



Otorohanga District Council

AGENDA

24 October 2017

10.00am

STANDING APPOINTMENTS

**11AM A PRESENTATION WILL BE MADE TO COUNCIL BY
THE WAIKATO DISTRICT HEALTH BOARD**

Members of the Otorohanga District Council

Mr M Baxter (Mayor)
Mrs K Christison
Mr R Johnson
Mrs RA Klos
Mr P McConnell
Mr K Phillips
Mrs D Pilkington (Deputy Mayor)
Mrs A Williams

Meeting Secretary: Mr CA Tutty (Governance Supervisor)

OTOROHANGA DISTRICT COUNCIL

24 October 2017

Notice is hereby given that an Ordinary meeting of the Otorohanga District Council will be held in the Council Chambers, 17 Maniapoto Street, Otorohanga on Tuesday 24 October 2017 commencing at 10am.

16 October 2017

DC Clibbery
CHIEF EXECUTIVE

AGENDA

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PRESENT

IN ATTENDANCE

APOLOGIES

OPENING PRAYER

PUBLIC FORUM (30 MINUTES)

ITEMS TO BE CONSIDERED IN GENERAL BUSINESS

CONFIRMATION OF MINUTES – OTOROHANGA DISTRICT COUNCIL 19 SEPTEMBER 2017

MATTERS ARISING

DECLARATION OF INTEREST

REPORTS

ITEM 112 DISTRICT LIBRARIAN'S REPORT

To: Mayor and Councillors
Otorohanga District Council

From: District Librarian

Date: 24 October 2017

Relevant Community Outcomes

- The Otorohanga District is a safe place to live
 - Ensure services and facilities meet the needs of the Community
 - Promote the local economy and opportunities for sustainable economic development
-

Executive summary

Significant change is taking place amongst the library staff. We have held a Winter Warmers reading programme, and will be starting a new programme for toddlers. A project is underway to refresh the Aotearoa People's Network Kaharoa. Otorohanga Library has joined a consortial book supply contract and weeding of the book stock is an ongoing task.

Recommendation

That the District Librarian's quarterly report for July to September 2017 be received.

Discussion

Library Staffing

There have been significant changes to library staffing over the past few months.

Molly McGrath has filled one of our part-time Library Assistant positions, following the resignation of Lois Thompson.

Since starting work in mid-June, Molly is proving to be an asset to our staff. Her confidence with using information technology means she is readily able to help patrons with computing tasks; she has re-worked our Facebook page, prepared library displays, and sorted out our magazine subscriptions. Molly's youth and enthusiasm appear to be appreciated by our library patrons.

Following her return to work from surgery, Sheila Pulham has advised that she wishes to retire at the end of October. Recruitment is currently under way for a second part-time library assistant vacancy. Sheila's skills and knowledge in working with children will be missed.

Meanwhile at Kawhia Library, Linda Wix will be taking leave for further surgery within the next few weeks. We will be appointing a temporary library assistant to fill in during her absence.

Programmes & Activities

Winter Warmers

We offered the Winter Warmers reading programme during the period 26 June to 4 August. This programme is supplied by the EC Read'N Trust, and requires children to write entries in a reading diary over a six-week period.

A total of 20 children successfully completed the programme, and were invited with their families to an early evening finale event in the Library on 15 August. Entertainment was provided by medieval storyteller Geoff Boxall from Te Awamutu. Many slices of pizza were consumed and a good time was had by all!

We will shortly begin planning for this year's summer reading programme, "*Wild About Reading*".

Oto Tots

Our *Wriggle & Rhyme* programme for babies aged 0-2 years and their caregivers has been a regular, noisy feature of Friday mornings at the library for the past four years.

Participants in *Wriggle & Rhyme* had expressed interest in continuing to attend regular sessions at the library, even though their children are now older.

In response, we have developed a new programme named *Oto Tots*, which will be offered on Thursday mornings from Term IV 2017. These sessions will feature stories, songs and craft activities and aimed at children aged 2-5 years.

APNK Wifi availability

Owing to vandalism to the Otorohanga Library building in July, and on the recommendation of the Police, a decision was made to restrict access to the internet through the APNK's wifi network to the hours of 6.00am to 6.00pm daily.

Library staff have not received any comment from the public about this restriction – the public are still able to access the Otorohanga CBD free wifi connection 24/7.

We will review the Library's wifi access at Labour Weekend, when daylight hours are longer. At the request of the community, the APNK wifi connection at Kawhia Library continues to be available 24/7.

APNK Refresh Project

As a result of a nationwide consultation which took place at the end of 2016, the National Library is undertaking a project to update the Aotearoa People's Network Kaharoa (APNK) network.

Otorohanga and Kawhia libraries have been part of this network since 2008, enabling us to offer our computing and wifi services free of charge to library patrons and visitors.

A business case is currently being prepared for the National Library, and it is hoped this will be approved by the Department of Internal Affairs by the end of September.

