomo Caves
- Marokopa Camping Ground, Marokopa
- Website: www.waitomo.govt.nz

MEETINGS

Councillors will be attending your local 'Residents and Ratepayers' meetings in April if you would like to speak with them about the Draft Plan. They will also be attending the Business After 5 meeting hosted by Te Kuiti Development Incorporated on 8 April 2014. And as always, they are only a phone call away should you have any queries.

You can make a submission online:
waitomo.buzzit.co.nz

This consultation is an opportunity for you to let us know your thoughts on the changes and the proposed budgets.

MAKING A SUBMISSION

There is no set format that a submission must take, however you should aim to present your submission in a way that is organised and easy to read.

A submission form has been included with this document.

You can return your submission form to Council via post, hand delivery, facsimile or email. Details for each of these methods are as follows:

Post: Freepost Authority Number 112498
Waitomo District Council,
PO Box 404,
Te Kuiti 3941

Deliver to: Waitomo District Council,
Queen Street, Te Kuiti

Fax: (07) 878 7771

Email: consultation@waitomo.govt.nz

Online: waitomo.buzzit.co.nz/haveyoursay

When making your submission in writing (email is fine), please provide your name and contact information, and whether or not you wish to be heard in support of your submission at a Council hearing.

Please note that all submissions will be made available to the public, subject to the provisions of the Local Government Official Information and Meetings Act 1987.

- Submissions to the Draft Plan will be heard by Council at a meeting to be held on 22nd May 2014. This meeting will be open to the public.

For further information about how you can have your say about the proposals in the Draft Plan, please call our friendly Customer Services Team on 0800 932 4357.

Document No: 329623**File No:** 037/020/12A**Report To: Council****Meeting Date:** 25 March 2014**Subject: Progress Report: Monitoring Against 2012-2022 Long Term Plan – Land Transport****Purpose of Report**

- 1.1 The purpose of this business paper is firstly, to brief Council on implementation of the Work Plan for the Land Transport activity as contained in year two (2013/2014) of the 2012-2022 Long Term Plan (LTP) and secondly, to establish a framework for monitoring the ongoing implementation of the 2012-22 LTP as part of the Road Map Work Programme.

Local Government Act S.11A Considerations

- 2.1 Waitomo District Council, in performing its role as a Local Authority, must have particular regard to the contribution that the network infrastructure makes to the community.
- 2.2 The provision and maintenance of the roading infrastructure, is consistent with section 11A Local Government Act 2002 (including amendments).

Introduction

- 3.1 This business paper focuses predominantly on capital expenditure (CAPEX) projects i.e. renewal and improvement works.
- 3.2 This business paper is intended to compliment the monthly and quarterly reporting to Council. It provides further information on the capital (improvement and renewal) expenditure programme.

Background

- 4.1 The scope of Land Transport activities in the Waitomo District is almost entirely related to the roading assets. This includes:
- Roads (excluding state highways),
 - Footpaths, bridges,
 - Traffic services,
- 3.1 There are no passenger transport services available other than the inter-regional bus connections operating on the state highway network.

4.2 The nature of Council's roading activity is:

- Managing and maintaining the District's road network.
- Undertaking road rehabilitation and upgrading of the roading structure and ancillary systems such as signs and road markings.

Subsidised Roding

5.1 New Zealand Transport Agency (NZTA), the national road funding authority, provides a financial assistance subsidy for works that meet agreed criteria via the Land Transport Programme.

5.2 Commentaries detailing progress on activities currently subsidised by NZTA in the 2013/2014 year of the LTP are provided below.

5.3 2013/2014 CAPITAL EXPENDITURE BUDGET

The total budget for subsidised capital works for the 2013/2014 year as contained in the 2012/22 LTP is \$4,572,000.

5.4 STOCK EFFLUENT DISPOSAL FACILITY

5.4.1 Introduction

The Waikato Region Stock Effluent Disposal Facility Strategy indicated the need for two stock effluent facilities to be built in the Waitomo District. That strategy proposes Waitomo District Council construct one effluent disposal facility on Cotter Street near the sale yards.

5.4.2 Design/Scope

Completed

5.4.3 Consent Issues/Progress

Water and Waste Water Connections have been applied for and granted. - **Completed**

5.4.4 Budget, Funding Sources and Expenditure to Date

NZTA has approved CAT 1 funding for this site. The approved FAR is 100% for the roading works and 50% for the construction of the facility. WRC will fund the 'local share' portion of the construction costs at 50% FAR. \$160,000 has been set aside for this work in the 2012/2013 financial year, with a carryover of funding of \$130,000 into the 2013/14 financial year to complete construction.

The Waikato Regional Council provides a rate funding component, collected on behalf of the local authorities, in its LTP for the funding of Stock Truck Effluent (STE) facilities within the Waikato Region. This rate is collected to cover the development of STE facilities for both construction and the ongoing maintenance of the facilities. Each Local Authority will manage the construction of the disposal facility within their network and take ownership of the asset. The Local Authority will then invoice WRC to recover the local share. Note that this is contingent on the matched share being provided by NZTA.

The funding agreement has been signed and returned.

5.4.5 Construction Issues/Progress

- 5.4.6 Work is complete with commissioning of the unit on 5 March 2014.
- 5.4.7 Significant modifications had to be done to existing stormwater, wastewater and water reticulation make everything fit.
- 5.4.8 Final cost is being collated, but it is expected that the work will be close to the budgeted amount. **Final Cost \$154,232.70**

5.1 WALKING AND CYCLING STRATEGY IMPLEMENTATION

5.1.1 Introduction

This item has not been approved as part of the NLTP.

5.2 WALKING AND CYCLING REVIEW

5.2.1 Introduction

This item has not been approved as part of the NLTP. Further progress on the Walking and Cycling Strategy has been postponed until NZTA reintroduces funding for this work category.

