

## Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Economic Development Committee will be held on:

**Date:** Tuesday 13 August 2024  
**Time:** 9:30 am  
**Meeting Room:** Council Chamber and Audio-Visual Link  
**Venue:** Municipal Building, Garden Place, Hamilton

Lance Vervoort  
Chief Executive

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## Economic Development Committee

### *Komiti Oohanga Whakatupu*

### OPEN AGENDA

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#### Membership

**Chairperson** Cr Ewan Wilson  
*Heamana*

**Deputy Chairperson** Cr Mark Donovan  
*Heamana Tuarua*

**Members**

Mayor Paula Southgate	Cr Kesh Naidoo-Rauf
Deputy Mayor Angela O’Leary	Cr Andrew Bydder
Cr Anna Casey-Cox	Cr Geoff Taylor
Cr Maxine van Oosten	Cr Sarah Thomson
Cr Moko Tauariki	Cr Emma Pike
Cr Louise Hutt	Cr Tim Macindoe
Vacancy	

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** Two monthly

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Governance Lead

**2 August 2024**

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## Purpose

The Economic Development Committee is responsible for:

1. Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.

***In addition to the common delegations on page 10, the Economic Development Committee is delegated the following Terms of Reference and powers:***

### **Terms of Reference:**

2. To drive and enhance Hamilton's economic position by actively promoting Hamilton.
3. To promote investment and business attraction opportunities for Hamilton and the greater Waikato region.
4. To provide advice on strategic initiatives, plans, projects and potential property developments that have a material impact upon the Hamilton economy.
5. To develop, review and monitor the implementation of the Economic Development Agenda.
6. To recommend funding levels for service contracts with Business Improvement District(s), Hamilton and Waikato Tourism and Te Waka, and any others subject to funding approval by Council through the Councils long-term plan process, and approve said contracts with relevant third parties.
7. To monitor the performance and provide guidance on Council's relationship with key stakeholders including, but not limited to Te Waka, Hamilton Waikato Tourism and the Hamilton Central Business Association.
8. To monitor the performance of Council's major event venues operation (H3).
9. To review and monitor the implementation of Council's Event Sponsorship Policy.
10. To approve annual Event Sponsorship funding applications and monitor any grants made to external organisations under the terms of the Event Sponsorship Policy.
11. To support and assist with efforts for external partnerships on Council projects that will provide economic development opportunities for Hamilton and the region.
12. To develop and monitor policy related to the appointment and remuneration of directors of CCOs, CCTOs, and COs.
13. To provide clear direction to Council's CCOs, CCTOs, and COs on Council's expectations, including feedback on draft statements of intent.
14. To receive six-monthly reports of Council's CCOs, CCTOs, and COs, including on board performance.
15. To undertake any reviews of CCOs and CCTOs and agree CCO/CCTO-proposed changes to their governance arrangements
16. To develop policy, approve and monitor implementation of plans and strategies in relation to the performance of Council's investments in the Municipal Endowment Fund and strategic property.

### **The Committee is delegated the following powers to act:**

- Approval of event sponsorship applications annually in accordance with the Event Sponsorship Policy.
- Approval of letters of expectation for each CCO, CCTO, and CO.



- To provide feedback on draft statements of intent for each CCO, CCTO, and CO.
- Appointments to, and removals from, CCO, CCTO, and CO boards
- Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs, and COs.
- Approval of acquisition or sale or lease of properties owned by the Council or owned by the Municipal Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties. Note that if the Mayor and Chair consider that a final decision is more appropriately made by Council due to its significance, they may direct that and decision remains recommendatory, requiring ratification by Council.

**The Committee is delegated the following recommendatory powers:**

- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO, or CO.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

**Recommendatory Oversight of Strategies:**

- Economic Development Agenda
- Tourism, Events and Visitation Strategy

**Recommendatory Oversight of Policies and Bylaws:**

- *Appointment and Remuneration of Board Members of COs, CCOs, and CCTOs Policy*
- *Event Sponsorship Policy*
- *Freeholding of Council Endowment Land Policy*
- *Municipal Endowment Fund Policy*
- *Business Improvement District (BID) Policy*
- *International Relations Policy*

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies – <i>Tono aroha</i>	5
2	Confirmation of Agenda – <i>Whakatau raarangi take</i>	5
3	Declarations of Interest – <i>Tauaakii whaipaanga</i>	5
4	Public Forum – <i>Aatea koorero</i>	5
5	Confirmation of the Economic Development Open Minutes 9 May 2024	6
6	Chair's Report	12
7	General Manager's Report	15
8	External Agencies and CCO Reporting	19
9	Strategic and General Update	115
10	Strategic Property Update - August 2024	161
11	Policy Review – Appointment and Remuneration of Board Members of COs, CCOs and CCTOs ( <i>Recommendation to the Council</i> )	168
12	Policy Review - Freeholding of Council Endowment Land Policy ( <i>Recommendation to the Council</i> )	180
13	Event Sponsorship Fund - out of round application 2024/25	189
14	Resolution to Exclude the Public	256

**1 Apologies – *Tono aroha***

**2 Confirmation of Agenda – *Whakatau raarangi take***

The Committee to confirm the agenda.

**3 Declaration of Interest – *Tauaakii whaipaaanga***

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**4 Public Forum – *Aatea koorero***

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6699.

# Council Report

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** James Winston II

**Authoriser:** Michelle Hawthorne

**Position:** Governance Advisor

**Position:** Governance and Assurance Manager

**Report Name:** Confirmation of the Economic Development Open Minutes 9 May 2024

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Committee confirm the Open Minutes of the Committee Meeting held on 9 May 2024 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Economic Development Open Unconfirmed Minutes 9 May 2024

## **Economic Development Committee**

### ***Te Komiti Oohanga Whakatupu***

### **OPEN MINUTES**

Minutes of a meeting of the Economic Development Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 9 May 2024 at 9:30 am.

**PRESENT**

**Chairperson** Cr Ewan Wilson  
***Heamana***  
**Deputy** Cr Mark Donovan  
**Chairperson**  
***Heamana Tuarua***

**Members** Deputy Mayor Angela O’Leary  
Cr Anna Casey-Cox  
Cr Maxine van Oosten  
Cr Melaina Huaki  
Cr Louise Hutt  
Cr Kesh Naidoo-Rauf  
Cr Andrew Bydder  
Cr Geoff Taylor  
Cr Sarah Thomson  
Cr Emma Pike  
Cr Tim Macindoe

**In Attendance** Maangai Jaydene Kana  
Representatives for Co-Lab, Kevin French  
Representatives for Co-Lab Natalie Allen  
Representatives for Hamilton Central Business Association (HBCA) Vanessa Williams  
Representatives for Hamilton Central Business Association (HBCA) Mike Neale

**1. Apologies – *Tono aroha***

**Resolved:** (Cr Wilson/Cr Donovan)

That the apologies for absence from Mayor Southgate Cr Moko Tauariki , and Deputy Mayor O’Leary are accepted.

**2. Confirmation of Agenda – *Whakatau raarangi take***

**Resolved:** (Cr Wilson/Cr van Oosten)

That the agenda is confirmed

**3. Declarations of Interest – *Tauaakii whaipanga***

Cr Mark Donovan declared an interest in Item 9 Strategic and General Update. He noted that he was not conflicted and would take part in the discussion and vote on the matter.

**4. Public Forum – Aatea koorero**

No members of the public wished to speak in the Public Forum

**5. Confirmation of the Economic Development Open Minutes 12 March 2024**

**Resolved:** ( Cr Wilson/Cr Donovan)

That the Economic Development Committee confirm the Open Minutes of the Economic Development Meeting held on 12 March 2024 as a true and correct record.

**6. Chair's Report**

Chair of the Economic Development Committee took the report as read.

**Resolved:** ( Cr Wilson/Cr Donovan)

That the Economic Development Committee

- a. receives the report; and
- b. approves the establishment of the 'Sister City relationships Working Group' with the v membership of Cr Wilson, Cr Donovan, Cr Taylor, Cr Macindoe, and Cr Hutt Cr van Oosten to make a recommendation to the Council concerning Hamilton City Council's current Sister City relationships.

**7. External Agencies and CCO Reporting**

**Staff action:** *Staff undertook to provide Members with further information on value to Hamilton City Council from shared services.*

**Co-Lab**

Co-Lab Chief Executive (Kelvin French) and General Manager (Natalie Allen) spoke to the Co-Lab section within the report, highlighting key updates . They responded to questions from Members concerning barriers in procurement programmes, opportunity to reduce size and cost while offering the same levels of service.

**Hamilton Central business Association (HCBA)**

Chief Executive Vanessa Williams and representative Mike Neals provided an update on recent activities. They responded to questions from Members concerning patronage to parking in the CBD, opportunities to draw more people to the CBD, and ways to work with community groups in relation to operating space.

**Waikato Regional Airport Limited**

The General Manager of Venues, Tourism & Events spoke to the report and responding to questions from Members concerning vacancies on the Board of Directors.

**Resolved:** (Cr Thomson/Cr Casey-Cox)

That the Economic Development Committee:

- a. receives the report;
- b. receives the amended Statement of Intent for Waikato Regional Airport Limited 2024-2025 (to be tabled at the Committee meeting);
- c. endorses the 2025-2027 Statement of Intent for Co-Lab (**Attachment 2**);
- d. requests the CE write to the Co-Lab board regarding the Committee's strong support for more substantive, structural and transformational initiatives, including relating to building consenting and IT activities, and that this be discussed further at a political level;
- e. approves the HCBA Central City Activation Plan and Annual Budget for 1 July 2024 – 30 June 2025 (**Attachment 8**), subject to funding being confirmed in the 2024-34 Long Term Plan (LTP); and

- f. delegates authority to the General Manager of Strategy, Growth and Planning Group to renew the Service Level Agreement between Hamilton Central Business Association and Hamilton City Council for the delivery of the Central City Activation Plan and release of the annual Central City Activation Fund payment to Hamilton Central Business Association, effective from 1 July 2024, subject to the 2024-34 Long-Term Plan.

**The meeting was adjourned 11.08am to 11.21am during the discussion of the above item**

#### 8. General Manager's Report

The General Manager of Strategy spoke to the report highlighting the progress made on targeted outcomes. Touching on topics such as moving into the next phase of [Tech in the Tron](#), patronage across all H3 event centres and visitor destinations, and continued positive news in relation to the Ruakura Superhub.

**Resolved:** (Cr Wilson/Cr Taylor)

That the Economic Development Committee receives the report.

#### 9. Strategic and General Update

The Economic Development Manager and Business Relationship Advisor spoke to the report, updating Members about key investment opportunities in the region, status updates from all the key sectors, and future outlook of Economic Development in the city/region. They responded to question from Members concerning investments in the city, opportunity for growth in the Tech sector, advice on how to set the Council up for success in the future.

**Staff action:** *Staff undertook to provide Members with further information on patron rates at the Hamilton Zoo.*

**Resolved:** (Cr Wilson /Cr Macindoe)

That the Economic Development Committee receives the report.

#### 10. Event Sponsorship Fund - recommendations for approval 2024-25

The General Manager of Venues, Tourism & Events spoke to the report informing Members about the applications received requesting allocation for the fund. Noting which applications Staff suggest approving and declining. Providing Members reasons for the recommendations provided.

**Resolved:** (Cr Wilson/Cr Taylor)

That the Economic Development Committee:

- a. receives the report;
- b. approves subject to the 2024-34 Long-Term Plan, the following single year event sponsorship applications for financial sponsorship from Council's major event sponsorship fund in 2024-25 (one year), totalling \$339,000:
  - i. NZ U15 and U19 National Badminton Championships 2024 by Badminton New Zealand for \$5,000;
  - ii. Hamilton Arts Festival 2025 | Toi Ora ki Kirikiriroa 2025 by Hamilton Gardens Summer Festival Foundation for \$175,000;
  - iii. Aramex Kiwi Walk and Run Series 2025 by SMC Events Limited for \$9,000;
  - iv. Round the Bridges 2024 by Hamilton Harriers and Classic Events for \$20,000; and
  - v. Balloons over Waikato 2025 by Balloons over Waikato Trust for \$130,000.