The proposed offer to libraries will consist of a mixed technical model, comprising:

- All-in-one Windows PCs for use as fixed stations;
- Chrome books with screen, keyboard, mouse, docking station for use as a fixed station.
- Chrome books, with mouse, for mobile use.

In addition to the technical offer the proposal will include:

- A managed network connection;
- Wireless networking: the computers will all operate wirelessly and in addition, a public wireless and a staff / training wireless network will be offered;
- A booking / queue management system;
- A colour A4 printer;
- A print management system;
- A scanner – a network connected desktop scanner which would allow scan to print or scan, email or file. Alternatively, a small usb scanner could be provided.

The amount of equipment offered to each library will be points-based. Libraries will have flexibility to decide how to utilise their allocated points. For example, a fixed station will require 2.5 times the points that a standard chrome book will require.

Points will be allocated by population. The allocation will acknowledge the existence of multiple branches and allow a small number of additional points to cope with the need to provision each of these branches with a printer, scanner, booking system, etc.

All machinery will be leased for three years and replaced after that time.

Information is not available at this stage about the proposed cost-sharing model for the new APNK offer, but it is to be hoped that our fees will be no greater than our present annual subscription.

Supply of Library Materials

Otorohanga District Council earlier this year entered into a Participatory Agreement with Hamilton City Council and Wheelers Books for supply of library materials. This Agreement (which has been offered to all Waikato LASS councils) entitles us to the same terms and conditions for materials supply as HCC.

We have decided at this stage to enter into an agreement for materials supply only, but could at a later date review the options for a full selection, cataloguing and processing service.

E-Magazines

In August, Otorohanga Library began subscribing to an e-magazine database, RBDigital.

The RBDigital platform offers our library users unlimited access to a small selection of popular magazines. The e-magazine collection can be located by following links from the library website. Once users have created an RBDigital account, they can read their magazines online via a PC browser, or download an app for offline reading on their mobile devices, such as an ipad or smartphone.

Amongst the selection of magazine titles available, users can find the New Yorker, Lonely Planet Traveller and Cosmopolitan.

Weeding of Book Stock

Weeding of our book collections is an ongoing activity, necessary to maintain an up-to-date stock, and to create space for newly acquired materials.

In addition to offering books for sale in the library foyer, we are planning to trial holding a stall at one of the monthly Otorohanga Community Markets, once we have gathered a sufficient quantity of discarded material.

Sale books seem to be very popular amongst out-of-town visitors seeking reading material to accompany their travels.

Kawhia staff are also extensively weeding that Library's collections, which predominately consist of donated materials. Discarded Kawhia books are brought into Otorohanga Library, cancelled from the database and then taken to the Council recycling depot. These books are very old, stained and smelly and are not suitable for sale.

Usage Statistics

Some points to note in the tables below are:

- Although the number of physical visits to Otorohanga Library is less than the same period last year, the quantity of print materials issued has remained constant.
- The decision to restrict APNK wireless availability at Otorohanga Library to daylight hours has had a marked impact on the number of wifi connections.
- Uptake of the APNK wireless connection at Kawhia Library continues to grow.

Otorohanga Library (1 July to 30 September 2017)

	2017/18	2016/17	Notes
Physical Visits	8,479	11,364	<i>Decrease of 25%</i>
Materials Issued	9,050	9,018	<i>No change from previous year</i>
e-book & e-audiobook Downloads	197	188	<i>Increase of 5%</i>
PC Computer Sessions (APNK)	1,569	1,871	<i>Decrease of 16%</i>
Wifi Sessions	4,137*	5,917	<i>Decrease of 30% *APNK wireless network unavailable 6.00pm to 6.00am</i>
Membership registrations	59	84	

Kawhia Library (1 July to 30 September 2017)

	2017/18	2016/17	Notes
Materials Issued	546	447	<i>Decrease of 22%</i>
PC Computer sessions (APNK)	121	107	<i>Increase of 13%</i>
Wifi sessions	1,749	1,137	<i>Increase of 54%</i>
Membership registrations	2	2	

Sarah Osborne

DISTRICT LIBRARIAN

ITEM 113 PROPOSED RECLASSIFICATION OF RESERVE LAND

To: **Mayor and Councillors
Otorohanga District Council**

From: **Chief Executive**

Date: **24 October 2017**

Relevant Community Outcomes

- The Otorohanga District is a safe place to live
 - Ensure services and facilities meet the needs of the Community
 - Promote the local economy and opportunities for sustainable economic development
-

Executive Summary

It is suggested that Council resolves to approve the previously proposed reclassification of some Recreation Reserve land off Kakamutu Road.

Staff Recommendation

That Council approves the reclassification of reserve land off Kakamutu Road as described in the report to Council of 15 August 2017.