5.3 DRAINAGE RENEWALS

5.3.1 Introduction

Drainage Renewals work covers the replacement of all culverts of up to 1800mm in diameter. Currently WDC is focusing on assessing our high risk roads, in addition to the assessment of existing 225mm dia culverts.

The expectation is all roads will slowly have culverts upgraded to meet the correct rainfall expectations and better assist in pavement maintenance through a substantial reduction in pavement subsidence during storm events.

5.3.2 Design/Scope

Catchment designs are done on all existing culverts over 600mm dia. All culverts of less than 600mm dia are upgraded to suit the surrounding environment and restrictions.

5.3.3 Consent Issues/Progress

Nil to report

5.3.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$400,000 at a 59% FAR. The 13/14 budget is \$459,652 to date WDC has spent **\$242,781**.

5.3.5 Procurement

This category is procured, in the main, through the Road Maintenance Contract or through obtaining quotes or tenders for larger works and some small level of procurement through the Pavement Rehabilitation packages (as appropriate) as they are tendered.

5.3.6 Construction Issues/Progress

We are currently underway with our busy programme of drainage renewals and upgrades across the network.

5.4 PAVEMENT REHABILITATION

5.4.1 Introduction

Three Pavement Rehabilitation Packages are to be let, these are Rora Street (let 2012), Aria Road (3 sites) and Rangitoto Road.

The site works generally involve vegetation clearing, culvert replacements to minimum 375mm dia, base course overlays, two coat sealing and new road furniture as required.

5.4.2 Design/Scope

Complete.

5.4.3 Consent Issues/Progress

Nil consent required.

5.4.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$930,000 with a FAR of 59%. The expenditure to date is **\$135,144**.

This does not reflect committed work like **part of** Rora Street **not claimed yet completed except for bollards which was a variation and are being manufactured** or Aria and Rangitoto which were tendered **and awarded (\$412,000 including design), depending on weather in April and early May it may still be completed this financial year otherwise it would be done in September / October.**

5.4.5 Procurement

All work under this category is purchased by way of open tender. This process ensures WDC compliance with the requirements of the NZTA procurement rules. It is intended to procure the work by way of four separate packages through this process by the end of the 2012 year.

5.4.6 Construction Issues/Progress

Nil to report.

5.5 SEALED ROAD SURFACING

5.5.1 Introduction

The 2013/2014 Reseal Programme comprises approximately 43km of reseal including rural and urban sites.

5.5.2 Design/Scope

This contract was based on a P17 methodology which means that the Council identifies the work sites and specifies the required surfacing treatment. The actual seal design is the responsibility of the contractor.

5.5.3 Consent Issues/Progress

Nil.

5.5.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$1.280M **with carry over from 12/13 the total available is \$1.50 million** with a FAR of 59%. The expenditure to date is **\$262,658** (through the Maintenance Contract).

5.5.5 Procurement

This category has been procured through open tender. The tender was advertised on Tenderlink, 5 tenders were received for the contract. Higgins Construction Waikato was the successful tenderer.

5.5.6 Construction Issues/Progress

Seal design and other preparatory work has been completed. The actual resealing **has started and progressing well, contractor is keeping to the programme completion targeted 1st week of April.**

5.6 STRUCTURES COMPONENTS REPLACEMENTS

5.6.1 Introduction

The 2013/2014 work plan provides for structural maintenance bridges in the Waitomo District.

5.6.2 Design/Scope

The bridges requiring maintenance have all been identified through the detailed inspections and repairs will be designed by Spiire Consultants.

5.6.3 Consent Issues/Progress

Nil to report

5.6.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$373,000 with a FAR of 59%. The expenditure to date is **\$31,095**

This does not reflect committed work, Kawhia Harbour Road bridge replacement **(estimated \$210,000)** and Mokauiti and Ordish Road culvert linings **(\$38,000)**

5.6.5 Procurement

Contracts will be procured through open tender.

5.6.6 Construction Issues/Progress

Kawhia Harbour bridge is a precast unit and completion of manufacturing may take into the rain season so it will probably only be installed in September - October.

Construction methodology is being discussed with contractor on Mokauiti and Ordish Road culvert linings because the rain season is nearing and because it entails stream diversion it may also have to be delayed into the next summer low flow period

5.7 TRAFFIC SERVICES RENEWALS

5.7.1 Introduction

Traffic Services Renewals provides for the replacement of all signs, edge markers posts, site rails and road marking.

5.7.2 Design/Scope

Compliance with NZTA and Austroads standards is required. Waitomo District is working towards full compliance. Progress against this target is continually disrupted by vandalism, motor accidents and theft.

5.7.3 Consent Issues/Progress

Nil consent required.

5.7.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$115,600 at a 59% FAR. To date we have spent \$ 24,922 through the Roding Maintenance and/or Street Light Maintenance Contract.

5.7.5 Procurement

This category is procured through the Road Maintenance Contract and the Street Light Maintenance Contract.

5.7.6 Construction Issues/Progress

No issues to report

5.8 UNSEALED ROAD METALLING

5.8.1 Introduction

The unsealed road metalling work comprises all structural or overlay metal placed on unsealed roads.

5.8.2 Design/Scope

The maintenance contract has an annual programme which addresses roads requiring structural metal overlays.

5.8.3 Consent Issues/Progress

Nil required.

5.8.4 Budget, Funding Sources and Expenditure to Date

The LTP budget is \$502,900 including some funding from 12/13 it is **\$973,700** at a 59% FAR. Expenditure to date is **\$771,384**.

Procurement

This category is procured through the Roding Maintenance Contract.

