

# Section 3: Amendments to the Long Term Plan 2006 - 16

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Under the Local Government Act 2002 (LGA), certain types of proposal trigger an amendment to Council's Long Term Council Community Plan.

These include any decision to:

- Significantly alter the intended level of service provision for any Council activity (Section 97)
- Transfer ownership or control of a strategic asset to or from Council (Section 97)
- Significantly affect the capacity of Council, or the cost to Council, in relation to any activity (Section 97)
- Alter any of Council's funding and financial policies, including its Revenue and Financing Policy, Liability Management Policy, Investment Policy, Development and Financial Contributions Policy, Partnerships with Private Sector Policy, Rates Remission Policy or Rates Postponement Policy or Rates Remission and Postponement on Maori Freehold land Policy (Section 102).
- Sell or exchange endowment property (Section 141)
- Construct, replace or abandon a strategic asset (Section 97).

The term "significant" above is in relation to Council's Significance Policy (refer page 248 of the Long Term Council Community Plan 2006-16). In summary, in relation to any issue, proposal, decision or other matter, significance is determined by Council according to:

- Thresholds – issues, assets, or matters that incur more than the equivalent of 10% of the forecast general rates revenue of Council and the equivalent of 5% of the general rates revenue of unforecast expenditure.
- Criteria – items are considered significant when they substantially change the level of service for an activity or the way the activity is carried out, when the effects on community wellbeing are more than minor, and/or when it is likely that persons will be affected by or interested in the issue, proposal, decision or matter.

## Amendments

Council amended its Long Term Plan 2006-16 in 2007/08.

The amendments included:

- Incorporating the Putaruru Office/Library Renovation;
- Changes to Financial Policies (Investment Policy, Partnerships with the Private Sector, Revenue and Financing, Significance Policy and Funding Impact Statement);
- Changes to Levels of Service – Grants, Roading and Inorganic Collection;
- Key Performance Indicators (which have been disclosed in the Projects and Programmes section of this plan);
- Other Text changes relating to "Significant Activities and digital strategy initiatives; and
- Defining Separately Used or Inhabited Parts of a Rating Unit.

These amendments have been incorporated into this Annual Plan.

# Amendments for 2008/09:

## Changes to the Financial Contributions Policy

The following is an amendment to Council's Long Term Council Community Plan 2006-16 under Section 102 of the LGA 2002 alters Council's funding and financial policies (Development or Financial Contributions Policy)

### Description of Amendment

To set financial contributions in accordance with the District Plan for the 2008/09 financial year.

### Reason for Amendment

The existing contributions policy was out of date and difficult to assess. The new formula is based on the actual valuation of the asset, determined annually and will provide certainty for developers.

The change, in effect, will charge a developer per additional lot created for buying into

Council's infrastructural assets such as roading, wastewater, water, stormwater and reserves at subdivision stage. Council has chosen to discount the contribution 60% for the 2008/09 year which equates to; roading \$1,680, stormwater \$520, water \$640 and wastewater \$880. Reserves are not discounted and remain at \$130 per additional lot created.

In addition, the District Plan change introduced the option for developers to pay a car parking contribution rather than provide physical car parking spaces, if appropriate. Car parking spaces are discounted by 50% to \$2,000 per space.

This amendment underwent a full and thorough public consultation process under the Resource Management Act which included the calling for public submissions and further submissions and a public hearing by Council. The Financial Contributions Plan Change is due to come into force on 1 July 2008.

For a copy of the full plan change please contact Council on (07 885 0340) or visit Council offices to request to view the approved plan change.

### Council Decision

Council resolved to adopt the proposed changes to the Financial Contributions Policy.