- c. declines the following applications for financial sponsorship from Council’s major event sponsorship fund:
  - i. Sika Show 2024: Sika Show Limited (\$30,000);
  - ii. NZ Boat Fish and Dive Expo 2024: NZ Boat Fish and Dive Expo Limited (\$30,000);
  - iii. Xmas at Suburbs 2024: Suburbs Community Sports Club (\$30,000);
  - iv. Sunset Symphony 2025: Orchestras Central (\$12,000); and
  - v. Hamilton Pride Parade 2025: Hamilton Pride Incorporated (\$2,258.99)

11. Strategic Property Update - May 2024

The Strategic Property Manager took the report as read and responded to questions from Members Municipal Endowment Fund (MEF)

**Resolved:** (Cr Wilson /Cr Donovan)

That the Economic Development Committee receives the report.

12. Resolution to Exclude the Public

**Resolved:** (Cr Wilson/Cr Taylor)

**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Public Excluded Minutes 12 March 2024 C2. Strategic Property Update - May 2024 C3. Strategic Issues Update	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987	Section 48(1)(a)



This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)

**The meeting moved into Public Excluded at 12.19pm.**

**The meeting was declared closed at 1.22pm.**

# Council Report

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** James Winston II

**Authoriser:** Michelle Hawthorne

**Position:** Governance Advisor

**Position:** Governance and Assurance Manager

**Report Name:** Chair's Report

Report Status	<i>Open</i>
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## Recommendation - *Tuutohu*

That the Economic Development Committee receives the report.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's Report



## Chair's Report

### Global

The Global Economic conditions remain challenging, but there are glimpses of improvement. I note the additional economic uncertainty generated by the US election however I also understand interest rates are slowly beginning to drop in North America. I note The Bank of Canada recent interest rate cuts were widely expected given a cooling of inflation.

- The Bank of Canada indicates inflation in Canada is moving closer to its target of 2.0%. As of June 2024, it sits at 2.7%
- As inflation has come down, the economy has also weakened and unemployment rates have risen especially among newcomers and the youth.
- Interest rates are expected to continue to decrease over the remainder of 2024 into 2025. These anticipated reductions should help alleviate the pressure on existing borrowers and bring more optimism to prospective homebuyers.

### New Zealand

I believe New Zealand will follow suit although I accept, we will be slower. Annual inflation has eased to the lowest level in nearly three years. Stats NZ figures showed Consumer Prices Index (CPI) rose 0.6% in the three months ended March, taking the annual rate down to 4.0%, the lowest since June 2021. The numbers were in line with economists' expectations but ahead of the Reserve Bank's (RBNZ) forecast of a 0.4% quarterly rise and an annual rate of 3.8%. The RBNZ said in their latest monetary review last week, that inflation remained stubborn in some sectors, requiring interest rates to remain high.

### Hamilton's Economic outlook and business engagement

Last month staff from Council's Economic & Policy team released their Annual Economic Report. It uses a range of data sources and takes an in-depth look at Hamilton's economy, development, and people for the 2023 year, while also giving an economic outlook for 2024.

Predictably, the outlook for Hamilton's economy through the end of 2024 is for minimal if any economic growth and continued strain on business and household budgets. The data mirrors what our Economic Development team is hearing from their employer engagement, there is caution from employers about making big investments in people, premises, and machinery.

While caution and uncertainty are to be expected, there is still positive news to be found. Infometrics reports that last year 40% of jobs in Hamilton were in industries considered to be knowledge intensive. Which can be described as jobs where the use and generation of knowledge creates economic activity. This includes health services, primary and secondary education, engineering, and science. This is further evidenced by the growing interest in the Tech in the Tron project and the level of industry engagement with efforts to grow the sector in Hamilton.

**The Destinations Group (H3 Venues, Hamilton Gardens, Te Kaaroro Nature Precinct and Waikato Museum)**

The Destinations Group to date have reported a successful year in terms of budget performance, visitation, and utilisation. The combining of these operations via Council's Future Fit programme is all but complete. This has included consolidation of sales, marketing, and some administrative and operating system functions.

Major work commenced during the year – notably the redevelopment of the Hamilton Gardens Visitor Entry Precinct (re-opening in September 2024), and a major maintenance and renewal programme at the Waikato Museum (re-opening in December 2024).

Readers are invited to view the updated websites for both the Hamilton Gardens and Hamilton Zoo. The Destinations Group also manages Council's relationship with the Waikato Regional Property Trust, owners of the Waikato Regional Theatre. The significance of this development in the central city is becoming more and more notable as construction works proceed.

**Recommendation:**

**That the Economic Development Committee receives the report.**

**Cr Ewan Wilson**

**Chair Economic Development Committee**

# Council Report

Item 7

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Blair Bowcott

**Authoriser:** Blair Bowcott

**Position:** General Manager Strategy, Growth and Planning

**Position:** General Manager Strategy, Growth and Planning

**Report Name:** General Manager's Report

<b>Report Status</b>	Open
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## Purpose - *Take*

1. To inform the Economic Development Committee on progress on the targeted outcomes detailed in the economic development agenda for the current Triennium.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. At the 16 March 2023 Economic Development Committee, I outlined the outcomes and plans for our economic agenda this Triennium (see [here](#), Item 6). The document outlined that the purpose of the Committee is:
  - i. *'Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians'.*
4. Subsequently, the Chair and Deputy Chair requested a tool that showed the various outcomes for the programmes that report into the committee, with related tasks targeted for completion during this triennium.
5. That tool was developed and trialled; however, some of the tasks did not align well with a percentage of completion measurement.
6. Staff then developed a more fit-for-purpose version of this one page monitoring report, ensuring the accountability and measurement of tasks is clear. See **Attachment 1** for the latest update of this report.
7. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion – *Matapaki*

### Targeted outcomes

8. Since the 9 May 2024 Economic Development Committee meeting, additional progress towards outcomes for programmes that report into this committee include:
  - i. The Strategic Property team has completed an asset evaluation project consisting of a comprehensive review of property holdings.
  - ii. H3 Venues (Claudelands, FMG Stadium Waikato and Seddon Park) and Visitor Destinations (Hamilton Gardens, Te Kaaroro Nature Precinct and Waikato Museum) have met their respective attendance and visitation targets.
  - iii. The airport is exploring a portfolio of aeronautical and non-aeronautical opportunities.
  - iv. The Growth Programmes group has successfully worked with Hamilton Central Business Association to support a BID policy review and to complete a Service Level Agreement renewal.
  - v. The Economic Development Programme has completed 54 of a targeted 75 business engagement meetings and has achieved portions of its Shaping Narratives outcomes by promoting Hamilton’s economic development story through media opportunities and a recent visit from Members of Parliament.
  - vi. At the time of writing this his report, economic development staff had also begun aligning with metro spatial plan partners on growth messaging and sub-regional cooperation to achieve mutually beneficial economic development outcomes.
9. In July 2024, the Economics & Policy programme released the 2023 Hamilton Annual Economic Report. It provides an in-depth look at our economy, our consenting trends, and our people.
10. The report notes that despite New Zealand entering a recession in 2023, there were some surprising upsides in job growth and some economic growth for our city.
11. However, with a recessionary environment and weak global demand, the outlook for Hamilton in 2024 remains challenging for businesses and households.

### Financial Considerations - *Whaiwhakaaro Puutea*

12. There are no financial implications in relation to the information provided in this report.

### Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

13. Staff confirm that recommendation complies with the Council’s legal and policy requirements.

### Climate Change Impact Statement

14. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

15. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future (‘the 4 wellbeings’).
16. The subject matter of this report has been evaluated in terms of ‘the 4 wellbeings’ during the process of developing this report as outlined below. The recommendations set out in this report are consistent with that purpose.

17. There are no specific social, environmental, or cultural wellbeings associated with this report.

### **Economic**

18. The work of Council's Economic Development team directly supports the Economic Development Committee, which is responsible for Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.
19. Promoting Hamilton's value proposition forms the basis of efforts to promote new investment and job creation in the city.

### **Risks - *Tuuraru***

20. There are no known risks associated with this matter.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

21. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.
22. Given the low level of significance no engagement is required.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Targeted Outcomes Tracker - 13 August 2024

# 2024 Targeted Outcomes – 13 August Update



## Strategic Property

### Commercial Accommodation

Secure a developer for a new 4+ star hotel

- Complete an open procurement process

Complete a development agreement to deliver a new 4+ star hotel

- Conditional development agreement currently in place

### Municipal Endowment Fund (MEF)

Invest and deploy MEF capital

- Implemented investment strategy (term deposits, balanced funds)

Promote transformational development opportunities

- Affordable housing and hotel developments

### Strategic Property

Manage Council-owned sites identified for development

- Opoia Paa Carpark, Heaphy/Brooklyn, Artpost, Victoria on the River

Asset evaluation

- Comprehensive review of property holdings

## Tourism, Events and Visitation

### H3 Venues

Generate visitation and social activation through our venues

- All attendance targets have been met

Attract events based on venue performance and customer satisfaction

- Deliver on being best in business, dedicated hosts, and a tight team

### Visitor Attractions

Enhance our position as an interesting, educational and inspiring city

- All visitation targets have been met

Consistently deliver a balanced portfolio of programmes

### Hamilton Airport

Operate an efficient and compliant airport

- Enhance the visitor experience

Maintain aeronautical operations and diversify revenue

- Explore, secure a portfolio of aeronautical/non-aeronautical opportunities

Deliver environmentally sound and sustainable operating practices

## Growth Programmes

### Central City Transformation

Work with key developers ahead of formal consent process

- Guide internal discussions about development intentions

Ensure internal and external investment efforts are aligned

- 2024-34 Long-Term Plan, Development Response Plan

Success of Hamilton Central Business Association outcomes

- Support with BID Policy review, Service Level Agreement renewal

### Greenfield Growth

Increased investment and employment from industrial users

- Focus on Ruakura and Rotokauri Northwest

Support Waikato-Tainui aspirations at Ruakura Superhub

- Partner to achieve commercial, community, environmental outcomes

## Economic Development Programme

### Proactive Employer Engagement

Engage with at least 75 business from key growth sectors

- Completed 54 engagements as of July 2024

Expand engagement to commercial real estate partners

- Share insights and identify opportunities to collaborate

### Investment Promotion

Lead the Tech in the Tron project to attract tech sector growth

- Show measurable growth in project reach and tangible results

Deliver events to showcase the city to talent and businesses

- Partner with commercial developers, business leaders

### Shaping Narratives

Promote Hamilton's economic development story

- Deliver media opportunities, create printed and digital content

Align with metro spatial plan partners on growth messaging

- Work with Strategic Planning & Advocacy group, neighbouring districts



# Council Report

Item 8

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** David Bryant

**Authoriser:** Blair Bowcott

**Position:** General Manager Business Services

**Position:** General Manager Strategy, Growth and Planning

**Report Name:** External Agencies and CCO Reporting

**Report Status**

*Open*

## Purpose - *Take*

1. To inform the Economic Development Committee on matters relating to External Agencies and Council-controlled organisations (CCOs), including specifically the annual report to December 2023 for Civic Financial Services.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. This report provides the following information:

External Partner/CCO	Topic
Civic Financial Services	Annual Report to December 2023
Co-Lab	Staff action from the 25 June 2024 meeting regarding the value to Hamilton City Council of shared services

4. Civic Financial Services' Annual Report is **Attachment 1** to this report.
5. Staff consider the decisions in the report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion – *Matapaki*

### Civic Financial Services

#### Background

6. Civic Financial Services (Civic) has 73 shareholders, comprising 72 local authorities and TrustPower. It provides superannuation services for the local government sector through a SuperEasy KiwiSaver Superannuation Scheme and Local Government Superannuation Scheme.
7. Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly-owned subsidiaries of the company.