5.8.5 Construction Issues/Progress

The drought delayed the start of our grading and metalling programme. The initial work is complete. At present it is maintenance of roads that needs it

5.9 EMERGENCY RE-INSTATEMENT, MINOR IMPROVEMENTS AND ASSOCIATED IMPROVEMENTS

5.9.1 Introduction

These are categories that have been approved by NZTA and the NLTP but are on a capped charge up basis i.e. as work is identified or carried out it can be approved and claimed. NZTA have advised that they have blown there budget for the 13/14 financial year, and are seeking additional funding.

5.9.2 Budget, Funding Sources and Expenditure to Date

The LTP budgets for these categories total \$909,900 at varied FAR rates. To date we have spent \$461,431 through the Road Maintenance Contract, Pavement Rehabilitation and Emergency Works contracts.

5.9.3 Procurement

This category has previously been procured through the Roothing Maintenance Contract. However a new focus is on best practice, best value tendering using NZTA guidelines. These will be carried out through an invited tender process to minimize costs.

Construction Issues/Progress

The major works **completed** this financial year are:

- RP 8410 Gribbon Road Slip.
- RP 1152 Taharoa Road Emergency Reinstatement.
- Te Anga Road – RP 25 kms
- Kumara Road – RP 3050-3800
- Beach Road Mokau, Road Termination Protection Works

- Rora Street phase 3 rehabilitation

Other major works in progress rest of this financial year are:

- **Tawa Heights retaining wall**
- **Mangaokewa Road rehabilitation**
- **Mangarino Road retaining wall**

<h2>Unsubsidised Roothing</h2>

- 6.1 Work is carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA. The Council has sole financial responsibility for this activity.
- 6.2 Commentaries detailing progress on unsubsidised roading activities contained in the 2013/14 year of the LTP are provided below.

6.3 2013/14 CAPITAL EXPENDITURE BUDGET

6.4 The total budget for unsubsidised capital works for the 2013/2014 year as contained in the 2012-2022 LTP is \$265,476. This figure includes an allowance of \$25,000 for property purchase if required.

6.5 ROAD IMPROVEMENTS

6.5.1 Introduction

Unsubsidised Roothing Improvements covers all roading work outside of the formed NZTA approved carriageway. An example of this is the re-construction of driveways following pavement rehabilitations or total new roads.

6.5.2 Design/Scope

Nil to date.

6.5.3 Consent Issues/Progress

Nil to date

6.5.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$50,000. To date we have spent \$2,591

6.5.5 Procurement

Nil to report

6.5.6 Construction Issues/Progress

Nil to report

6.6 FOOTPATH RENEWALS

6.6.1 Introduction

Following NZTA removing its support for walking and cycling activities WDC has reduced its programme for the construction of new footpaths. WDC are only replacing small areas of existing failed footpath this financial year.

6.6.2 Design/Scope

This work is in the process of being identified and programmed.

6.6.3 Consent Issues/Progress

Nil required.

6.6.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$110,317. To date we have spent \$82,805. This budget is being subsidised by the Unsubsidised Roothing Improvement budget. Expenditure to date is **\$ 93,792.**

6.6.5 Procurement

This category is procured through the Road Maintenance Contract and by quotations.

6.6.6 Construction Issues/Progress

No issues to report

6.7 RETAINING WALL REPLACEMENT**6.7.1 Introduction**

WDC has identified several retaining walls that need replacing.

6.7.2 Design/Scope

Designs for 2 retaining walls have been completed. .

6.7.3 Consent Issues/Progress

Building consents for both sites have been obtained.

6.7.4 Budget, Funding Sources and Expenditure to Date

The LTP budget for this category is \$55,159, with a carryover from 2012/2013 of \$40,000. To date we have spent \$684.00

6.7.5 Procurement

The current project was tendered by invited tender. Two tenders were received. The successful bidder was Inframax Construction Limited.

6.7.6 Construction Issues/Progress

Construction is now complete.

Suggested Resolution

The March 2014 Progress Report: Monitoring Against 2012-2022 Long Term Plan – Land Transport be received.



CHRISTIAAN VAN ROOYEN
GROUP MANAGER – ASSETS

March 2014

Document No: 329624v2**File No:** 037/005B**Report To: Council****Meeting Date:** 25 March 2014**Subject: Progress Report: Monthly Operation and Maintenance Report for Water, Sewerage and Stormwater – March 2014****Purpose of Report**

- 1.1 The purpose of this business paper is to brief Council on progress for Operational and Maintenance a monthly basis and to report on the performance by Council's contracted Service Provider for Maintenance (Veolia Water).

Local Government Act S.11A Considerations

- 2.1 Waitomo District Council, in performing its role as a Local Authority, must have particular regard to the contribution that the network infrastructure makes to the community.
- 2.2 The provision and maintenance of the water, sewerage and stormwater infrastructure, is consistent with section 11A Local Government Act 2002 (including amendments).

Introduction

- 3.1 This business paper focuses predominantly on the maintenance area of the three Waters activities of Council.
- 3.2 This business paper is intended to compliment the quarterly capital report to Council.

Background

- 4.1 The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of WDC's public water supplies. Water supply schemes are provided by Council at:
- Te Kuiti
 - Benneydale
 - Piopio
 - Mokau

4.2 There are three activities under the Water Supply activity:

- Planned Maintenance
- Service Requests / Complaints
- Emergency Repairs

4.3 Planned Maintenance

4.4 Operation and maintenance involves the planned servicing of the water infrastructure –servicing pump stations, cleaning reservoirs, replacing old water meters, hydrants and valves. These activities are predominantly performed by Veolia Water by means of Schedule that is worked out in accordance with the operating instructions from the manufacturer or best practices.

4.5 Service Requests / Complaints

4.6 Service requests are initiated by the Ratepayers or Business in the various towns and are called in, emailed or they could be provided to the Customer Services by means of walk-in. The Service Requests are then forwarded to Veolia Water to resolve.