### Benefits and Costs

Matters to be Considered	Description
Advantages of this amendment	<p>The aim of financial contributions is to:</p> <ul style="list-style-type: none"> <li>Avoid land use activities generating adverse environmental effects as a result of infrastructural systems not being able to cope with additional demand;</li> <li>Avoid downgrading of the quality of service offered to existing users as a result of additional loadings from new subdivision and development;</li> <li>Provide a mechanism to mitigate the adverse effects on the District's natural and physical resources that may result from new subdivision and development; and</li> <li>Avoid pressure on reserves and recreational areas in existing areas by providing additional reserves and enhancement of existing reserves.</li> </ul>
Disadvantages of this amendment	<p>Developers must provide a contribution to the District Council. This contribution may deter developers and therefore development if the contributions were set at a level too high.</p>
Benefits and Costs in terms of present and future community wellbeing	<p>Subdivision and development adds incrementally to demands on the infrastructure of the District. Council considers new developments should contribute a fair and reasonable sum towards meeting the cost of demand.</p> <p>Development in different parts of the District places different costs on Council and different loadings on infrastructural systems. While there are effectively several separate networks, Council has chosen not to develop differing contributions given the existing District-wide funding source and the potential to create unintended cost barriers to development in parts of the District based on differentials in contributions. Council has therefore chosen to balance these varying costs by developing a District-wide flat fee for each of the services for which a financial contribution is required.</p> <p>The levels of the contributions are based on the financial value of the existing networks divided by the number of existing users. In this manner new subdivision or developments effectively 'buy in' to the existing networks. Financial contributions are aimed at ensuring that positive effects accrue from future development.</p>
Impact on Council's capacity to meet present and future needs.	<p>The collection of financial contributions which are considered insignificant at this stage enhance the ability of Council's capacity to meet present and future needs.</p>

## South Waikato Events Centre

The following is an amendment to Council's Long Term Plan 2006-16 pursuant to Section 97 of the Local Government Act 2002; proposed change in Levels of Service.

### Description of Amendment

To contribute \$2.8 million (\$3,150,000 GST inclusive) to the building of an Events Centre on Tokoroa Memorial Sportsground.

### Reason for Amendment

The Council considers that the town of Tokoroa is not well supported by indoor events facilities, ever since the loss of the Memorial Settlers Hall. It is also considered that the establishment of a purpose built facility would provide the potential to attract significant sporting or other events to the District.

## Council Decision

Council resolved to advise the South Waikato Sports & Leisure Board Inc, that it would reserve funding of \$2,800,000 for the establishment of an Events Centre on the Tokoroa Memorial Sportsground. This assurance is subject to the Board's obligation to raise 90% of the funds required including Council's contribution and a range of conditions as laid out in a Memorandum of Understanding to be signed with the South Waikato Sports and Leisure Board Inc. The expiry date of this decision is 1 January 2010 or other such date as the Council agrees in writing.

## Benefits and Costs

Matters to be Considered	Description
Advantages of this amendment	<p>The facility would become a Council asset.</p> <p>Council has partly contributed to the capital cost of the Centre rather than the contributing the full cost. This saves raising of significant loan funds.</p> <p>Tokoroa would have a facility to fill the gap in the community that would normally be serviced by a community hall.</p> <p>The events centre will provide high quality facilities to some of the local clubs in the District.</p> <p>The Centre will be a district facility.</p>
Disadvantages of this amendment	<p>The cost to operate the building is significant with early estimates suggesting \$400,000 annually.</p>
Benefits and Costs in terms of present and future community wellbeing	<p>The development conveys an immediate benefit (private and public) with intergenerational equities.</p> <p>The project assists towards achieving social wellbeing.</p> <p>The positive outlook that results from investment in the district. The outlook of residents seeing that Council is investing in the future of the district (\$2.8million).</p> <p>The cost while on current ratepayers for the construction of asset and increased operating costs also incurs an opportunity cost for loss of earnings potential if the funds were retained as part of an investment portfolio. (\$200,000pa)</p> <p>Future generations will be required to meet the operating costs including on-going maintenance costs for the asset. (\$400,000pa)</p> <p>As Council intends to raise a loan for a part of the funding (\$400,000) this cost plus interest will be required to be repaid over the longer term and therefore paid by future generations. (\$40,000pa).</p>
Impact on Council's capacity to meet present and future needs.	<p>The impact while a significant amount of funding does not impact on the capacity of Council to meet present needs. The impact of the increased operating costs may have an impact on the community affordability of rates in the future.</p>

## Business Promotion Levy - Tokoroa

The following is an amendment to Council's Long Term Plan 2006-16 pursuant to Section 97 of the Local Government Act 2002; proposed change in Levels of Service.

### Description of Amendment

The non-assessment of the Business Promotion Levy - Tokoroa for the 2008/09 year.