8. At its 12 March 2024 meeting, the Economic Development Committee endorsed Civic's Statement of Intent (SOI).
9. Civic's corporate goals remain closely aligned to those of the prior year's SOI:
  - i. To operate as a sound and successful business.
  - ii. To provide superannuation and savings products and services to at least 90% of local authorities.
  - iii. To be retained as administration manager for the Local Authority Protection Programme, Riskpool, Civic Liability Pool and Civic Property Pool.

#### Annual Report

10. Civics' Annual Report to 31 December 2023 is attached to this staff report (see **Attachment 1**).
11. Civic achieved a before-tax profit of \$439,242 in 2023. This compares favourably to the forecasted before-tax surplus of \$147,868 as set out in the 2023 Statement of Intent.
12. This increased profit is primarily due to receiving higher than anticipated investment income over the year and a slight underspend in administration expenses also contributing.
13. Fees in 2023 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,919,375 (2022: \$2,904,682)
14. Income from Investments was \$613,757 (2022: \$266,148)
15. Civic continues as a sponsor of Taituara – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at regional and national level.
16. There were no material events subsequent to 31 December 2023 that require adjustment to the financial statements (2022: \$nil).
17. Civic had no capital commitments at balance date (2022: \$nil).

#### Co-Lab

18. At the 25 June 2024 meeting of the Economic Development Committee, the following staff action was noted:
  - i. Staff undertook to provide Members with further information on value to Hamilton City Council from shared services.*
19. Co-Lab, previously known as Waikato Local Authority Shared Services (WLASS), was established in 2005 to provide local authorities in the Waikato Region with a vehicle to procure shared services. It is owned, in equal portion, by 12 councils including Western Bay of Plenty District Council. Co-Lab drives collaboration between councils and aims to improve customer service and performance, and to reduce costs.
20. At the 12 March 2024 meeting of the Economic Development Committee, Co-Lab's Chief Executive, Kelvin French, presented its 30 June 2023 Annual Report (**Attachment 2** to this report). The Chair and CEO Report in the Annual Report noted the following:

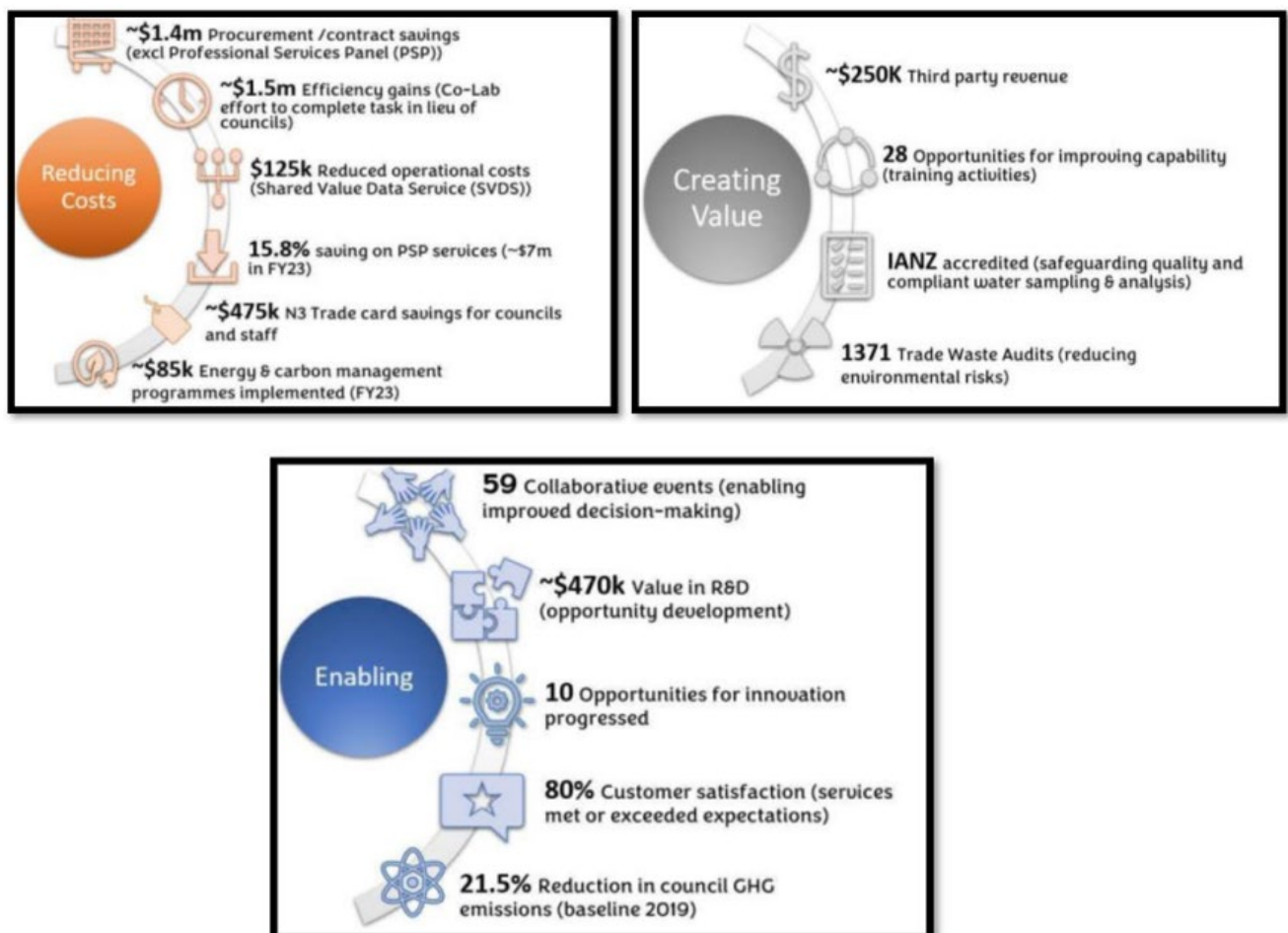
Our annual stakeholder survey received an impressive response rate from councils this year. We are grateful to those that took the time to complete it. Overall, it tells us that we are doing well – 80% of respondents said that our services either met or exceeded expectation, which is in line with the previous years.

But there remain some pockets within councils where value is questioned. This is not new. In response, in last year's Statement of Intent we signalled we would be developing a framework for quantifying and communicating our benefits to councils. This was largely completed during the year, and we will be using it in communications to councils moving forward. We want to be clear on our value proposition and know this is validated and understood by our shareholding councils. The framework categorises the benefits Co-Lab provides into three core areas;

1. **Reducing costs** such as efficiency gains in FTE or time; procurement savings; reducing unit cost of product/ service
2. **Creating value** such as improving levels and quality of service; increasing skills, expertise or compliance; improving decision making
3. **Enabling innovation and change** such as research & opportunity development; providing centres of expertise/ skills; collaboration and regional insights and enabling councils to provide a consistent customer experience.

We have started to calculate measurable benefits against each of these, depicted in our snapshot below, and we will continue to build on this. In tandem with this work, we have tweaked our vision and purpose, and considered our strategic goals for the next 3-5 years which will be reflected in our next Statement of Intent.

### Co-Lab's value to councils in FY2022/23



### Financial Considerations - *Whaiwhakaaro Puutea*

21. Civic held its Annual General Meeting in June 2024 where the Annual Report and Financial Statements for the year ending 31 December 2023 were presented to the members.

## **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

22. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

### **Climate Change Impact Statement**

23. Staff have used the climate adaptation assessment guidance and determined there are no known climate risks or adaptation opportunities associated with the matters outlined in the report.
24. Staff have used the climate emissions assessment guidance and determined there is no change in greenhouse gas emissions associated with the matters outlined in the report.

## **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

25. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
26. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report as outlined below.
27. The recommendations set out in this report are consistent with that purpose.

### **Social**

28. Civics' Superannuation Schemes' underlying fund managers applies responsible investment principles to the funds the Scheme invests in. This includes restrictions on investing in companies that operate in certain industries.

### **Economic**

29. Civic provides high-quality, low-cost administration services to Local Authority Protection Programme, Risk-pool, Civic Liability Pool, and Civic Property Pool.

### **Environmental**

30. The Civic managed LAPP fund helps its members pay their share of infrastructure replacement costs for water, sewage and other essential services damaged by natural disaster.

### **Cultural**

31. Civics' strategies are underpinned by its people-centric model, an approach that cares about its members and their whānau and aims to maximise their retirement funds.

### **Risks - *Tuuraru***

32. There are no known risks associated with the decisions required for this matter.

## **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

33. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.
34. Given the low level of significance determined, the engagement level is low. No engagement is required.

## **Attachments - *Ngaa taapirihanga***

Attachment 1 - Civic Annual Report December 2023

Attachment 2 - Co-Lab Annual Report FY2022/23



# ANNUAL REPORT 2023

DIRECTORS' REPORT	1
DIRECTORY	5
INDEPENDENT AUDITOR'S REPORT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
CONSOLIDATED STATEMENT OF CASH FLOWS	13
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	14
SHAREHOLDERS' DETAILS	BACK COVER

## ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2023

Your Directors have pleasure in submitting the 63rd Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2023, which is to be presented at the Annual General Meeting of Members in June 2024.

Directors operate under a Charter which outlines the specific role and responsibilities of the Board. Each Director must be assessed as being fit and proper in accordance with Civic's Fit and Proper Policy and at least two Directors must be independent, being neither a member or an employee of a local authority. The Directors are all subject to Civic's Code of Ethics. The Board has a Risk and Audit Committee which is governed by its own Charter and is responsible for maintaining the Board's risk management processes and policies, including ensuring compliance with regulatory and legal standards. .

### 1. PERFORMANCE

Civic's before-tax profit in 2023 was \$439,242.

This compares favourably to the budgeted before-tax surplus of \$147,868 as set out in the 2023 Statement of Intent.

This increased profit is primarily due to receiving higher than anticipated investment income over the year and a slight underspend in administration expenses also contributing.

### 2. OPERATIONS

#### *Administration Services*

Fees in 2023 from providing services to LAPP, Riskpool, the SuperEasy Superannuation Scheme and the SuperEasy KiwiSaver Superannuation Scheme were \$2,919,375 (2022: \$2,904,682).

#### *Investment Revenue*

Income from investments was \$613,757 (2022: \$266,148).

#### *Sponsorship and Support for the Sector*

Civic continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

### 3. ASSOCIATED ENTITIES

#### *Local Government Superannuation Trustee Limited*

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

Scheme) and SuperEasy KiwiSaver Superannuation Scheme. Both Schemes are administered by Civic and are registered with the Financial Markets Authority. Director appointments to LGST are made by Local Government New Zealand (two), Civic (one), Council of Trade Unions (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

The Schemes feature low member charges and simple administration for councils. The Schemes offer an 'Automatic Fund', in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older. The SuperEasy website is [www.supereasy.co.nz](http://www.supereasy.co.nz).

The Schemes have a combined membership of over 11,500, with funds under management as at December 2023 of \$559 million (December 2022 \$496 million). Of the councils that have a preferred provider for KiwiSaver, 70 out of 73 (95%) have appointed Civic. The investments of the funds are managed by Harbour Asset Management Limited and ANZ New Zealand Investments Limited.

#### *LAPP Disaster Fund*

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. LAPP's website is: [www.lappfund.co.nz](http://www.lappfund.co.nz). Civic is the administration and fund manager for LAPP.