4.7 Emergency Repairs

4.8 Emergency Repairs are dealt with on an ad hoc basis and cannot be planned in advance. They are usually dealt with immediately and this may result that Planned Maintenance and Service Requests are postponed to a later time.

Te Kuiti

5.1 Water Supply

5.2 Water consumption has steadily increased and the WTP is coping with this demand. The river level and flow are monitored daily to determine the state of the water demand and availability.

5.3 Cyanobacteria were detected in the river water and the appropriate action was taken to inform the Waikato DHB. Since then the tests for Cyanotoxins came back negative and the subsequent tests for the Cyanobacteria showed a decline in the population. There was no risk to the general public. **No further Cyanobacteria have been reported from laboratory tests done on the source water.**

5.4 A small chemical spill occurred when a component failed and allowed additional flocculant to enter into the plant. Some of the water with higher aluminum sulphate concentration entered into the reticulation before the plant could shut down. There is no health risk to this, but a nuisance factor and 3 residents complained that water turned blue when using soap. **Prevention measures have been added to the plant to prevent chemical spillage in the future. A deadstop has been installed and a bund created that will overflow away from the clarifiers into a detention pond.**

5.5 Routine flushing is being carried out to improve the water quality, but this exercise will be review with the warm weather and lack of rainfall. **Only flushing that is necessary when taste and odour complaints have been received from a specific area. No scheduled hydrant flushing is being conducted while Level 1 Water Conservation is in place.**

5.6 Wastewater

- 5.7 The WWTP is working well. Operational issues have surfaced with the UV disinfection and these are dealt with. The supplier is closely working with WDC to resolve the issue. **The effluent discharge quality to the river is very good. The issues with the UV reactors not meeting performance specifications has not been resolved as yet and tests are continuing to find the cause.**
- 5.8 A contained overflow occurred at the outfall of Universal Beef Packers. The blockage was cleared and it was found that insufficient access to the outfall pipe is available. A new sewer inspection chamber is being installed to allow easier and more efficient access to clear blockages. **The new sewer chamber has been constructed and in the process a rodding eye was exposed and this was incorporated into the new chamber.**

5.9 Storm Water

- 5.10 The final portion of the Cotter Street storm water will commence mid-way into March. This section will take the pipe underneath the road toward the existing outfall. **The proposed work has been delayed until after 20 March 2014.**
- 5.11 **No storm water issues were received during this period as the rainfall was low.**
- 5.12 **The storm water network involved in the Rora Street upgrade has been checked and flushed out after roadworks in the area. All pipe work is clear.**

Mokau

6.1 Water Supply

- 6.2 The Mokau dam construction started well with good progress being made. Then abruptly stopped, as a mussel midden and hangi pit was discovered and the archeologist was called in. The construction was halted for a period until the site can be assessed and the dam redesigned to work around these sites. **Time related extensions with associated cost have resulted due to the work being halted and while the contractor has moved off site. Construction is again progressing on the dam site as the redesign has resolved most of the issues.**
- 6.3 The level of the supply dam is low, but holding steady with the spring feeding into it. The back dam has also been feeding water into the supply dam. Some work is required to repair a siphon pipe to resume siphoning from the rear dam to the water works when the dam levels go even lower. **The siphon has been repaired and some water quality issues have resulted in the delay in sourcing the water from the rear dam. Additional pipe work was required to secure a constant supply of raw water to the siphon after suction was lost. Water quality tests were conducted throughout the period while quality issues (color and taste) were reported all results indicated that the water was safe for drinking. The Free Available Chlorine (FAC) levels were good for disinfection. The newly installed UV reactor was operational during this time and provided protection against protozoa. The only concern was a discoloration of the final water that can be attributed to dissolved matter due to the low dam level and the plant is not designed for colour removal that is an aesthetic parameter.**
- 6.4 Presently the water consumption has reduced, but the situation is being closely monitored and the appropriate water conservation levels will be communicated when the time comes that the dam levels are low enough for this course of action. **Mokau has been placed on Level 2 Restrictions. The overall consumption has**

increased as a result of the influx of visitors over weekends. A leak along the Awakino pipe line is proving difficult to locate due to the ground conditions and topography, but water is being controlled by closing valves of certain areas during low use periods. Additional valves are being installed to facilitate the leak location by means of step testing procedures and improve management of future repairs.

6.5 Storm Water

6.6 No issues were reported for storm water during this period.

Piopio

7.1 Water Supply

7.2 A routine service was done on the membrane filter. This is an annual service. A number of small issues were corrected that will improve the water production and supply. Notably a leak at the inlet pipe to the feed manifold. The membrane filter is performing well and no issues are being experienced with the plant. The water supply level in Piopio is good and Level 1 Water conservation is in place at present

7.3 A leak in Aria Road at the Piopio College was repaired. When the area was excavated, it was noticed that the fire hydrant was also in need of replacement. As a result of the shut down, the opening and closing of valves caused pressure differences to the extent that the lateral to the primary school cracked. A new pipe was drilled underneath the road and the service was restored.

7.4 A new valve was installed in Aria Road to allow a smaller section of service to be closed off when working at or near the schools. It was found that too many consumers were affected when shutting down the feed to the college.

7.5 Several small leaks have been reported by residents and these have been attended to.

7.6 Wastewater

7.7 Information pamphlets have been distributed again throughout Piopio regarding the septic tank waste water system and pumping tanks. This is in response to the Service Contractor finding potentially damaging items in the system, namely pants, T-shirts, toys, cans and such items that cause blockages.

7.8 Storm Water

7.9 The storm water pipe at the retirement village crossing Kaka Street has been replaced.

7.10 No issues to report

Benneydale

8.1 Water Supply

8.2 The Benneydale community has been placed on Level 1 Water Conservation, although adequate source water is available.

8.3 No major issues were reported. Only routine maintenance has been carried out.

8.4 Wastewater

8.5 The land discharge facility has received the annual maintenance as required.

8.6 No issues have been experienced with the waste water system.

8.7 Storm Water

8.8 Nothing to report.

Waitomo Village**9.1 Background**

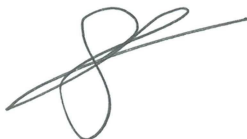
9.2 Nothing to report.