### Reason for Amendment

Council currently partners with TANGS in the delivery of services to the retail sector and events which benefit both the CBD and the area as a whole. The services are agreed through contract with the contract objectives disclosed in the Long Term Plan. The services are provided by a Business Promotion Levy - Tokoroa on all businesses in the respective CBD areas and supported by a Ward rate on all rateable assessments in the respective wards. The Business Promotion Levy - Tokoroa requires the support of 85% of CBD landlords and tenants. At the moment only 50% of landlords support the continuation of the levy.

## Council Decision

Council has resolved not to assess the Business Promotion Levy - Tokoroa for the 2008/09 year.

## Benefits and Costs

Matters to be Considered	Description
Advantages of this amendment	This reduces Rates Council charges. It also enables TANGS to manage its business affairs rather than through Council.
Disadvantages of this amendment	If TANGS fails to obtain enough support from the business community, it may experience operational difficulties.
Benefits and Costs in terms of present and future community wellbeing	TANGS will be directly accountable to the Tokoroa business community for its performance. The lack of funding will impact specifically the business community in the commercial area of Tokoroa which may affect the economic well being of the business district in the future. The wider benefit to residents should not be impacted significantly given Council's continued funding of the Ward portion of the Business Promotion activity in Tokoroa.
Impact on Council's capacity to meet present and future needs.	No significant saving for Council

REPORT TO THE READERS OF  
SOUTH WAIKATO DISTRICT COUNCIL'S  
STATEMENT OF PROPOSAL for PUBLIC CONSULTATION on a  
PROPOSED AMENDMENT TO THE LONG-TERM COUNCIL COMMUNITY  
PLAN FOR THE TEN YEARS COMMENCING 1 JULY 2006

The Auditor-General is the auditor of South Waikato District Council (the District Council). The Auditor-General has appointed me, Bruce Taylor, using the staff and resources of Deloitte, to report on the Statement of Proposal for adoption of the proposed amendment to the Long-Term Council Community Plan (the Statement of Proposal) on his behalf.

On 10 July 2006 the District Council adopted its Long Term Council Community Plan (LTCCP) for the ten years commencing 1 July 2006.

We expressed an unqualified opinion on the District Council's LTCCP for the ten years commencing 1 July 2006 in our audit report dated 10 July 2006. We considered that the LTCCP provided a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

The District Council is now proposing to amend its LTCCP for the ten years commencing 1 July 2006 to amend the following policy and level of services:

- Financial Contributions Policy
- Level of service for the South Waikato Events Centre
- Level of service for the Business Promotion Levy – Tokoroa

The Statement of Proposal provides information about the proposed amendment to the District Council's LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

#### Opinion

##### Overall Opinion

In our opinion, the information within the Statement of Proposal as set out on pages 37 to 40 about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, is fairly presented and the District Council has complied with the applicable requirements of the Local Government Act 2002 (the Act) in preparing the Statement of Proposal.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal.

In forming our overall opinion, we considered our opinion on specific matters required by the Act, which is set out below.

##### Opinion on Specific Matters Required by the Act

The Auditor-General is required by section 84(4) of the Act to report on:

- The extent to which the Statement of Proposal complies with the requirements of the Act;
- The quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- The extent to which the forecast information and proposed performance measures within the Statement of Proposal will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

In terms of our obligation to report on the matters outlined in section 84(4) of the Act, as it applies to the proposed amendment to the LTCCP, in our opinion:

- the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information used to prepare the Statement of Proposal provides a reasonable basis for the preparation of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;

## Audit Report

- the forecast information within the Statement of Proposal has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information is presented in accordance with generally accepted accounting practice in New Zealand;
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 24 April 2008 and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the international Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the information within the Statement of Proposal, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, does not contain material misstatements.

Our procedures included examining on a test basis, evidence supporting the disclosures in the Statement of Proposal, determining compliance with the requirements of the Act, and evaluating the overall adequacy of the presentation of information.

We obtained all the information and explanations we required to support the opinion above.

### Responsibilities of the Council and the Auditor

The District Council is responsible for preparing a LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

Section 84 of the Act requires the District Council, when considering amendments to the LTCCP, to prepare a Statement of Proposal. The District Council must include a draft of the parts of the LTCCP that are proposed to be amended, and an accompanying draft of any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

We are responsible for expressing an independent opinion on the Statement of Proposal and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

### Independence

When reporting on the Statement of Proposal we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report, and in conducting the audit of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.



Bruce Taylor  
Deloitte

On behalf of the Auditor-General  
Hamilton, New Zealand