Report Discussion

At its meeting of 15 August 2017, following engagement with the Department of Conservation, Council resolved:

'That Council commences the process to reclassify the 5800m² (approx.) of Recreation Reserve west of Kakamutu Road (Part Lot1 DPS 47261 & Lot 3 DPS 82843) and an area of approximately 6000m² around the site of the former WWII memorial on the eastern side of Kakamutu Road (Part Section 2 SO 61620) as Local Purposes (Community Buildings) Reserves.'

The first stage of this process was to place a public notice of the proposed change of purpose to enable people to potentially express objections to it.

Such a notice was placed on 22 August 2017 with a closing date for submissions of 25 September 2017. At the closing date one submission had been received, from Ross Marshall, the owner of the existing Medical Centre Building, a copy of which is attached.

Whilst it is arguably not particular relevant to the reserve reclassification issues, it is considered worthwhile to note that while Dr Marshall portrays Council and in particular myself as being the motivators of Oto Meds desire for alternative medical centre premises, this is not in fact the case.

Dr Marshall states that *'Oto Med had been considering new premises from early 2017'*. This is not correct, Oto Med did in fact first inform the Mayor of their desire to construct a new medical centre at a meeting in July 2016.

By the time that Council became involved at the start of May 2017 when John Oliver informed me of his proposed donation, Oto Med had already made commitments towards the new medical centre project with plans having been drawn, engineering site investigations conducted and an offer made to purchase the Tuhoro Street site.

As such Oto Med appeared likely to proceed with the project regardless of whether or not Council was involved.

The subsequent involvement of Council has not driven the proposal, it has only attempted to ensure that what occurs is in the best interests of the community as a whole.

The issues raised regarding Council acting outside its core business have been discussed previously, and it is recognised that Council needs to act cautiously in this respect, and care needs to be taken that inappropriate precedents are not set.

It is however believed that a number of factors make new medical centre proposal a special case that is worthy of support from Council.

It is not believed that the received submission on the proposed reclassification represents grounds not to proceed with it.

If Council resolved as recommended the final step in the process would be to post a notice of the reclassification in the New Zealand Gazette, upon which the change would become official.

Dave Clibbery
CHIEF EXECUTIVE

Submission to Council

Proposed Changes of Reserve Classification, Kakamutu Road.

Dr Ross Marshall September 1, 2017

In this submission I raise a good number of questions that I think Council and the public have a right to know the answers to. In addition, the process seems opaque with some information not being provided or available. It is very difficult for any submitter to address the issues involved when all information is not available. In my opinion, Council has not made a convincing case for change. I am opposed.

The current Medical Centre is purpose built and has had a number of upgrades and remodelling over the years to keep it functional. It is not as quoted "tired" and "past its use-by-date."

Q If the Medical Centre Doctors [Otomed Ltd] had approached Council for funding assistance to build a new medical centre, would Council have agreed to investigate how it could help with funding and assist with finding the land?

Q If there had not been the Oliver \$1 million donation to the Charitable Trust with his stated objective of a new medical centre would Council have been involved at all?

BUT, despite not being 'core business' [see below] Council has resolved to investigate providing significant funding of over \$1 million to a potential new medical centre.

AND now Council is doing all it can to facilitate the provision of land that a proposed new medical centre could be built by undertaking a reclassification of Reserve land.

SO, this is a dangerous precedent where a party with significant funds can influence Council to act in that party's interests.

Q Is that how the Council wants to be seen?

Q Might other parties see an opportunity to get Council to 'bend the rules'?

Charitable Trust

- The Trust is supposed to be independent from Council. The mayor has stated that this is the case, in print.
- The Trust has received the large donation with the publicly stated desire of the donor for a new medical centre.
- The Council agrees that it is the Trust's decision to determine the location of any new medical centre building

Q Has the Council received a formal approach to from the Trust for funding assistance?

Q Has the Council received a formal request for assistance in finding suitable site for the proposed centre?

Q Without the requests for assistance from the Trust, what justification is there for spending time, energy and money discussing the proposals in Council and now at Community Board level and making decisions that require significant changes to Council's Long Term Plan as well as involving two rounds of public consultation?

Q What happens if Otomed decide not to participate after a financial business case analysis?

Council Involvement

Why is the Council involved at all? How did it happen?

- The Otomed Company been considering new premises from early 2017.
- They had meetings with Oliver about a new medical centre and his proposed donation to the Charitable Trust during April.
- On May 3rd I was advised that **"The Council ... are unbelievably sympathetic and helpful to the plan."**
- The same communication includes: **"after a meeting between Max, John and Dave Clibbery yesterday.."**

- Q How did Council CEO and Mayor get involved?
- Q How many meetings were held?
- Q Were Councillors informed of these?
- Q Who created the proposal that was presented by CEO?

Core Business?