Te Waitere Sewer System**10.1 Background**

10.2 After the contractor moved off site last year due to inclement weather, he has resumed drilling of the pipe. Progress is not going as well as hoped, as rock has been discovered and a rock drill has to be employed. It is now understood why a long section of pipe was laid above ground in the past. **The work has now been completed with a short section of existing pipe being retained where the contractor has experienced hard rock. This section of pipe was pressure tested to ensure integrity. All work from the original contract has now been completed.**

Suggested Resolution

The Progress Report: Monthly Operation and Maintenance Report for Water, Sewerage and Stormwater – March 2014 be received.



ANDREAS SENGER
MANAGER – WATER SERVICES

March 2014

Document No: 329636

File No: 097/001B

Report To: Council**Meeting Date:** 25 March 2014**Subject: Progress Report: Resource Consent Applications**

Purpose of Report

- 1.1 The purpose of this business paper is to provide Council with a progress report on outstanding resource consent applications and those applications currently being processed.

Local Government Act S.11A Considerations

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

Background

- 3.1 Most resource consent applications are dealt with by staff under delegated authority. In such circumstances it is important that both the Chief Executive and Council are briefed on progress with such applications.
- 3.2 So as to ensure that Council is adequately briefed on all resource consent applications, a schedule is attached to and forms part of this business paper detailing progress of consent applications. This schedule also includes all completed consents processed in the current financial year.
- 3.3 Some resource consent applications are inevitably appealed to the Environment Court. Such a process is both expensive and time consuming and there is a need to ensure that Council is well briefed on applications being processed in this manner.
- 3.4 It is intended on a monthly basis to prepare a progress report for Council on all outstanding resource consents and those resource management issues impacting on this Council which are being dealt with by the Environment Court.

Commentary

- 4.1 Commentary on outstanding resource consents is provided below:

4.2 Mokau Sands Limited

- 4.3 In May 2012 Council received a resource consent application from Mokau Sands Limited seeking Councils approval to redevelop the Seaview Motor Camp at Mokau.
- 4.4 The applicant is proposing to redevelop the site to provide 31 holiday apartments and a 50 seat café/restaurant.
- 4.5 The application was publicly notified in August by both the Waikato Regional Council and WDC with submissions closing 4 September 2012.
- 4.6 A total of 39 submissions were received, some supporting the proposal while others opposed the development.
- 4.7 The applicant subsequently asked for the application to be placed on hold so as to allow ongoing discussions with the Department of Conservation and the NZ Transport Agency. Both organisations lodged submissions on the application and the applicant believed that it would be prudent if possible to resolve matters between the parties prior to a hearing.
- 4.8 Recently the applicant met with WDC staff where a revised proposal was outlined. The new proposal will involve the same no of units, however the buildings will be one level, capable of relocation in the event of further erosion and will be designed to blend into the coastal environment rather than intrude upon it.
- 4.9 When the amended application is received by Council the proposal will be reviewed and at that time a decision will be made in terms of the most appropriate way to process the revised proposal.
- 4.10 All submitters have been updated in terms of the delays presently encountered with the application.
- 4.11 In the meantime in order to expedite the application further meetings have been held with the applicant. The applicant hopes to obtain the written approval for the development from key submitters with a view to providing all the necessary information to both the Waikato Regional and Waitomo District Councils by March 2014.
- 4.12 Because of the ongoing delays the applicant has been advised that the earliest a hearing could now be scheduled (assuming all information is available in March) will be May/June 2014.

4.13 CANZ Resources Limited

- 4.14 In December 2013 CANZ Resources Limited applied to Council for a resource consent in order to undertake earthworks associated with the removal of overburden from a trial coal excavation pit on a very remote site approximately 12km inland from Awakau Road, Awakino.
- 4.15 At this time no coal is to be extracted however an assessment of the coals quality and quantity will be carried out with a view to applying for further consents at a later date for a trial excavation of coal for export to China.

- 4.16 Should the trial excavation prove successful CANZ Resources Limited plan to develop an open pit coal mine on the site. Once again, if a coal mine is to be established on the site a range of additional consents will be required which will entail detailed consultation with a range of parties.
- 4.17 CANZ representatives have advised that further resource consents to progress this project are likely to be lodged with WDC in May 2014.

Suggested Resolution

The Progress Report: Resource Consent Applications be received.



JOHN MORAN
MANAGER – REGULATORY SERVICES

March 2014

Attachment: Resource Consent Schedule (Doc 329637)

RESOURCE CONSENTS PROGRESSING AS AT 25 March 2014

WDC Ref	Applicant	Brief Outline of Application	Date Application Lodged	Further Information Required Yes/No	Details of Further Information	Date Further Information Requested	Date Further Information Received	Internal Comments Required From	Date of Extension of Time Notice	Hearing Required Yes/No	Decision Due Date / Hearing Date	Decision Notified
110019	Mokau Sands Limited	Development of 31 holiday apartments and 50 seat café, Seaview Motor Camp site, Mokau	2/5/12	Yes	Applicant has requested that the application be placed on hold to allow further consideration to take place.	17/5/12						
130004	Rozel Farms Limited	2 Lot Rural Subdivision, Rangitoto Road, Te Kuiti	25/1/13	No	Application placed on hold by the applicant.							
130026	Mokau Sands Limited	Proposed Dune Restoration, Seaview Motor Camp, Mokau	23/10/13									
130031	T and S Downey	Two Lot Rural Subdivision, Ototoika Road, Oparure	18/12/13		Awaiting payment of fees.							
140003	R and C Fagan	Construct a 170m ² storage shed, Te Kumi Road, Te Kuiti	28/01/14	Yes	Affected parties sign off required.	05/02/14						