LAPP is currently managing Marlborough District Council's claim that resulted from the severe flood damage that hit the Marlborough region in July 2021 and claims from Hastings District Council and Wairoa District Council as a result of damage from Cyclone Gabrielle in February 2023. At the time of writing it is unknown how much these claims will be, but they will be well within LAPP's ability to pay, providing the benefit of full cover for all of the flood damaged assets registered with LAPP.



## DIRECTORS' REPORT

### *Riskpool / Civic Liability Pool (CLP)*

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. Riskpool is a mutual liability fund governed by a trust deed and can call on its member councils for financial support. CLP is similar to Riskpool but has no facility for calls. With reducing council support for Riskpool, it became increasingly difficult to offer competitively priced cover and risk management services. Consequently Riskpool/CLP decided to cease providing cover from 1 July 2017 and is now in run-off mode. Riskpool made a call on members in 2023 and is currently working through some claims that involve both weathertight and non-weathertight issues (mixed defect claims) before Riskpool is able to be wound up.

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

Civic had entered into arm's length, secured loan facility agreements on commercial terms with LGMFT to enable Riskpool to manage its cashflows. These loan facilities were repaid in full in 2023 following the Riskpool call on members.

### 4. DIRECTORS

As at 31 December 2023 there were five Civic directors: Marty Grenfell, Nicola Mills, Ken Morris, Basil Morrison, and Craig Stevenson.

John Melville and Jo Miller retired as directors with effect from 16 June 2023. Marty Grenfell and Ken Morris were appointed directors on 16 June 2023.

#### *Director attendances at Board meetings held in 2023:*

Marty Grenfell	2 / 2
John Melville	4 / 4
Jo Miller	0 / 4
Nicola Mills	6 / 6
Ken Morris	1 / 2
Basil Morrison	6 / 6
Craig Stevenson	6 / 6

### *Section 139 of the Companies Act 1993*

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Civic Board.

For the year ended 31 December 2023, Directors' remuneration was:

Marty Grenfell	\$9,182
John Melville	\$15,137
Jo Miller	\$7,568
Nicola Mills	\$25,126
Ken Morris	\$9,182
Basil Morrison	\$16,751
Craig Stevenson	\$25,933
	<b>\$108,879</b>

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

Marty Grenfell	(Riskpool)	\$12,685
John Melville	(Riskpool)	\$7,671
Jo Miller	(Riskpool & LGST)	\$7,314
Nicola Mills	(Riskpool)	\$10,155
Ken Morris	(Riskpool)	\$6,342
Basil Morrison	(LGST)	\$14,215
Craig Stevenson	(Riskpool)	\$10,155
		<b>\$68,537</b>



## DIRECTORS' REPORT

Item 8

Attachment 1

**Interests Register**

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2023 were:

Marty Grenfell	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Tauranga City Council; Director of Bay of Plenty Local Authority Shared Services (BoPLASS); Trustee of Te Manawataki o Te Papa Settlement Charitable Trust.
Nicola Mills	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to agreement for finance with LGMFT; Board Member of Sport Waitakere; Acting Group Chief Financial Officer at Auckland Council.
Ken Morris	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Deputy Chief Executive/Group Manager Business Support Waipa District Council; Chair of Co-Lab (Waikato Local Authority Shared Services) Insurance Advisory Group; Participant in Aon Local Government Strategy Reference Group; Treasurer, Waipa Community Trust; Shareholder / Director Morris Manapouri Investments Limited and Groovy Food Catering Co. Ltd; Trustee, The Harry and Pauline Morris Family Trust; Chair, Village Lake Apartments Body Corporate (Hanmer Springs).
Basil Morrison	Chair of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Chair of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Deputy Chair Hauraki Rail Trail; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Honorary Consul for Uganda; Thames-Coromandel District Council Hearings Panel; Waikato Regional Council Hearings Commissioner; Waikato District Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA.

Craig Stevenson Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT; Member of Local Government Superannuation Scheme and SuperEasy KiwiSaver Superannuation Scheme; Trustee of Ratanui Trust; Market Director Local Government of WSP New Zealand Ltd.

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

**Use of Information**

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

**Loans to Directors**

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

**5. EMPLOYEE REMUNERATION**

Detailed below is the number of employees who received remuneration of \$100,000 or more in their capacity as employees during the year ended 31 December 2023.

Remuneration	Number of Employees
\$100,000 – \$110,000	1
\$160,000 – \$170,000	1
\$260,000 – \$270,000	1

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

## DIRECTORS' REPORT

### 6. AUDIT AND RISK MANAGEMENT

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


The Risk and Audit Committee comprises the full Board. Nicola Mills was appointed Chair of this committee on 17 June 2022. The Committee met five times in 2023: the Auditor attended two of those meetings and at one of those meetings proceedings took place without management present.

### 7. DONATIONS

No donations have been made during the year by any Company in the Group (2022: \$0).

### 8. STAFF

The Directors sincerely thank the staff - Charlie Howe, Glenn Watkin, Ian Brown, Racheal Harold, Ivy Liang, Lisa Lummis, Jen McGahan and Wendy Riley - for their work and support during the year.



Craig Stevenson, Chair  
March 2024

***DIRECTORS***

Craig Stevenson (Chair)  
Marty Grenfell  
Nicola Mills  
Ken Morris  
Basil Morrison CNZM JP

***EXECUTIVE OFFICERS***

**Chief Executive** : Charlie Howe  
**Chief Financial Officer** : Glenn Watkin

COMPANY REGISTRATION NO: 13271

***AUDITORS***

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

***BANKERS***

ANZ Banking Group (New Zealand) Limited

***LEGAL ADVISERS***

Dentons Kensington Swan

***REGISTERED OFFICE***

Level 7, Civic Chambers, 116 Lambton Quay, Wellington 6011

***POSTAL ADDRESS***

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

***OTHER CONTACT DETAILS***

Telephone: (04) 978 1250  
Email: [admin@civicfs.co.nz](mailto:admin@civicfs.co.nz)  
Website: [www.civicfs.co.nz](http://www.civicfs.co.nz)

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



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

#### OPINION

We have audited the consolidated financial statements of the Group on pages 10 to 32, that comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

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

- present fairly, in all material respects:
  - its financial position as at 31 December 2023; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

Our audit was completed on 22 March 2024. This is the date at which our opinion is expressed.

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

#### BASIS FOR OUR OPINION

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

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

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

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.



## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENCE

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

Other than in our capacity as the auditor, we have no relationship with, or interests in, the company.

A handwritten signature in blue ink, appearing to read "Hamish Anton".

**Hamish Anton**  
**Deloitte Limited**  
On behalf of the Auditor-General  
Wellington, New Zealand

# Statement of Accounts

Civic Financial Services Limited

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>REVENUE</b>			
Administration Fees	17	2,919,375	2,904,682
Interest Income	4	613,757	266,148
Other Income		135	487
<b>Total Revenue</b>		<b>3,533,267</b>	<b>3,171,317</b>
<b>EXPENDITURE</b>			
Audit Fee	14		
Statutory Audit of the Financial Statements		58,519	52,367
Other Fees Paid to Auditors for Assurance Services		30,346	28,750
Other Fees Paid to Auditors for Entities Administered by Civic		75,779	72,049
Depreciation	7	18,996	20,101
Amortisation	7	68,664	68,859
Directors' Remuneration	3	108,879	100,764
Other Expenses	6	1,674,727	1,702,942
Employee Remuneration		1,022,057	954,251
Superannuation Subsidies		36,058	29,001
<b>Total Expenditure</b>		<b>3,094,025</b>	<b>3,029,085</b>
<b>Surplus Before Taxation</b>		<b>439,242</b>	<b>142,232</b>
Taxation Expense	10	123,554	1,165,613
<b>TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	15	<b>315,688</b>	<b>(1,023,381)</b>

This statement is to be read in conjunction with the notes on pages 14 to 32.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>SHAREHOLDERS' EQUITY</b>			
<b>Issued and Paid-Up Ordinary Shares</b>			
Ordinary Shares fully paid up	15	10,763,506	10,763,506
Retained Earnings	15	(288,799)	(604,487)
<b>TOTAL EQUITY</b>		<b>10,474,707</b>	<b>10,159,019</b>
Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		2,789,339	522,056
Term Deposits		6,366,929	4,556,993
Accrued Interest Receivable		65,256	61,354
Sundry Debtors and Prepayments	12	589,339	494,001
Loan Receivable	13	-	3,799,963
<b>Total Current Assets</b>		<b>9,810,863</b>	<b>9,434,367</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	7	28,722	42,730
Intangible Assets (Software)	7	23,162	91,826
Deferred Tax Asset	10	919,639	1,043,193
<b>Total Non Current Assets</b>		<b>971,523</b>	<b>1,177,749</b>
<b>TOTAL ASSETS</b>		<b>10,782,386</b>	<b>10,612,116</b>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors and Accrued Charges	12	193,955	325,568
Accrued Holiday Pay		93,314	87,863
CLP / Riskpool Admin Fee Reserve		20,410	39,666
<b>Total Current Liabilities</b>		<b>307,679</b>	<b>453,097</b>
<b>TOTAL LIABILITIES</b>		<b>307,679</b>	<b>453,097</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>		<b>10,474,707</b>	<b>10,159,019</b>

For and on behalf of the Directors



NICOLA MILLS Director 22 March 2024



KEN MORRIS Director 22 March 2024

This statement is to be read in conjunction with the notes on pages 14 to 32.

Civic Financial Services Limited			
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>			
FOR THE YEAR ENDED 31 DECEMBER 2023			
	NOTE	2023 \$	2022 \$
OPENING EQUITY		10,159,019	11,182,400
Total Comprehensive Surplus / (Deficit) Net of Tax		315,688	(1,023,381)
Dividend Payment		-	-
Ordinary Shares issued during the year	15	-	-
CLOSING EQUITY		10,474,707	10,159,019

This statement is to be read in conjunction with the notes on pages 14 to 32.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Administration Fees Received		2,807,633	3,006,916
Other Income		135	487
		2,807,768	3,007,403
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		3,134,691	2,919,194
		3,134,691	2,919,194
<b>Net Cash Flow (used in) / from Operating Activities</b>	<b>11</b>	<b>(326,923)</b>	<b>88,209</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Investment Income		198,764	74,063
Loan Interest Received		752,394	-
Term Deposits		4,860,561	1,864,564
Loans Repaid from Related Parties		6,582,230	501,500
		12,393,949	2,440,127
<b>Cash was applied to:</b>			
Term Deposits		6,670,497	506,993
Purchase of Property, Plant and Equipment		5,678	18,637
Loans Issued to Related Parties		3,123,568	1,816,013
		9,799,743	2,341,643
<b>Net Cash Flow from Investing Activities</b>		<b>2,594,206</b>	<b>98,484</b>
Net Increase in Cash Held		2,267,283	186,693
Opening Cash Balance as at 1 January		522,056	335,363
<b>Closing Cash Balance as at 31 December</b>		<b>2,789,339</b>	<b>522,056</b>
<b>Being:</b>			
<b>Cash and Cash Equivalents</b>		<b>2,789,339</b>	<b>522,056</b>

This statement is to be read in conjunction with the notes on pages 14 to 32.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 1 REPORTING ENTITY**

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in note 2 (b). The Group provides financial services principally for New Zealand local government.

**Statement of Compliance**

The financial statements have been prepared in keeping with the requirements of the Companies Act 1993, and the Financial Reporting Act 2013, which include the requirement to comply with New Zealand general accepted accounting practice (NZ GAAP). The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

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

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

**Critical Judgements and Estimates in Applying the Accounting Policies**

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

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

**Particular Accounting Policies**

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

**(a) Consolidation of Subsidiaries**

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

**(b) Investment in Subsidiaries**

At 31 December 2023 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2022 and 31 December 2023.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Item 8

## NOTE 2 STATEMENT OF ACCOUNTING POLICIES CONTINUED

## (c) Administration Fees

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

## (d) Employee Benefits and Directors' Remuneration

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

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

## (e) Basis of Measuring Other Income and Expenses

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

## (f) Interest Income

Interest income is recognised using the effective interest method.