- I take exception to Mayor Baxter's comments as reported in Waitomo New July 20, 2017
"In response to Dr Marshall's belief council investment was outside core business, Mr Baxter said council has made similar community investments in the past."
- In the community consultation document on Council Funding of Proposed New Medical Centre is:
"This provision of Council is however outside of Council's core business..."
- and further ***"It is recognised that Council has generally been very cautious about making expenditure outside of 'core business' areas, and even mitre so when that expenditure is likely to have a significant impact on a particular commercial activity, as this is not considered to be the role of Council."*** Repeated in Item 71 of July agenda.
- **The Council states through its documents that the proposal to assist funding is outside of core business. Yet, it resolved, despite 100% of submissions being opposed with none in support, to proceed with the proposal to investigate funding assistance.**

Reclassification of the Reserve

Reading what information is provided through Council agendas and minutes, there is evidence that there may be inappropriate use within the Reserve in question. It may be 'core business' to review the situation but....?

- Q Has Council ever been advised of the 'inappropriate land use' at the Reserve being considered for reclassification?
- Q Has Council ever considered addressing these issues in the past?
- Q Has anything changed except the \$1million donation?

Q Where did the Proposal to Investigate Otorohanga District Reserves as a possible site for the proposed new medical centre come from?

The Document for Community Consultation on the Council Funding Proposal discussed the proposed site Maori lease on Tuhoro Street. Point 5 does ***include "no suitable alternative has been identified, though exploration is continuing."***

The **Agenda** for Council meeting **June 20th 2017** does not include Item 82: **Potential Reserve Status Changes.**

BUT, the **Minutes** of the meeting record details of **Item 82: Potential Reserve Status Changes.**

- Q Is there some explanation as to why there appears an anomaly between Agenda and Minutes?

These Minutes include:

"The Chief Executive took members through a report covering the Potential Reserve Status Change"

- Q Who commissioned the Report?
- Q Why was a Report commissioned?
- Q What were the issues provided to the organisation asked to provide a report?
- Q Who wrote the report?
- Q What are the comments and recommendations?
- Q Why is it not attached to Agenda?
- Q Are Councillors being fully informed?

The CEO continues:

"informed members that there have been a number of issues with the CBD site initially proposed for the location of the new Otorohanga Medical Centre."

- Q What are the issues with the CBD site?
- Q Who communicated these to the CEO?
- Q When were they communicated?
- Q Why is the CEO involved in Charitable Trust business?
- Q Are these issues the reason that a report was requested?
- Q Is this justification 'after the event'?

Further : **"The Chief Executive stated that the Otorohanga Community Board is comfortable with this proposal however the onus is on Council to make the recommendation as the governing body"**

- Today [September 1st] the Otorohanga **Community Board Agendas** for **June 22nd** and **July 27th** are not available nor are the **Minutes** of June meeting - listed as **"Pending"**

- Q Why the delay?
- Q When did the CEO meet with the Community Board to formulate his opinion reported **June 20th**?

The Minutes record: **"Councillor Johnson asked who would ultimately decide where the new medical centre goes." The Chief Executive replied that the Charitable Trust would make the final decision on the location"**

- Q Has the Charitable Trust requested assistance from Council about provision of land?
- Q Did Cr Johnson declare and record his conflict of interest as member of the Charitable Trust?
- The Agenda for and minutes of the Council meeting **July 18th, 2017** does not include Item 82: Potential Reserve Status Changes or any similar item.

Community Board Minutes July 27th 2017 under Item 28: Proposed Reclassification of Reserve Land **"The Chief Executive summarised his report following receipt of advice from the Department of Conservation."**

- Q Where is a copy of the CEO's report that he summarised?
- Q Where is a copy of The Conservation Department advice?
- Q Were either provided to Community Board members?
- Q Is it Council policy to provide the Community Board with information that was not put to Council until August 15, 2017?

AND "The Chief Executive informed members that a meeting of the Otorohanga Charitable Trust, local doctors and an architect was held yesterday" [July 26th]

- Q Who advised the CEO of the meeting?
- Q Did the CEO attend the meeting?
- Q How did the CEO get the information on what was discussed to give to the Community Board?
- Q Is it Council's business?

AND "it was highlighted that the initial proposal to relocate the Pipe Band hall did not allow enough parking for the proposed new medical centre. He said accordingly it has been decided to give consideration to relocating the Pipe Band hall to a level site adjacent to the Otorohanga Pool complex."

- Q Whose initial Proposal is this?
- Q Is Council aware of this initial proposal?
- Q Who is considering the new relocation?
- Q Who would be paying for all this?
- Q Is this presumptuous considering Council has made no decision?

Council Agenda for August 15, 2017 has Item 98 **Proposed Reclassification of Reserve Land**. The CEO reports:

"a formal response has now been received" from the **Department of Conservation**.

- Q Was a copy of the CEO's request made available to Council?
- Q Was a copy of the Department of Conservation report made available?
- Q Is it reasonable to begin site works as suggested prior to community consultation?
- Q Is that not pre-judging the situation?

Minutes of the Council meeting **August 15th** are not available. It is assumed that the Council has resolved to pursue reclassification and as such is requesting public submissions.