RESOURCE CONSENTS GRANTED (FOR 2013/14) AS AT 25 MARCH 2014

WDC Ref	Applicant	Brief Outline of Application	Date Application Lodged	Further Information Required Yes/No	Details of Further Information	Date Further Information Requested	Date Further Information Received	Internal Comments Required From	Date of Extension of Time Notice	Hearing Required Yes/No	Decision Due Date / Hearing Date	Decision Notified
130013	Rusling Family Trust	2 Lot Residential Subdivision, Hill Street, Te Kuiti	28/05/13	No						No	24/06/13	Conditional Consent Granted 31/05/13
130015	Barnett Farm Limited	Front Yard Dispensation, Ohura Road, Aria	4/06/13	No						No	26/6/13	Conditional Consent Granted 5/6/13
130017	Telecom Mobile Limited	Upgrade of Piopio Mobile Phone Site, SH 3, Piopio	26/7/13	No						No	23/8/13	Conditional Consent Granted 2/8/13
130014	Troll Caves Limited	Establish and operate a Troll Cave Tourist Activity, Waitomo Valley Road, Waitomo	1/5/13		Applicant has asked that the application be placed on hold pending a review of the proposal.		9/8/13			No	24/8/13	Conditional Consent Granted 29/8/13
130020	Pengxin NZ Farm Group Limited	2 Lot Rural Subdivision, Barryville Road, Barryville	5/9/13	No						No	2/10/13	Conditional Consent Granted 11/9/13
130023	John Hill Trustee Limited	Earthworks in excess of 2000m ³ , State Highway 3, Piopio	27/9/13	No						No	25/10/13	Conditional Consent Granted 2/10/13
130024	Morgan Farming Co	2 Lot Rural Subdivision, Paekaka Road, Piopio	3/10/13	No						No	1/11/13	Conditional Consent Granted 8/10/13
130016	MJ & CM Coleman	Proposed retail outlet, Te Kumi Road, Te Kuiti	27/06/13	Yes	Full assessment of environmental effects from the proposal required.	3/7/13	22/10/13			No	21/11/13	Conditional Consent Granted 31/10/13
130022	Waitomo District Council	Earthworks associated with the construction of a new water reservoir, State Highway 3, Awakino	27/9/13	Yes	Further details on earthworks required.	17/10/13	1/11/13			No	12/11/13	Conditional Consent Granted 5/11/13
130025	S McLennan	2 Lot Rural Subdivision, State Highway 37, Waitomo	15/10/13	No						No	13/11/13	Conditional Consent Granted 22/10/13
130027	R & C Wilson	2 Lot Rural Subdivision, Waipuna Road, Oparure	30/10/13	No						No	22/11/13	Conditional Consent Granted 1/11/13
130028	R Gorrie	2 Lot Rural Subdivision, Te Mahoe Road, Mokau	7/11/13	No						No	5/12/13	Conditional Consent Granted 13/11/13
130029	Te Waitere Boating Club	Club Extensions in Conservation Zone	11/11/13							No	09/12/13	Conditional Consent Granted 18/11/13
130030	P Glidden	To establish industrial activity, dismantling quad bikes, State Highway 3, Hangatiki	04/12/13	No						No	22/01/14	Conditional Consent Granted 16/12/13

WDC Ref	Applicant	Brief Outline of Application	Date Application Lodged	Further Information Required Yes/No	Details of Further Information	Date Further Information Requested	Date Further Information Received	Internal Comments Required From	Date of Extension of Time Notice	Hearing Required Yes/No	Decision Due Date / Hearing Date	Decision Notified
140001	W Holmes	2 Lot Rural Subdivision, Taharoa Road, Taharoa	20/01/14	No						No	20/02/14	Conditional Consent Granted 29/01/14
140005	M Frederikson	2 Lot Rural Subdivision, Te Anga Road, Waitomo	04/02/14							No	05/03/14	Conditional Consent Granted 12/02/14
140006	N Davie	Erect a dwelling on a site zoned industrial, Rangitoto Road, Te Kuiti	11/02/14	No						No	12/03/14	Conditional Consent Granted 19/02/14
140002	C Carey	Establish and operate a quarry, Te Anga Road, Te Anga	22/01/14	Yes	Detailed assessment of environmental effects required	23/01/14	20/2/14			No	14/3/14	Conditional Consent Granted 4/3/14
130032	CANZ Resources Limited	Earthworks to remove overburden from a trial coal exploration pit	23/12/13	Yes	Consultation with Iwi required.	31/01/14	18/2/14			No	3/3/14	Conditional Consent Granted 4/3/14
140008	K Fitzgerald	3 Lot Rural Subdivision, Fullerton Road, Waitomo	19/02/14	No						No	19/3/14	Conditional Consent Granted 28/2/14

Document No: 326826

File No: 057/002A

Report To: Council**Meeting Date:** 25 March 2014**Subject: The Lion Foundation: Request for Amendment – Waitomo District Council Policy on Gambling Venues****Purpose of Report**

- 1.1 The purpose of this business paper is to consider a request from the Lion Foundation for Council to review its Gaming Venue Policy in order to adopt a relocation policy which would allow the Lion Foundation to relocate the 18 gaming machines currently operating in the Te Kuiti Hotel to a new venue.
- 1.2 The Lion Foundation representatives - Stephen Parkes (Waikato-Bay of Plenty Regional Manager) and Scott Pearson (Chief Financial Officer) will be making a Deputation to Council at this meeting (refer business paper: "Deputation – The Lion Foundation" elsewhere in this Agenda).