## (g) Changes in Accounting Policies

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

## NOTE 3 KEY MANAGEMENT PERSONNEL

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

	2023	2022	2023	2022
	Number		\$	\$
<b>Short term employee benefits</b>				
Executive Management Personnel	3	4	527,933	569,107
Directors	7	5	108,879	100,764
			<b>636,812</b>	<b>669,871</b>

Attachment 1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 4 FINANCIAL INSTRUMENTS***Accounting Policies:***i) Classification and Measurement**

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

**Loans and Receivables**

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

**Cash and Cash Equivalents**

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

**Financial Liabilities**

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

**ii) Offsetting Financial Instruments**

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

**iii) Asset Quality****Impairment of Financial Assets**

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

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

**iv) Fair Value of Financial Instruments**

*Fair value measurements recognised in the Statement of Financial Position*

*Financial instruments are categorised into 3 levels:*

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

**v) Derivatives**

*The Group do not use any derivative financial instruments.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

## (1) Income Relating to Financial Assets

	2023 \$	2022 \$
<b>Loans</b>		
Interest Received – Loans	411,093	152,081
<b>Cash and Cash Equivalents</b>		
Interest Received – Short Term Deposits	202,664	114,067
<b>Total Interest Income</b>	<b>613,757</b>	<b>266,148</b>

## (2) Financial Assets and Liabilities

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED**(2) Financial Assets and Liabilities** continued*Carrying value of Financial Assets and Financial Liabilities*

	2023 \$	2022 \$
<b>Financial Asset: Amortised Cost</b>		
Sundry Debtors	520,111	416,660
Loans	-	3,799,963
Cash and Cash Equivalents	2,789,339	522,056
Term Deposits	6,366,929	4,556,993
<b>Total Financial Assets: Amortised Cost</b>	<b>9,676,379</b>	<b>9,295,672</b>
<b>Financial Liability: Amortised Cost</b>		
Sundry Creditors and Accrued Charges	193,955	325,568
<b>Total Financial Liabilities: Amortised Cost</b>	<b>193,955</b>	<b>325,568</b>

**(3) Financial Risk – Structure and Management**

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

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

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

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

**(a) Market Risk**

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

**(b) Carrying Amount and Fair Value**

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

## (3) Financial Risk – Structure and Management continued

## (c) Liquidity Risk

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

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

Maturity Analysis as at 31 December 2023						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash and Cash Equivalents	0% to 5.50%	2,789,339	-	-	-	2,789,339
Term Deposits and Accrued Interest	5.35% to 6.15%	6,432,185	-	-	-	6,432,185
Other Receivables	n/a	520,111	-	-	-	520,111
Loans	n/a	-	-	-	-	-
<b>Total Financial Assets</b>		<b>9,741,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,741,635</b>
<b>Liabilities</b>						
Sundry Creditors and Accrued Expenses	n/a	193,955	-	-	-	193,955
<b>Total Financial Liabilities</b>		<b>193,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,955</b>
Maturity Analysis as at 31 December 2022						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash and Cash Equivalents	0% to 2.85%	522,056	-	-	-	522,056
Term Deposits and Accrued Interest	2.5% to 5.05%	4,618,347	-	-	-	4,618,347
Other Receivables	n/a	416,660	-	-	-	416,660
Loans	3.47% to 6.53%	3,799,963	-	-	-	3,799,963
<b>Total Financial Assets</b>		<b>9,357,026</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,357,026</b>
<b>Liabilities</b>						
Sundry Creditors and Accrued Expenses	n/a	325,568	-	-	-	325,568
<b>Total Financial Liabilities</b>		<b>325,568</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,568</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

**(i) Exposure to Credit Risk**

	2023 \$	2022 \$
Cash and Cash Equivalents	2,789,339	522,056
Term Deposits and Accrued Interest	6,432,185	4,618,347
Other Receivables	520,111	416,660
Loans	-	3,799,963
<b>Total</b>	<b>9,741,635</b>	<b>9,357,026</b>

**(ii) Concentration of Credit Exposure**

95% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool (2022: 96%).

**NOTE 5 OPERATING LEASE COMMITMENTS**

	2023 \$	2022 \$
<b>Operating Lease Expense Commitments:</b>		
not later than one year	72,717	71,733
later than one year but not later than five years	44,406	115,482
later than five years	-	-
	<b>117,123</b>	<b>187,215</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## NOTE 6 OTHER EXPENSES

	2023 \$	2022 \$
Compliance Costs	179,298	176,876
Consultants	50,991	134,789
Legal Fees	88,773	58,142
Other Expenses	1,355,664	1,333,136
<b>Total</b>	<b>1,674,727</b>	<b>1,702,942</b>

## NOTE 7 PROPERTY, PLANT &amp; EQUIPMENT AND INTANGIBLE ASSETS

*Accounting Policy:*

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

Depreciation Rates	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	2.5 years

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 7** PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

	2023 \$	2022 \$
<b>(a) Property, Plant and Equipment</b>		
Office Furniture and Equipment – cost	184,520	175,510
Plus Additions	5,783	16,789
Less Disposals	(2,447)	(7,779)
<b>Closing Value – cost</b>	<b>187,856</b>	<b>184,520</b>
Office Furniture and Equipment – Accumulated Depreciation	(141,790)	(129,213)
Less Depreciation Charge	(18,996)	(20,101)
Less Disposals	1,652	7,524
<b>Closing Accumulated Depreciation</b>	<b>(159,134)</b>	<b>(141,790)</b>
<b>Net Book Value</b>	<b>28,722</b>	<b>42,730</b>

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes losses on disposal of fixed assets of \$690 (2022: \$255).

	2023 \$	2022 \$
<b>(b) Intangible Assets</b>		
Software – cost	436,911	435,064
Plus Additions	-	1,847
Less Disposals	-	-
<b>Closing Value – cost</b>	<b>436,911</b>	<b>436,911</b>
Software – Accumulated Amortisation	(345,085)	(276,226)
Less Amortisation Charge	(68,664)	(68,859)
Less Disposals	-	-
<b>Closing Accumulated Amortisation</b>	<b>(413,749)</b>	<b>(345,085)</b>
<b>Net Book Value</b>	<b>23,162</b>	<b>91,826</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED**

There are no financial assets that are impaired or past due at balance date (2022: \$nil).

**NOTE 9 CONTINGENT LIABILITIES**

There are no contingent liabilities (2022: \$nil).

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

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

**ii) Deferred Tax**

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

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

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

Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over 10 years. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.

**iii) Goods and Services Tax (GST)**

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023 \$	2022 \$
<b>Tax expense comprises:</b>		
Current tax expense	123,640	40,265
Adjustments recognised in the current year in relation to the current tax of prior years	(86)	86
Deferred tax relating to temporary differences	-	1,125,262
<b>Total tax expense</b>	<b>123,554</b>	<b>1,165,613</b>
<b>Attributable to:</b>		
Continuing operations	123,554	1,165,613
	<b>123,554</b>	<b>1,165,613</b>

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

	2023 \$	2022 \$
Surplus before tax	439,242	142,232
Income tax calculated at 28%	122,988	39,825
Tax effect of permanent differences	652	440
Derecognition of tax losses	-	1,125,262
Prior Period Adjustment	(86)	86
<b>Income Tax Expense</b>	<b>123,554</b>	<b>1,165,613</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## NOTE 10 TAXATION CONTINUED

## (b) Current tax assets and liabilities

	2023 \$	2022 \$
Tax refund receivable	-	-
	-	-

## (c) Deferred tax balances

	2023 \$	2022 \$
Deferred tax assets comprise:		
Temporary differences and tax losses	919,513	1,042,939
	919,513	1,042,939
Deferred tax liabilities comprise:		
Temporary differences	126	255
	126	255
Net Deferred Tax balance	919,639	1,043,193

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Prior Period Adjustment \$	Closing Balance \$
Property and equipment	914	(767)	-	304	451
	<b>914</b>	<b>(767)</b>	<b>-</b>	<b>304</b>	<b>451</b>
Employee entitlements	80,236	4,307	-	-	84,543
Losses carried forward	3,644,544	(445,108)	-	-	3,199,436
<b>2023</b>	<b>3,724,780</b>	<b>(440,799)</b>	<b>-</b>	<b>-</b>	<b>3,283,979</b>
Attributable to:					
Continuing operations	3,725,695	(441,566)	-	304	3,284,433
Total	3,725,695	(441,566)	-	304	3,284,433
Tax effect at 28%	1,043,193	(123,639)	-	85	919,639
Property and equipment	2,269	(1,051)	-	(304)	914
	<b>2,269</b>	<b>(1,051)</b>	<b>-</b>	<b>(304)</b>	<b>914</b>
Employee entitlements	84,452	(4,216)	-	-	80,236
Losses carried forward	7,801,875	(4,157,331)	-	-	3,644,544
<b>2022</b>	<b>7,886,328</b>	<b>(4,161,547)</b>	<b>-</b>	<b>-</b>	<b>3,724,781</b>
Attributable to:					
Continuing operations	7,888,597	(4,162,598)	-	(304)	3,725,695
Total	7,888,597	(4,162,598)	-	(304)	3,725,695
Tax effect at 28%	2,208,806	(1,165,527)	-	(85)	1,043,193

The deferred tax asset relating to tax losses carried forward has been recognised to the extent that the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years to utilise these losses. The deferred tax asset is reviewed regularly and at balance date against forecast profits. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised. The deferred tax asset does not include unrecognised tax losses of \$4,161,783 (2022: \$4,091,540) and unrecognised deferred tax asset effect at 28% of \$1,165,299 (2022: \$1,145,631).

**(d) Imputation Credit Account**

	2023 \$	2022 \$
Closing Balance	1,593,490	1,593,490



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Item 8

**NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES****Accounting Policy:**

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

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

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

Attachment 1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023 \$	2022 \$
<b>Total Comprehensive Surplus / (Deficit)</b>	315,688	(1,023,381)
<b>Add/(less) non cash items</b>		
Loan Interest	341,298	(152,079)
Depreciation	18,996	20,101
Amortisation	68,664	68,859
Movement in CLP/ Riskpool Admin Fee Reserve	(19,256)	(19,256)
Movement in Deferred Tax Asset	123,554	1,165,613
	533,256	1,083,238
<b>Add/(less) movements in other working capital items</b>		
Sundry Debtors, Prepayments and Accrued Interest	(99,236)	115,442
Sundry Creditors and Accrued Charges	(126,163)	(87,913)
	(225,399)	27,529
Add/(Less) Items Classified as Investing Activity	(950,468)	(73,809)
Add/(Less) Items Classified as Financing Activity	-	74,632
<b>Net Cash Flow (used in) / from Operating Activities</b>	<b>(326,923)</b>	<b>88,209</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## NOTE 12 SUNDRY DEBTORS AND CREDITORS

## (a) Sundry Debtors and Prepayments

	2023 \$	2022 \$
Sundry Debtors	520,111	416,658
Prepayments	69,228	77,343
<b>Sundry Debtors and Prepayments</b>	<b>589,339</b>	<b>494,001</b>

## (b) Sundry Creditors and Accrued Charges

	2023 \$	2022 \$
Sundry Creditors and Accrued Charges	193,627	322,630
GST Payable	328	2,938
<b>Sundry Creditors and Accrued Charges</b>	<b>193,955</b>	<b>325,568</b>

## NOTE 13 LOANS

*Loan Receivable*

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and Civic Liability Pool (CLP). The Company provides administrative services to Riskpool and CLP.