SUMMARY

I believe that Council is being pushed, with the CEO appearing to be the instigator of Council's involvement in a project that is not core business, first the initial proposal that Council get involved, then the proposal for Council funding and now the machinations involved in land use changes. All to facilitate activities of the Charitable Trust which has not requested assistance and is supposed to be independent from Council.

I believe the process is flawed with many unanswered questions and unavailable information.

Allowing a well funded individual to so significantly affect Council activities is a dangerous precedent.

The case has not been made to reclassify the Reserve based on the present situation.

It is based only on a potential possibility of the Charitable Trust obtaining sufficient funding associated with a sound business case for a project that neither it nor Otomed have not publicly committed to.

So, I am opposed to the Changes.

Ross Marshall

ITEM 114 WAIKATO ECONOMIC DEVELOPMENT PROPOSALS**To: Mayor and Councillors
 Otorohanga District Council****From: Chief Executive****Date: 24 October 2017**

Relevant Community Outcomes

- Promote the local economy and opportunities for sustainable economic development
-

Executive Summary

Potential Council funding towards a Waikato regional economic development entity and an associated action plan for the southern Waikato is discussed

Staff Recommendation

That Council gives consideration to providing ongoing funding of \$10,000 per annum to a proposed Waikato Regional Economic Development Agency, and possible separate one-off funding of a further \$10,000 for support of the proposed Southern Waikato Economic Development Action Plan.

Report Discussion

Harvey Brooks, Programme Manager for Waikato Means Business, made a presentation to Council at its meeting of 19 September 2017 which outlined a proposal for the development of a regional economic development agency.

The proposal was for the establishment of an entity employing 11 staff that would have a budget in the order of \$2 million per year, funded as below, which would provide regionally coordinated services focussed on supporting growth in the region.

Funding Source	Annual Amount	Local Government % of Total Funding	Other Sources % of Total Funding
Local Government	\$770,000	36.75%	
Business Support (subscription model, includes major lwi support)	\$415,000		19.81%
Project Support (Regional Growth Programme, Regional Trusts) assumed 50% of project costs	\$250,000		11.93%
Contribution from WIP for existing business support programmes	\$660,000		31.50%
Total	\$2,095,000	36.75%	63.25%

The contributions towards the local government share of costs would be split between councils on the basis of population, and such a model would result in ODC funding approximately 2.5% of this local government share, which is \$10,000 per annum.

Southern Waikato Economic Development Action Plan

A separate, but associated initiative is the proposed formulation of a 'Southern Waikato Economic Development Action Plan' has arisen from a recommendation by central government that the southern areas should not be overlooked when focussing on attracting investment and creating jobs in the broader Waikato Region.

The current proposal is for a project that would identify a series of action points that could provide the basis for a rapid, pragmatic and targeted response to key economic, social and demographic challenges facing the Southern Waikato, in particular the Otorohanga, Waitomo and South Waikato Districts. The objective would be to accentuate and leverage off the sub region's strengths to find ways of accelerating growth.

The methodology that has been proposed is that a consultant will be engaged who will liaise with a steering group comprised of business, iwi and council representatives from the three districts to identify the opportunities that may exist.

It has been previously suggested that the Mayors of each district or their nominated representatives represent the Council, whilst a member from each of the Maniapoto and Raukawa Maori Trust Boards would represent iwi. Processes for the selection of representatives of business have not yet be collectively agreed, but it has been suggested to the Otorohanga District Development Board that it would be appropriate for them to nominate this business representative for our district.

The project is expected to have a total cost of up to \$200,000 spread over the 2017/18 and 2018/19 financial years and the majority of this cost is proposed to be jointly met by central government and the Waikato Regional Council. It is however being proposed that each of the affected districts contribute \$10,000 towards the project.

Dave Clibbery
CHIEF EXECUTIVE

ITEM 115 INVESTMENT POLICY

**To: His Worship the Mayor & Councillors
 Otorohanga District Council**

From: Finance and Administration Manager

Date: October 24th 2017

Relevant Community Outcomes

- Foster an involved and engaged Community
-

Executive Summary

As a requirement under the Local Government Act Council must adopt an Investment Policy which it must review at a minimum of every six years.

Staff Recommendation

It is recommended:

That the Investment Policy is adopted.

Report Discussion

Under section 102 of the Local Government Act a local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a number of funding and financial policies.

Included in these policies is the requirement for an Investment Policy. This must be reviewed at least every six years, and adopted by resolution of Council. There is no requirement to consult on the Investment Policy and no requirement for it to be included in the Long Term Plan.

Section 105 of the Local Government Act states that an Investment Policy adopted under section 102(i) must state the local authority's policies in respect of the management of both borrowing and other liabilities, including –

- (a) The mix of investments; and
- (b) The acquisition of new investments; and
- (c) An outline of the procedures by which investments are managed and reported on to the local authority; and
- (d) An outline of how risks associated with investments are assessed and managed

Investment Policy

General Policy

Investments are maintained to meet specified business reasons.