Local Government Act S.11A Considerations

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

Background

- 3.1 The Gambling Act 2003 required Council to develop a Gaming Venue Policy to cover Class 4 gaming venues (premises which have non casino gaming machines).
- 3.2 In 2004 Council developed a Policy on Gambling Venues. The policy was reviewed in 2008 and again in 2011 and Council confirmed on both occasions that no change to the policy was required. Attached to and forming part of this business paper is a copy of Councils current policy on Gambling Venues.
- 3.3 The policy as it is currently worded acknowledges that gambling may create social problems in the community and for that reason limits new Class 4 venues to a maximum of 5 gaming machines.
- 3.4 The Gambling (Gambling Harm Reduction) Amendment Act came into effect on 14 September 2013 and provides, amongst other things, that the first time a territorial authority commences a review of its Gambling Policy after the Amendment Act came into effect, that the territorial authority must consider whether to include a relocation policy.

- 3.5 Enclosed separately and forming part of this business paper for Members' information is a copy of the publication "Gambling Resource for Local Government", Page 29 of which provides information on Relocation Policies.
- 3.6 When Council reviews its Policy (scheduled for May 2014) Council must consider whether it is appropriate to adopt a relocation policy. In the meantime however, Council's current Policy only authorises the operation of 5 gaming machines on a new site.
- 3.7 If upon review Council considers it necessary to amend the current gambling venue policy, the amended policy must be publicly notified and the special consultative procedure detailed in the Local Government Act 2002 must be followed.
- 3.8 In October 2013 the Lion Foundation applied to Council for an exemption from Council's Policy on Gambling Venues in order to allow The Riverside to operate an additional four gaming machines giving the venue a total of nine machines.
- 3.9 The Lion Foundation in its submission to Council at that time indicated that operating a five machine gaming venue would not be financially viable and that with the expected closure of the Te Kuiti Hotel (currently licensed for 18 machines) there would eventually be an overall reduction in machines locally.
- 3.10 Council subsequently resolved to approve the Lion Foundation request for approval to operate nine gaming machines at The Riverside with the proviso that the approval would not come into effect until such time as the Te Kuiti Hotel closes down and the hotel's gaming machine licence is surrendered.
- 3.11 A further approach has now been received from the Lion Foundation requesting Council to review and amend its Gambling Venues Policy in order to adopt a Relocation Policy which would allow existing venues to relocate to a new site without reducing the number of machines currently operated. A copy of the Lion Foundation submission is attached and forms part of this business paper.

Commentary

- 4.1 The Lion Foundation's request for an amendment to the Policy on Gambling Venues has been brought about by the pending closure and demolition of the Te Kuiti Hotel. The owners of the Te Kuiti Hotel would like to establish a new licensed premise in Te Kuiti however they contend that a new business would only be viable with the ongoing operation of their 18 gaming machines as opposed to the five machines allowed for under Council's current policy.
- 4.2 It should be noted that it is not mandatory to have a Relocation Policy, the Gambling (Gambling Harm Reduction) Amendment Act merely requires Council to consider whether or not to adopt a relocation policy when the existing policy is next reviewed. If a relocation policy is not adopted, then any new outlet would only be authorised to operate five gaming machines.
- 4.3 It should also be noted that a consequence of adopting a relocation policy to allow the Te Kuiti Hotel to relocate its existing machines, would result in The Riverside not being able to install the four additional gaming machines previously authorised by Council in October 2013.

Conclusion

- 5.1 Council has acknowledged in its Policy that gambling can be harmful for some people and for that reason has adopted a policy of controlling the growth of Class 4 gaming machines within the District.
- 5.2 Council's Gambling Venue Policy is scheduled for review in May 2014 and at that time Council can consider adopting a relocation policy.
- 5.3 Council's existing policy is likely, overtime, to reduce the number of gaming machines in the District, however adopting a relocation policy could lead to an increased number of gaming machines locally.

Recommendation

- 6.1 It is recommended that Council advise the Lion Foundation that Council's Policy on Gambling Venues will be reviewed in May 2014.

Suggested Resolutions

- 1 The business paper on The Lion Foundation: Request for Amendment – Waitomo District Council Policy on Gambling Venues be received.
- 2 The Lion Foundation be advised that Council will commence a review of its Policy on Gambling Venues in May 2014.



JOHN MORAN
MANAGER – REGULATORY SERVICES

February 2014

- Attachments: 1 Policy on Gambling Venues (Doc 326831)
 2 Lion Foundation Submission (Doc 326832)
- Enclosure: 1 Gambling Resource for Local Government (Doc 328361)



Policy on Gambling Venues

(Reviewed May 2011)

Contents

1.0 Policy Summary 1

2.0 Policy Background 1

3.0 Definitions 1

4.0 Policy Statements 2

5.0 Procedures 2

1.0 Policy Summary

- 1.1 This policy details the approach taken by Waitomo District Council (WDC) to controlling the number, nature and location of gambling venues within the District as required by the Gambling Act 2003.

2.0 Policy Background

- 2.1 The Gambling Act 2003 (the Act) came into force in September 2003.
- 2.2 The Act has four key objectives:
1. To control the growth of gambling.
 2. To prevent and minimise the harm caused by gambling.
 3. To ensure that money from gambling benefits the community.
 4. To ensure community involvement in decisions about the provision of gambling.
- 2.3 The Act requires WDC to have regard to the social impact of gambling within the District.
- 2.4 The Act allows WDC to control the number, nature and location of Class 4 gaming and Totalisator Agency Board (TAB) venues within the District.
- 2.5 WDC is required to develop a Class 4 and TAB venue policy.
- 2.6 The Act requires new Class 4 gambling venues within the District to obtain a venue consent from WDC as a prerequisite for obtaining a Class 4 venue licence from the Department of Internal Affairs.
- 2.7 WDC acknowledges that gambling may create social problems in the community.