**Related Party Loans Receivable**

	2023 \$	2022 \$
Riskpool	-	3,799,963
<b>Total Related Party Loans Receivable</b>	<b>-</b>	<b>3,799,963</b>

During the financial year, three secured loan agreements existed between Civic and LGMFT on behalf of Riskpool, whereby Civic loaned LGMFT up to \$2,250,000 under each of two separate loans and up to \$2,500,000 under the third loan, all at commercial interest rates to assist with Riskpool's cashflow. The loan outstanding at 31 December 2023 is \$nil (2022: \$3,779,963). The interest rate was based on the BKBM plus a margin. Interest received by the Company relating to the loans for the year to 31 December 2023 was \$411,093 (2022: \$152,081).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2023 is \$nil (2022: \$nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 14 AUDIT FEES**

A breakdown of the fees paid to the auditors is below:

	2023 \$	2022 \$
<b>Statutory Audit of the Financial Statements</b>		
Civic Financial Services	58,519	52,367
Civic Liability Pool	-	18,085
Local Government Superannuation Trustee	75,779	53,964
<b>Total Statutory Audit of the Financial Statements</b>	<b>134,298</b>	<b>124,416</b>
<b>Other Fees Paid to Auditors for Assurance Services</b>	<b>30,346</b>	<b>28,750</b>
<b>Total Fees Paid to the Auditors</b>	<b>164,645</b>	<b>153,166</b>

**NOTE 15 SHAREHOLDERS' EQUITY**

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2022 there were no shares issued. There were no shares issued during 2023.

	2023 \$	2022 \$
<b>Retained Earnings</b>		
Opening Balance (Deficit)	(604,487)	418,894
Net Surplus After Taxation	315,688	(1,023,381)
Dividend Payment	-	-
<b>Closing balance</b>	<b>(288,799)</b>	<b>(604,487)</b>
<b>Shareholders Capital</b>		
Opening Balance	10,763,506	10,763,506
Ordinary Shares issued during the year	-	-
<b>Closing balance</b>	<b>10,763,506</b>	<b>10,763,506</b>
<b>Number of Ordinary Shares Fully Paid</b>	<b>11,249,364</b>	<b>11,249,364</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Item 8

**NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS**

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes.

**NOTE 17 RELATED PARTIES**

The Company provided administration services to related parties during the year to NZ Local Authority Protection Programme (LAPP), NZ Mutual Liability Riskpool (Riskpool), Local Government Superannuation Trustee (Trustee of the Local Government Superannuation Scheme (LGSS) and SuperEasy KiwiSaver Superannuation Scheme (SKSS) and Civic Property Pool (CPP). There were no related party transactions with CPP in either of the last two years.

The income derived from the administration services as well as year end accounts receivable are detailed in the table below. Refer to Note 13 for the terms and information relating to loans with related parties.

**Administration Fees**

	2023 \$	2022 \$
LGSS & SKSS	2,423,319	2,425,046
LAPP	310,000	305,000
Riskpool	166,800	155,380
Civic Liability Pool	19,256	19,256
<b>Administration Fees from Related Parties</b>	<b>2,919,375</b>	<b>2,904,682</b>

**Accounts Receivable**

	2023 \$	2022 \$
LGSS & SKSS	431,340	416,355
LAPP	89,125	-
<b>Accounts Receivable from Related Parties</b>	<b>520,465</b>	<b>416,355</b>

Attachment 1

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**NOTE 18 SUBSEQUENT EVENTS**

There have been no material events subsequent to 31 December 2023 that require adjustment to or disclosure in the financial statements (2022: nil).

**NOTE 19 CAPITAL COMMITMENTS**

The Company has no capital commitments at balance date (2022: \$nil).

**NOTE 20 GOING CONCERN**

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

## Item 8

# Attachment 1



30 June 2023



## Annual report FY2022/23

Councils maximising the value they provide to their communities.

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd





30 June 2023

## Contents

Chair & CEO report .....	3
Co-Lab's value to councils in FY2022/23 .....	5
Opportunity development .....	7
The opportunity development framework .....	7
Benefits realisation .....	7
Significant projects .....	8
Shared services .....	10
Satisfaction survey results .....	10
Shared Services in action .....	10
RATA .....	17
Waikato Regional Transport Model.....	18
Co-Lab Geospatial services.....	19
Co-Lab Learning .....	20
People @ Co-Lab .....	21
By the numbers .....	22
Performance reporting.....	22
Financial Statements.....	35
Directory .....	57



30 June 2023

## Chair & CEO report

In last year's annual report, we empathised with you about the challenges you faced. How little has changed in the past 12 months! While covid-19 is now 'normalised', you continue to face record inflation, uncertain central government reform (exacerbated by the forthcoming election), and a tight labour market. Local body elections have seen many new faces around the council table. And while a vision for the future of local government has been painted, it is unknown what if any of the recommendations from that report will be embraced by central government. Amidst this significantly shifting landscape your communities ask that you be part of the solution to, and not adding to, the cost-of-living crisis.

Change is undoubtedly the new normal for local government.

This backdrop culminated in a busy year for Co-Lab. We are excited that during the period two new service offerings have been established: Co-Lab Learning and Co-Lab Procurement Support. With Co-Lab Learning, we still have work to do with councils to embed collaboration into the way of working in this area, but the service is off to a good start with 20+ on-line learning modules already available to councils.

We have worked with councils to overhaul and streamline their regional Quality Manual for building consenting and are close to completing our investigation into a regional cadet programme to help build capacity in this area.

Elsewhere on the project front we have continued investigating how RATA could provide additional value to councils through new centres of expertise in asset management beyond roading and waters. We have also worked with councils' People & Capability Managers to look at how councils' resourcing challenges could be addressed by growing the pipeline of capability coming into our region's local government sector.

By contrast, we've not been able to progress some other projects as much as we would have liked. Notably, the Customer Digital Enablement programme - pooling investment to realise efficiencies and a better customer experience using technology - has lost traction within councils. Despite a great response from the market during the first stage of procurement, to date councils have not been compelled to work together at sufficient scale to allow the project to progress. The programme is a victim of councils' continued pursuit of separate digital strategies. We acknowledge they have invested heavily in those strategies but believe the lack of collaboration into technology is a significant lost opportunity.

The Future for Local Government final report delivered in June proposes some significant structural change, including reducing the local government sector to 15 councils. Importantly, it notes councils as being the anchor institutions to deliver on their community's needs. This is a role that councils should work toward, irrespective of whether the incoming government choose to progress the report's recommendations.

The report also endorses the need to utilise shared service arrangements more. This seems obvious if councils are to be efficient in delivering their services, and it is great that in Co-Lab you already have the infrastructure to investigate shared arrangements. That is why one of our key initiatives over the coming 12 months is to focus on how councils can save money by working together.

30 June 2023

We again had fantastic results from our staff survey, validating improvements we have made in staff development and benefits. 88% of respondents agreed or strongly agreed with the statement that they "like working for Co-Lab." That said, we will always strive for better, and the feedback has provided a steer on improving capability, technology and processes.

Our annual stakeholder survey received an impressive response rate from councils this year. We are grateful to those that took the time to complete it. Overall, it tells us that we are doing well – 80% of respondents said that our services either met or exceeded expectation, which is in line with the previous years.

But there remain some pockets within councils where value is questioned. This is not new. In response, in last year's Statement of Intent we signalled we would be developing a framework for quantifying and communicating our benefits to councils. This was largely completed during the year, and we will be using it in communications to councils moving forward. We want to be clear on our value proposition and know this is validated and understood by our shareholding councils. The framework categorises the benefits Co-Lab provides into three core areas;

1. **Reducing costs** such as efficiency gains in FTE or time; procurement savings; reducing unit cost of product/ service
2. **Creating value** such as improving levels and quality of service; increasing skills, expertise or compliance; improving decision making
3. **Enabling innovation and change** such as research & opportunity development; providing centres of expertise/ skills; collaboration and regional insights and enabling councils to provide a consistent customer experience.

We have started to calculate measurable benefits against each of these, depicted in our snapshot below, and we will continue to build on this. In tandem with this work, we have tweaked our vision and purpose, and considered our strategic goals for the next 3-5 years which will be reflected in our next Statement of Intent.

The future for Co-Lab and councils, by working together, remains challenging but bright. Those challenges provide councils with a compelling reason to work differently, and Co-Lab will embrace your desire to do so.

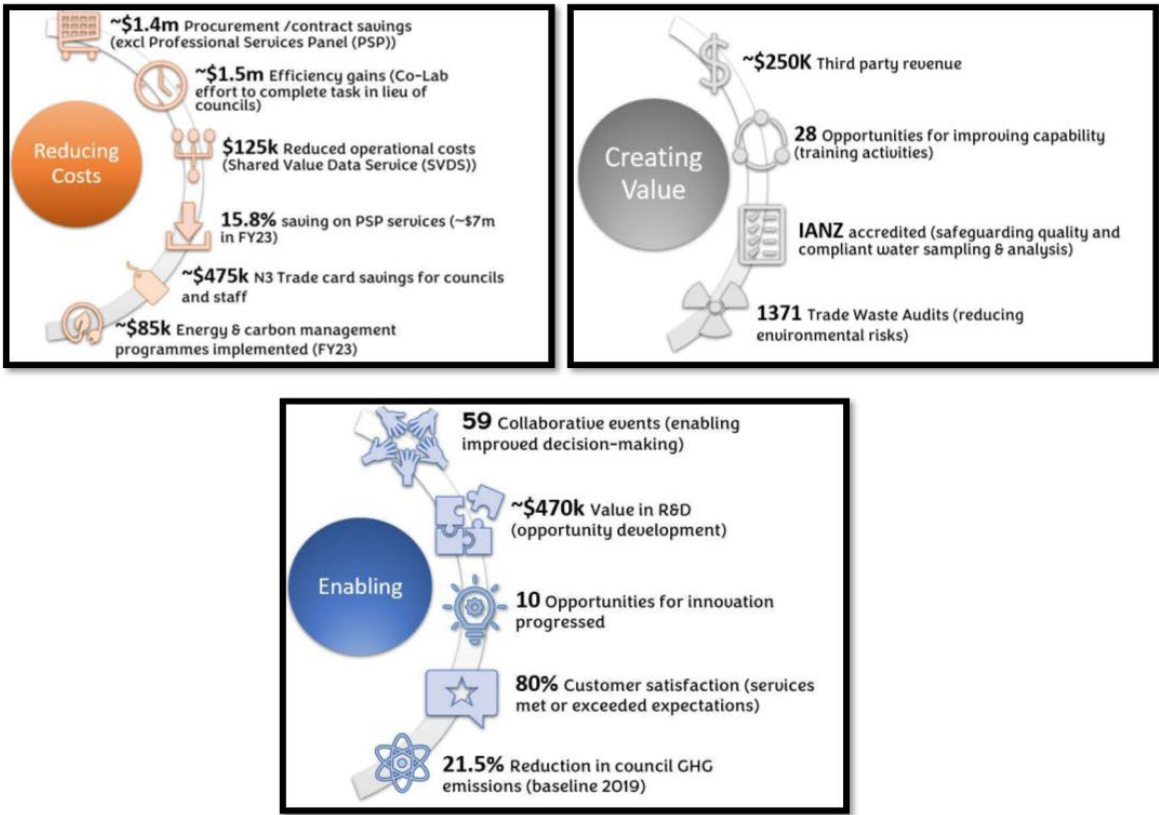
Finally, we want to acknowledge the significant mahi of Co-Lab staff who have been tireless at delivering the best possible service to councils, and those Co-Lab and council staff who have been involved in progressing opportunities to create value. Your efforts may sometimes seem thankless. Know that they do not go unnoticed. Kei runga noa atu!