Such reasons can be:

1. For strategic purposes consistent with Council's Long Term Plan;
2. To reduce the current ratepayer burden;
3. The retention of vested land;
4. Holding short term investments for working capital requirements;
5. Holding investments that are necessary to carry out Council operations consistent with Annual Plans.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

In its financial investment activity Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this policy. Accordingly, only approved credit worthy counterparties are acceptable.

Investment Mix

Council maintains investments in the following assets from time to time:

- Equity investments, including investments held in CCO/ CCTO and other shareholdings.
- Property investments incorporating land, buildings, a portfolio of ground leases and land held for development.
- Financial Instruments

Equity Investments

Council maintains equity investments and other minor shareholdings.

Council equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Dividends received from CCO's and unlisted companies not controlled by Council are recognised when they are received.

Any purchase or disposition of equity investments requires Council approval and any profit or loss arising from the sale of these investments is to be recognised in the Statement of Comprehensive Income.

Any purchase or disposition of equity investments will be reported to the next meeting of Council.

Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then included in the relevant consolidated capital account.

Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, monitors the performance of its equity investments to ensure that the stated objectives are being achieved. Council will seek professional advice regarding its equity investments when it considers this appropriate

Property Investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. The assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council reviews the performance of its property investments on a regular basis.

All income, including rentals and ground rent from property investments is included in the Statement of Comprehensive Income.

Financial Investments

Liquid investment funds will be prudently invested as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest may be credited to the particular fund.
- Internal borrowing will be used wherever possible to avoid external borrowing.
-

Financial Investment Objectives

- Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties.
-

Special Funds and Reserve Funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Council will internally borrow or utilise these funds wherever possible.

Unless otherwise directed by Council, internal borrowing to/ (from) reserves will be undertaken at the external cost of borrowing.

Trust Funds

Where Council holds funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trusts investment policy is not specified then this policy should apply.

New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- (a) Obtain a return on the investment; and
- (b) Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Graham Bunn
FINANCE AND ADMINISTRATION MANAGER

ITEM 116 LIABILITY MANAGEMENT POLICY

To: **His Worship the Mayor & Councillors
Otorohanga District Council**

From: **Finance and Administration Manager**

Date: **October 24th 2017**

Relevant Community Outcomes

- Foster an involved and engaged Community
-

Executive Summary

As a requirement under the Local Government Act Council must adopt a Liability Management Policy which it must review at a minimum of every six years.

Staff Recommendation

It is recommended:

That the Liability Management Policy is adopted.

Report Discussion

Under section 102 of the Local Government Act a local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a number of funding and financial policies.

Included in these policies is the requirement for a Liability Management Policy. This must be reviewed at least every six years, and adopted by resolution of Council. There is no requirement to consult on the Liability Management Policy and no requirement for it to be included in the Long Term Plan.

Section 104 of the Local Government Act states that a Liability Management Policy adopted under section 102(i) must state the local authority's policies in respect of the management of both borrowing and other liabilities, including –

- (e) Interest rate exposure; and
- (f) Liquidity; and
- (g) Credit exposure; and
- (h) Debt repayment

Liability Management Policy

Introduction

It is intended that the Council should have a level of core debt for the period outlined in the Long Term Plan. Council's liabilities comprise borrowings and various other liabilities.

Debt Ratios and Limits

Debt will be managed within the following limits.

Ratio	Otorohanga
Net debt as a percentage of total revenue	< 100%
Net Interest as a percentage of total revenue	< 5%
Net Interest as a percentage of annual rates income (debt secured under debenture)	<10%
Liquidity (External, term debt and committed loan facilities and liquid investments/ cash equivalents to existing external debt)	>110%

The ratios were developed with reference to the ratios required to borrow from the Local Government Funding Agency and the expected borrowing needs of the Otorohanga District Council over the 10 years.

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.

Net debt is defined as total debt less liquid financial assets/ investments.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are to be met through the liquidity ratio.

Asset Management Plans

In approving new debt the Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP.

Borrowing Mechanisms

Otorohanga is able to borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper and debentures, direct bank borrowing, LGFA, accessing the short and long-term wholesale and retail debt capital markets directly or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing the Finance and Administration Manager, takes into account the following.

- Available terms from banks, LGFA, debt capital markets and loan stock issuance;
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/ rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, debt capital markets, LGFA and bank borrowing;
- The market's outlook on future interest rate movements as well as its own;
- Legal documentation and financial covenants together with credit rating considerations

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors and financial institutions.

Interest Rate Risk Management

Council's borrowing gives rise to direct exposure to interest rate movements. Generally, given the long term nature of Council's assets, projects and intergenerational factors, and Council's preference to avoid an adverse impact on rates, there is a general tendency to have a high percentage of long term fixed rate or hedged borrowing.