3.0 Definitions

- 3.1 **The Act** shall mean the Gambling Act 2003.
- 3.2 **Council** shall mean the elected members that form the governing body (Council) of the District Council.
- 3.3 **Waitomo District Council (WDC)** shall mean the organisation established to administer Council affairs, conduct operations and bring effect to Council policy and strategies.
- 3.4 **Plans** shall mean Council's Annual Plan, District Plan and Long Term Council Community Plan (LTCCP) or Strategic Plan.
- 3.5 **Class 4 Gambling** shall have the meaning contained in Section 30 of the Act.
- 3.6 **Class 4 Venue** shall mean a place used to conduct Class 4 gambling as outlined in the Gambling Act 2003.
- 3.7 **Gaming Machine** shall mean a device, whether totally or partly mechanically or electronically operated, that is adapted or designed and constructed for use in gambling.
- 3.8 **Harm** means harm or distress of any kind arising from, or caused or exacerbated by, a persons gambling.
- 3.9 **Venue Consent** shall mean approval from the WDC to establish a Class 4 gaming venue within the District.
- 3.10 **Venue Licence** means a Class 4 venue licence.

- 3.11 **District** shall mean the Waitomo District as constituted under Schedule 2 of the Local Government Act 2003.

4.0 Policy Statements

- 4.1 WDC will allow those who are legally entitled to participate in Class 4 gambling to do so within the District.
- 4.2 WDC will control the growth of Class 4 gaming machine numbers within the Waitomo District.
- 4.3 WDC will prohibit the establishment of Class 4 gaming venues adjacent to or directly opposite any kindergarten, early childhood centre, school or place of public worship.
- 4.4 WDC will not consent to any gaming venue increasing the number of gaming machines it is currently operating.
- 4.5 WDC will allow new Class 4 venues to operate a maximum of 5 gaming machines.
- 4.6 The primary activity of any Class 4 gaming venue shall be:
- Clubs for sporting activities or
 - Chartered Clubs or
 - Businesses engaged in the sale of liquor or businesses engaged in the sale of liquor and food for consumption on the premises or
 - TAB agency outlets
- 4.7 In the event of two or more Class 4 gaming venues merging premises, a new venue consent shall be required. Notwithstanding other Council requirements for a venue consent, the venue shall be limited to a total number of gaming machines not exceeding the maximum number allowable for either of the former venues.
- 4.8 Gaming machines must not be the primary activity of any venue used for gaming.
- 4.9 Gaming machines and or signage relating to or promoting gambling must not be visible from any public place outside the venue.
- 4.10 WDC will consider its position in regard to the social impact of gambling within the District at all reviews of this policy.

5.0 Procedures

- 5.1 Applications for a venue consent must be made on the approved form and must be accompanied by the information required by WDC to enable it to consider the application in detail.
- 5.2 WDC will set a venue consent application fee that shall include consideration of:
- the cost of processing the application
 - the cost of triennially reviewing the Class 4 gambling venue
 - a contribution towards the cost of triennial assessments of the economic and social impact of gambling in the District
- 5.3 WDC shall review this policy at least every three years.



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25 November 2013

Brian Hanna
Mayor, Waitomo District Council
Queen Street
PO Box 404
TE KUITI 3941

BY EMAIL: brian.hanna@waitomo.govt.nz

Dear Mr Hanna

Re: Application for relocation of 18 gaming machines

The Lion Foundation currently holds a venue licence at the Te Kuiti Hotel for the operation of 18 gaming machines. The Te Kuiti Hotel is due for demolition in March 2014 and the land has been purchased by the retail co-operative group, Foodstuffs (NZ) Ltd.

Based on the anticipated closure of the venue, we applied to the Waitomo District Council for a policy exemption to allow our other Te Kuiti venue, The Riverside, to operate an additional four machines (bringing the total number there to nine machines). The meeting to consider that application was held on 10 October and the Council resolved to approve the installation of the machines, subject to the closure of the Te Kuiti Hotel, and the removal of the machines from that venue.

The owner of the Te Kuiti Hotel, Paul Fell, has now reconsidered his position. He wishes to relocate the 18 machines to suitable premises in Te Kuiti. Mr Fell is currently looking at leasing premises at the corner of Carroll and King Streets (and has reached a verbal agreement to that effect). However, he cannot finalise the lease agreement until he has Council consent to relocate the machines, as without gaming the venture will not be financially viable.

There is no provision under the Waitomo District Council's policy for a closing venue to relocate its gaming machines. Accordingly, Mr Fell has requested that the Council review and amend its policy. The Lion Foundation endorses that position, and formally requests that the Waitomo District Council consider a review of its current policy to allow a relocation in this case.

We do not consider that such an amendment will detract from the Council's overall objectives in relation to Class 4 gambling, or its policy statements concerning the same. The Council is not relinquishing its control over the growth of the sector, but it will be ensuring that those who are legally entitled to do so can operate within the District.



A relocation provision will not necessarily create a detrimental precedent, considering that only three of the seven venues in the District are currently licensed to operate 18 machines (according to Department of Internal Affairs' statistics as at September 2013).

In the year ending 31 March 2013, funding to the value of \$182,167 was provided to the Waitomo District by the Lion Foundation, and we wish to ensure the continuation of this community benefit.

Recent law changes anticipate the viability of relocation. The Gambling (Gambling Harm Reduction) Amendment Act, which came into force in September this year provides that if a venue relocates it can maintain its machine numbers provided there is a relocation clause in the Council's Class 4 Gambling Policy.

We hope the Council will consider this case on its merits, and we would be happy to provide any further information. We can provide confirmation that Class 4 gambling will not be conducted at the Te Kuiti Hotel site, should that be required.

Yours faithfully

Emma Lamont-Messer
Compliance and Operations Support Manager

emma.lamont-messer@lionfoundation.org.nz

Copy by email: Chris Ryan, John Moran, Stephen Parkes