***We are better together.***  
*Maa te mahi tahi e eke ai.*

**Peter Stubbs**  
WLASS Chair

**Kelvin French**  
Chief Executive

Co-Lab’s value to councils in FY2022/23





30 June 2023

## Opportunity development

### The opportunity development framework

During the period, the Opportunity Development Team has reviewed and improved the opportunity development process. The process continues to follow the NZ Treasury Better Business Case principles and is reflected in the framework below. The improvements include Investment Logic Mapping, internal challenge sessions and ensuring success meetings, and improved use of project 'gates'.



From our council satisfaction survey, council staff involved in opportunity development projects generally had a positive and consistent experience and feel their input to the project is valued.

The pace of projects and councils' ability to commit resources to Co-Lab projects were highlighted as concerns. We were already aware this is a significant restraint and expect that our refreshed process and our change & communications framework (mentioned below) will help to alleviate these challenges.

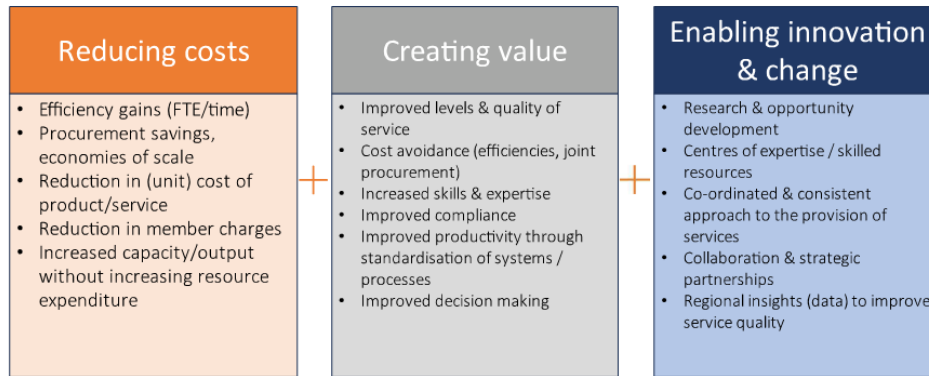
### Benefits realisation

During the period, the team undertook a project to better understand what benefits (quantitative and qualitative) our councils' investment in Co-Lab delivers, which will help build our value proposition. This work has culminated in Co-Lab's new benefits framework, allowing us to report against three value streams (Reducing Costs, Creating Value, Enabling Innovation & Change).

The framework includes a centralised benefits library that is being curated to include agreed methodologies for measuring specific benefits and calculating value.



### CO-LAB VALUE MODEL – THE 3 PILLARS



*Note: Benefits derived from a shared service may include both 'cost saving' and 'creating value' measures, especially as the service becomes established and emergent benefits are identified.*

### Significant projects

**Right People Right Place (RPRP)** RPRP aims to assist with attracting quality employees into the region's councils. It will remain a key focus for Co-Lab in FY 2023-2024.

We used Investment Logic Mapping to understand the widespread challenge of attracting talent to local government, established the case for change, and will now investigate solution options to support three key investment objectives:

1. Align workforce development opportunities with local government competencies over the next 10 years.
2. Increase the number of quality candidates with the right skills, capabilities and behaviours applying for local government roles in the region over the next 10 years.
3. Improve the appeal of local government amongst our candidate pool.

### Shifting landscapes: People Post 3-Waters

People Post 3-Waters (PP3W) started as an investigation into redeploying resources across councils given that:

- There was likely to be some level of stranded resource because of the water reforms; and
- There may be demand from other councils for the skills of that stranded resource.



30 June 2023

The idea was to 'match' excess capacity with demand (vacancies across the region), and then consider how that resource could be utilised. However, the investigation identified that there are few councils who anticipate having stranded resource due to waters reform.

Now that waters reform has been deferred, this initiative is less urgent. Therefore, PP3W as originally defined, is now on hold until such time as the areas of excess capacity that may become available for redeployment are known. We will be keeping connected with councils to capitalise on any opportunities.

**Customer Digital Enablement (CDE)**

The CDE programme aimed to deliver:

1. A scalable, foundational platform to deliver digital services to councils' communities;
2. A customer-centric digital application that supports your council and communities to minimise waste and manage waste sustainably; and
3. A mechanism to collaborate and set future service delivery transformation priorities.

Co-Lab went to-market with a Registration of Interest (ROI), with a strong response from organisations which was a testament to the significance of the opportunity.

Councils had a clear expectation of a compelling value proposition, but the project wasn't able to progress to a point where Co-Lab could reasonably determine that value, and ultimately councils were unable to align their digital strategies.

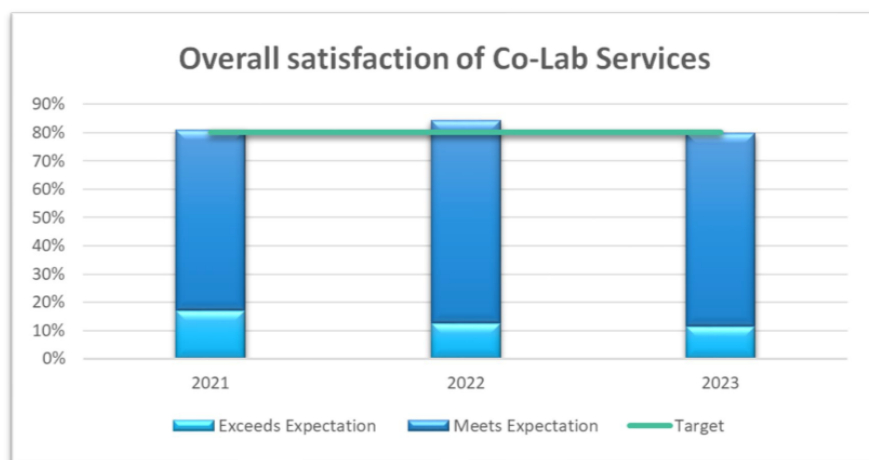


## Shared services

### Satisfaction survey results

In May, stakeholders from councils that are customers of our services (and Waka Kotahi) were asked to provide feedback on various elements of working with Co-Lab. The questions asked in the survey covered Co-Lab services, opportunity development (projects), the working parties and advisory groups, and more generally, how we work with them.

We received 104 responses on Co-Lab services and 80% of these respondents said we have met or exceeded expectations across our 11 services, which meets our key performance indicator.



The Waikato Building Consent Group was the lowest scoring service with less than 50% of respondents, saying that it had met their expectations. Since the survey, we have addressed some of the feedback at a strategic planning day with Building Consent Authority Managers, General Managers and Chief Executives, and will take forward the actions agreed at this session. We have also been addressing the issues raised directly with the three (of eight) councils whose expectations weren't being met.

We received positive feedback about our RATA, Geospatial, WRTM, Co-Lab Learning and Co-Lab Procurement Support services.

### Shared Services in action

*With a number of new services and other activities supporting our partner councils during the period, we've taken a closer look at how some those collaborations came about and what benefits they provide to councils, in the following case studies.*



### At a glance

The procurement strategy had two key features: additional supplier capacity in the market and allocating councils to contract packages as part of the evaluation process, which resulted in a \$550k cost saving.

### BACKGROUND

As part of funding from Waka Kotahi New Zealand Transport Agency, councils are required to inspect their bridges, culverts, retaining walls, underpasses, and other structural assets on a regular basis. Structural Asset Management Services (SAMS) was the retender of two existing bridge inspection contracts and was renamed structural asset management services, to reflect that the type of assets were more than bridges and that the services were more than inspections.

*"The evaluation was a brilliant way to allocate multiple contracts to multiple councils. Assigning suppliers during the evaluation phase ensured that councils would have suppliers best suited to their needs and that councils were right-sized based on supplier's capacity. The entire process was well delivered with excellent communication from Co-Lab as we worked through an exciting new procurement approach,"*  
 Bryson Huxley, Senior Engineering Officer - Transport Strategy, Taupo District Council

### APPROACH

Firstly, additional supplier capacity was sought because the market had effectively become a duopoly with councils experiencing a loss of genuine competition. Secondly, councils were not pre-packaged into contracts before going to market (the 2017 approach) and were instead allocated to contract packages as part of the evaluation process, to maintain competitive tension.

If the three new councils were included in the two existing contracts, then it was almost certain that there would be no change to the existing arrangement.



To improve the attractiveness of the opportunity and to encourage competition a clear message was sent to the market; that Co-Lab was looking to award two or more contracts, and that suppliers did not need to provide a response for every council (to encourage smaller suppliers to tender within their capability and resource capacity).

OUTCOME



The outcome of the SAMS process was the inclusion of a third Waikato-based professional services firm with the benefit being stronger competition when the contracts are retendered in the future. The inclusion of a new supplier will also benefit future buyers such as Waka Kotahi and other councils.

The allocation of councils to contract packages was based on the ranking of the suppliers against the evaluation criteria, the level of confidence that the supplier had the capacity and could deliver the services, and the assessed whole-of-contract price (by council, by contract package, and overall).

BENEFITS



\$550k (7%)

Over the life of the contract, 2022 actual outcome compared to replicating the 2017 approach



Increased competition for future procurements



**PROBLEM**



A number of Co-Lab's smaller partner councils identified that they needed a professional to offer procurement and tendering advice, to mentor and train council staff, to check compliance and conduct reviews, and to monitor procurement performance generally.

**PROBLEM EVALUATION**



In analysing councils' needs, it was clear that they were not large enough to justify a full-time procurement resource so responsibility for procurement was included in a related role (such as legal or finance) with the result that procurement was not getting the required traction or profile within council. It was also a concern that it may be difficult to attract suitable candidates to jobs in the councils' locations.

**OUTCOME**



Hearing that these challenges were faced by multiple councils, Co-Lab recognised there was sufficient scope to recruit a shared resource. This was how Co-Lab Procurement Support was created. Co-Lab recruited a Procurement Advisor and they spend one day a week working for each of Ōtorohanga, Thames-Coromandel, and Waitomo councils, and the other two days on administering Co-Lab's joint contracts.

*"Having a shared resource means that our council receives cost effective support that we otherwise would not have, and benefits from identifying synergies and opportunities across a number of smaller councils," Paku Edwards, Risk & Assurance Manager, Thames Coromandel District Council.*



BENEFITS



- 1

**Coordinated training outcomes**

Demystifying procurement training (attended by 70 council people) and contract template training has led to consistent approaches and solutions for similar challenges faced by councils. The service has also addressed specific needs, such as implementing a contract register for councils without a contract management system and providing procurement quick guides for staff.
- 2

**Knowledge sharing across councils**

Cross-council training has fostered networking, professional relationships, and knowledge sharing among council staff.
- 3

**Improved internal reputation**

The shared procurement service has been utilised for running tenders when council resources are limited and overall, it has raised the profile of the procurement function within the council.





### At a glance

Quality Assurance improvements included a new QA Hub and internal auditing process. Without these improvements, councils would take longer to find solutions on their own and would continue to spend time on activities (such as “mock” IANZ audits) that do very little to progress process improvements.

### PROBLEM

The current Quality Manual was not fit for purpose; it didn't meet all of Co-Lab's WBCG Building Consent Authorities needs and was at risk for errors due to its complexity. IANZ was also regularly challenged by the time required to undertake their audits.

### PROBLEM EVALUATION

It was clear very quickly that the Quality Manual served to create more problems than solutions.

What was required was a high-level document that set out the regulatory requirements and policies that all BCA's follow. Anything relating to the processes where individual BCA's differ slightly (in a way that cannot be aligned for whatever reasons) needed to be removed. This would ensure that the Quality Manual was relevant to all BCAs.

In addition to overhauling this document, Co-Lab also examined related processes. As a result, the internal audits are now carried out on a monthly basis with particular items audited each time, ensuring that all required items are audited within a 12 month period as per regulatory requirements. Prior to this, a 'mock' IANZ audit was carried out annually at each BCA. This was time-consuming and labour intensive for the councils, and lacked value as there was no follow-through nor any mechanism to enable continuous improvement.