The Finance and Administration Manager sets the interest rate risk management strategy by monitoring the interest rate markets on a regular basis and evaluating the outlook for short term rates in comparison to rates payable on its fixed rate borrowing.

The Council's general tendency is to have a high percentage of fixed rate or hedged borrowing. Notwithstanding the above, it may be appropriate from time to time, depending on the Council's outlook on interest rates to have a floating rate profile (any debt or interest rate risk management instrument where interest rates are being reset on a frequency of 180 days or less). The Council manages this specifically using the following operating parameter.

- The Finance and Administration Manager can approve up to 50% of the total debt to have a floating rate profile.

Management implements an interest rate risk management strategy through the use of the following:

- Adjusting the average maturity of its borrowings, thereby managing interest rate risk; and
- Interest rate risk management products to convert fixed rate borrowing into fixed or hedged borrowing.

The following interest rate risk management instruments may be used for interest rate risk management activity, after seeking former prior approval of Council:

- Forward rate agreements;
- Interest rate swaps;
- Purchase of interest rate options products; and
- Interest rate collar type option strategies.

Security

Council's borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue. The utilisation of special funds and reserve funds and internal borrowing of special funds / reserve funds and other funds will be on an unsecured basis.

Under the Debenture Trust Deed Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally for all stock issued by Council including any security stock issued.

Council offers deemed rates as security for general borrowing programmes. From time to time, with prior Council and Debenture Trustee approval, security may be offered by providing a charge over one or more of Councils assets.

Physical assets will be charges only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

Debt Repayment

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/ or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

Despite anything earlier in this Liability Management Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes;
- (b) Provide guarantees of the indebtedness of other Local Authorities to the LGFA and of the indebtedness of the LGFA itself;
- (c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Short – Term Overdraft Facilities

Overdraft facilities are utilised as little as practical but it is acknowledged that, from time to time, they may be necessary. The Finance and Administration Manager, is authorised to arrange an overdraft facility with the Council's primary Banker of up to \$750,000. Overdraft facilities over this amount require prior Council approval. The use of overdraft facilities is to be reported to Council quarterly.

Fixed Term Overdrafts and Revolving Credit Facilities

The Finance and Administration Manager is authorised to arrange Fixed Term overdrafts and Revolving Credit facilities provided that no more than 50% of total debt has a floating rate profile and subject to Council approval.

Contingent Liabilities

Council provides financial guarantees to community and service organisations. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of the Council and that financial statements are received on a regular basis. Should the guarantee be called up, Council takes immediate action to recover the money.

Internal Borrowing

Council may adopt internal loan funding mechanisms to fund capital projects from existing surplus funds.

The treasury function is responsible for administering the Council's internal borrowings.

Loans are set up within the internal debt portfolio based on planned loan funded capital expenditure and allocated to the activity incurring the capital expenditure to achieve the following objectives:

- To minimise interest rate variations between invested funds and borrowed funds of the Council;
- To best utilise and manage any surplus funds generated to fund depreciation;
- To provide consistency in interest rates and conditions of borrowing for all Council activities, irrespective of the time capital expenditure is incurred;
- To obtain maximum benefits from the higher degree of predictability of rate cashflows and all other funds required for capital expenditure;

- To reduce or eliminate the need for refinancing loans borrowed to fund infrastructural projects that have a 'useful life span' longer than loan repayment periods available from financial institutions; and
- To reduce the overall cost of funds to Council.

The following operational parameters apply to the management of the Council's borrowings:

- A notional internal loan is set up for all capital expenditure and allocated in the internal portfolio to the activity incurring the expenditure;
- Interest is charged to activities with loan balances at an agreed rate; and
- The interest rate is based on the Council's expected weighted average cost of funds, and takes into account factors such as the Council's long term cost of funds, anticipated cost of new debt over the next eighteen months and a buffer which provides for certainty in the charging rate and avoids frequent adjustments. The rate is reviewed by the Council and is fixed for the next financial year.

The Finance and Administration Manager uses the internal debt portfolio as an input into determining Council's external debt requirements.

Where possible, the Council's reserves are used to reduce external debt, effectively reducing the Council's net interest cost.

Summary

The LGFA requires under the Debenture Trust Deed for a Compliance Certificate to be produced after every financial year, based on their own Debt Ratios and Limits.

Results for the financial year ended 30th June 2017 are represented below.

APPENDIX A TO COMPLIANCE CERTIFICATE

Financial Covenant (clause 7.5)	Required Performance (%)	Actual Performance (%)
Net Debt: Total Revenue	<175% or <250% plus minimum credit rating of A	30%
Net Interest: Total Revenue	<20%	2%
Net Interest: Annual Rates Income	<25%	3%
Available Financial Accommodation; External Indebtedness	>110%	178%

Financial Covenant Components	(000's)
Net Debt	\$5,308
Total Revenue	\$17,779
Net Interest	\$346
Annual Rates Income	\$12,107
Available Financial Accommodation	\$17,040
External indebtedness	\$9,574

Graham Bunn
FINANCE AND ADMINISTRATION MANAGER

ITEM 117 ANNUAL REPORT TO 30 JUNE 2017

**To: His Worship the Mayor and Councillors
 Otorohanga District Council**

From: District Accountant

Date: 24 October 2017

Relevant Community Outcomes

- Ensure services and facilities meet the needs of the Community
 - Foster an involved and engaged Community
-

Executive Summary

The Annual Report for the year ended 30 June 2017 is attached under separate cover.

Staff Recommendation

It is recommended that:

The Annual Report for the year ended 30 June 2017 be adopted.

Brendan O'Callaghan
DISTRICT ACCOUNTANT

ITEM 118 DELOITTE ANNUAL REPORT DISCUSSION

**To: His Worship the Mayor & Councillors
 Otorohanga District Council**

From: District Accountant

Date: 24 October 2017

Reason for Confidentiality

	Grounds	Reason
	Section 48(1) of the Local Government Official Information and Meetings Act 1987, which permits the meeting to be closed to the public for business relating to the following grounds: -	Subject to sections 6, 8 and 17 of the Local Government Official Information Act 1987, the withholding of the information is necessary to:
	48(1a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.	7(2f) Maintain the effective conduct of public affairs through- (i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) applies, in the course of their duty.

**ITEM 119 APPOINTMENT OF THE INDEPENDENT COMMISSIONERS
FOR HAPPY VALLEY MILK CONSENT HEARING**

To: **His Worship the Mayor and Councillors
Otorohanga District Council**

From: **Environmental Services Manager**

Date: **24 October 2017**

Executive Summary

Happy Valley Milk Ltd lodged resource consent application to establish, construct and operate a dry milk powder plant on a site northwest of Otorohanga on the corner of Redlands Road and Kawhia Rd (SH31/39). The application is set to be heard before two independent planning commissioners on 23, 24 November.

Dr Phil Mitchell has been selected to the chair the hearing supported by Mr Alan Withy as the second commissioner.

Staff Recommendation

It is recommended that:

Pursuant to Section 34A of the Resource Management Act 1991 independent commissioners **Phil Mitchell and Alan Withy** be appointed as Hearing Commissioners for the purposes of hearing and making a decision on the resource consent application of Happy Valley Milk Ltd as detailed below. This delegation includes hearing and considering the submissions lodged on the resource consent application and dealing with any procedural issues prior to delivering the decision on the resource consent.

Report Discussion

Happy Valley Milk Ltd lodged resource consent application on 18 November 2016. The proposal is described as “*a purpose-built nutritional infant formula dairy factory consisting of two eight tonne per hour dryers staged over two years. The site will be capable of blending and canning infant formula and manufacturing Anhydrous Milk Fat (AMF).*”

The application was publically notified and Council received 70 submissions both for and opposed to the project. The applicant has undertaken further design work on the profile of the buildings and redesigned the site layout. Those changes have been reviewed by consultants and the process now moves to a formal hearing.

Dr Mitchell is a principal in the resource management and planning consultancy firm Mitchell Daysh. His selection as Commissioner is due to his extensive experience in resource management issues which has seen him appointed to serve on the Government’s Resource Management Act Technical Advisory Group. His CV includes an extensive list of projects that work covers all of New Zealand and includes recent projects in the Waikato region such as the Waikato Expressway and the Waihi Goldmine Expansion. In July he chaired the hearing for the Osterns Quarries site at Te Kawa.

Mr Withy was selected as Commissioner due to his extensive experience in planning hearings particularly in regards to matters involving infrastructure projects and developments. He has previously been engaged by Otorohanga District Council in 2011 to decide the application for the Waiwera Street subdivision and the Te Awamutu Electricity Reinforcement Project (Waipa Networks) in 2014.

Andrew Loe
ENVIRONMENTAL SERVICES MANAGER

ITEM 220 ODC MATTERS REFERRED – 19 SEPTEMBER 2017

**To: His Worship the Mayor & Councillors
Otorohanga District Council**

From: Governance Supervisor

Date: 19 September 2017

1. COUNCIL

21 MARCH 2017

- I. To consider options for Council representation on the Waikato District Health Board Consumer Council Group, at the appropriate time.

II.

2. CHIEF EXECUTIVE

18 JULY 2017

- I. To report to the next meeting of Council on the new service agreement with the Otorohanga District Development Board.

3. ENGINEERING MANAGER

20 JUNE 2017

- I. To meet with Rosemary Davison in regards to her vision for the installation of a walking track along the Waipa River.

19 SEPTEMBER 2017

- II. To arrange for consideration of the suggestion to name the river which runs under the various bridges throughout the District by highlighting the name on the bridge approaches.

**CA Tutty
GOVERNANCE SUPERVISOR**

GENERAL