*“Co-Lab's implementation of the QA hub and aligned auditing schedule has helped tremendously. Through the support and collaboration of the other cluster councils, working together and sharing resources and knowledge has helped to improve the quality system at our council,”*

Zara Sullivan, BCA Quality Management Officer, Hauraki District Council.



## IMPLEMENTATION



The breakthrough on the progression of this work came when QAHub was established, which is a group of Quality representatives from each BCA. Having the QAHub in place means the BCA Managers can review and approve items at a higher level without getting lost in detail. Proposals and improvements are discussed among the QAHub, greatly increasing efficiency.

The QAHub has reviewed the Quality Manual in detail which was presented to the Technical Committee for approval and has been submitted to IANZ.

## BENEFITS



1

### Continuous Improvement

Co-Lab monthly audits add value and allow the BCA's to make meaningful and sustainable improvements. By taking a small chunk of the regulations to look at each month, councils are able to dive deep and properly inspect current practice, and have the space to explore potential improvements. This includes discussing findings with the QAHub and collectively finding a solution.

2

### Improved skills

Already people have improved items such as their skills matrices, logs and registers, and shared and improved forms, which together results in increased efficiencies and reduced risk. It also develops a culture of quality that goes beyond seeing 'Quality' as a once a year audit by a third party (IANZ).

3

### Expected decreased costs associated with auditing

The audits now make it easier for IANZ to locate information and verify it against internal process documents (deskfiles). IANZ also commented that if the audits continue to be carried out this way they predict they would spend less time during their audits as the work will be done all year round.

30 June 2023

*The following is a summary for the Co-Lab services that had particularly notable milestones throughout the year.*



### RATA

Key milestones for RATA over the period have included:

- Asset Management Centre of Expertise
- Data collection contract renewal
- Forward Works Programme tours
- dTIMS pavement modelling

The investigation into the expansion of RATA, known as AMCE (Asset management Centre of Expertise) has progressed, culminating in a proposal to councils shortly after year end. Through a series of engagements with council subject matter experts it became apparent that the area of most interest was in the asset management of their community assets. The proposal reflects this and under the newly minted name, RATA Spaces and Places, is now with councils for consideration.

Through several interactive council workshops, the team have been preparing to procure new data collection contracts which will include on-road traffic counts as well as off-road counts for cycles. The procurement will be completed in the coming financial year.

After a COVID-enforced hiatus the popular annual road network tours recommenced in February and March to consider each council's forward works programme. For the first time RATA led an on-site data-enabled tour using new technologies where multiple potential plans and interventions could be viewed simultaneously at a location. This enabled greater analysis and more informed decision-making. Potential interventions were therefore interrogated on-site, and agreed interventions locked in to make better use of limited operations, renewal maintenance and sealing funding.

RATA undertakes road pavement modelling (dTIMS) for councils that informs their Long-Term Plans (LTPs). Using data from various sources (including traffic counts and forecasts, high speed laser survey data collecting road shape, faults and deformation, etc.), the modelling generates an optimised programme. Draft reports of each council's optimised programme were distributed at the end of the year (or shortly thereafter). This modelling is an extremely important piece of work where roading managers can determine the sufficiency of their long term (up to 30 years) budgets.

During the period, the RATA Advisory Group decided to cease most of RATA's water asset management support work. This decision has been heavily influenced by councils and the work carried out by DIA and NTU superseding the original RATA Waters value proposition. Surplus funds were returned to partner councils, with a small surplus retained by RATA to support and facilitate compliance upskilling related to the new regulatory framework released by Taumata Arowai.

Beyond these key milestones/decision points, engagement with councils and external agencies was a highlight for RATA, with several asset management forums during the year, a full day training event



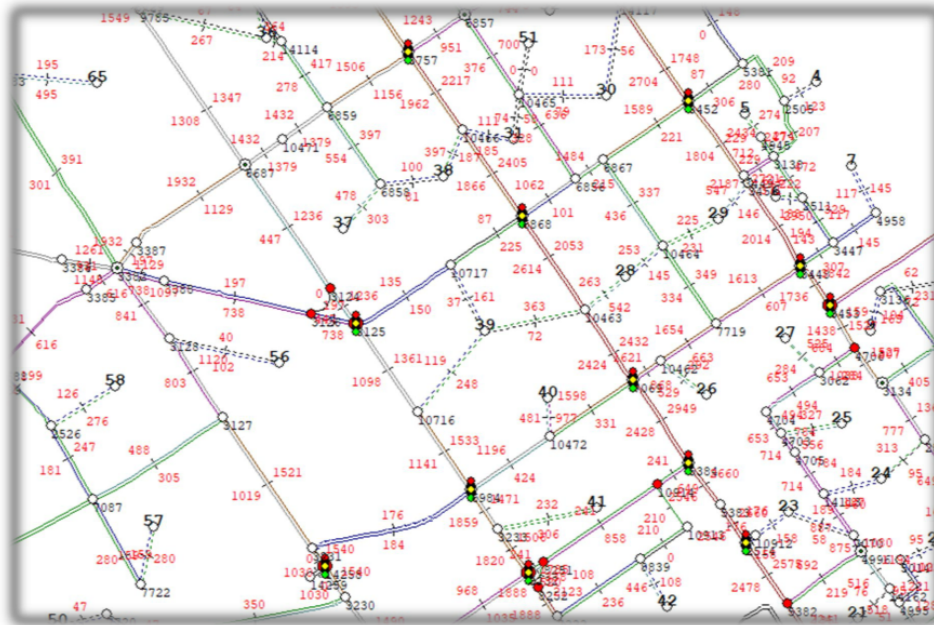
30 June 2023

for council asset managers delivered by IPWEA, a site visit to the Peacocks Bridge in Hamilton, and joint forums with councils and Taumata Arowai on compliance reporting.

We were pleased to see that our efforts updating partner council RAMM data for the Te Ringa Maimoa annual data quality assessments contributed to five Waikato councils within the national top ten, and all of which are RATA partner councils. The highest data quality score in the country once again was a RATA partner council.

Finally, the Asset Valuations for transport is in execution phase with a technical solution agreed, with work underway to align methodologies and inputs adopted by our councils.

### Waikato Regional Transport Model



Milestones for WRTM over the period included:

- The expansion of the programme to include the Hamilton Transport Model (HTM)
- Ongoing rebuild of the WRTM Strategic model to incorporate census updates and future growth forecasts
- Early preparations for re-procuring the WRTM Strategic model
- A review of the programme's management and governance structures



30 June 2023

#### **Hamilton Transport Model**

From the early industry engagement with potential suppliers through to the interactive tender sessions between the Co-Lab evaluation team and the two shortlisted suppliers, the HTM has been the subject of a robust, value-adding procurement. It has reduced ambiguity and increased the confidence of the suppliers and Co-Lab, and we received positive anecdotal feedback from both suppliers about how much value the process added for the suppliers. A preferred tender has been recommended with the contract award to build the HTM occurring in early FY2023/24.

#### **Waikato Regional Transport Model rebuild**

The rebuild of the WRTM Strategic model had a slow start with a dependency on the approval timeframes of council growth and infrastructure plans. However, during the period Co-Lab finalised the future scenarios (2035, 2045, 2055, 2065), calibrated the 4-stage model (the non-car travel such as heavy vehicles), incorporated public transport (the first time in 13 years for WRTM), and developed a bespoke visualisation tool (a GIS platform to improve access to WRTM outputs and assumptions).

#### **Waikato Regional Transport Model procurement**

Early preparations for the WRTM Strategic model procurement have been incredibly valuable. By interrogating the data requirements for the new model approximately \$350k that had been set aside for FY2022/23 was determined to be not needed as the data could be purchased from technology companies rather than collected. That money has been returned to partner organisations: a great win in times of constrained budgets and a great example of collaborative working.

#### **Reviewing WRTM's management and governance structures**

Through a deep dive into WRTM in late 2022 Co-Lab management proposed a review of the governance and management structures for WRTM. An outcome from the review was to ensure that the new and expanded WRTM programme was properly resourced, so the value of the models developed under the programme are maximised. Following further investigation, Co-Lab reached agreement with the principal funders of WRTM that the programme was under-resourced and that a new WRTM Programme Manager should be recruited. In addition, a new governance structure which will remove the responsibility of WRTM oversight from the RATA Advisory Group, was proposed. Recruitment of the new resource is imminent as is formalising the governance arrangements.

#### **Co-Lab Geospatial services**

This year marked the establishment of Co-Lab Geospatial Services to oversee Waikato Data Portal and Waikato OneView. Our initial focus was renewed operational support for the services including user support functions, contract management, systems administration, and new communication channels with councils. We also established an Advisory Group and set a clear vision for the workstream: ***Our people trust regional geospatial knowledge to make better decisions.*** A three-year strategic plan is now in place to build on the foundations of both services and work towards this vision.



30 June 2023

### Co-Lab Learning

During the period, Co-Lab has been focused on building the new service including hiring the team, building the learning management system, creating launch materials for councils to use internally to raise awareness and developing a three-year strategic plan.

*Growing people to do great things for our communities* is the guiding light for Co-Lab Learning's activities.

E-learning development has progressed well with 20 bespoke eLearning modules available, more being added regularly and a pipeline for ongoing module development.



### Waikato Building Consent Group

During the period the new Quality Systems Manager has allowed us to focus on quality which has included implementing a new internal audit regime, concentrating on reviewing set regulations each month in detail. We have also created the Quality Assurance Hub to allow for cross-council collaboration and have progressed the new Quality Manual which is now with IANZ for feedback.

We held our first group training on H1 and have more planned. In June 2023 we held our first WBCG strategic planning day for the cluster to realign strategic priorities for 23/24.

### Regional cadets

The Regional Cadet Project has delivered an indicative proposal to WBCG members for consideration. The project has worked with council staff and a leading industry expert to help shape a workable solution to councils which will see councils employing cadets and Co-Lab managing the development programme on behalf of the employing councils. The Advisory Group will confirm their participation at their quarterly meeting in August.

## People @ Co-Lab

It's an exciting time at Co-Lab as the organisation continues to grow. We have added six new positions to the organisation in the last year and now have 55 in the Co-Lab branded team. Our new positions strengthen our skills in procurement, communications, change management, Learning & development and supporting the Waikato Building Consent Group.

### Colleague survey results

This year, we chose to cast the net of "Co-Lab staff" wider, to include all RATA and Co-Lab Waters employees.

The survey was made up of 54 statements, with colleagues asked to strongly agree, agree, agree nor disagree, disagree or strongly disagree.

There was an excellent response rate with 26 out of 42 respondents (62%) completing the survey.

- 85% of the responses were either "Strongly Agree" or "Agree"
- Only 2% of the responses were "Disagree" or "Strongly Disagree"
- 88% of respondents agreed or strongly agreed with the statement that they "like working for Co-Lab."

The results showed that most colleagues are now satisfied with professional development and training, benefits and overall compensation.

In response to this year's survey, the senior management team will incorporate 360 peer feedback into all annual reviews, improve internal communications, continue to focus on mental wellbeing, and ensure the business is positioned to scale in terms of skills, processes and technology.

Following the colleague survey in 2022 there has been a big focus on professional development and training. In addition to pursuing individual development opportunities, colleagues have been able to undertake LEAN training with the LEAN Hub University and communication training with Engineering New Zealand.

We've also been focused on improving culture with our social committee activities picking up momentum and our annual Co-Lab values awards continuing and celebrating successes with a new monthly recognition award.



30 June 2023

As part of improving councils' experience with and perception of Co-Lab, we have been building a communications & change framework. The framework exists so that we are consistent in the way we communicate and behave with our councils. In turn, this should enable a better experience of Co-Lab projects and services to council colleagues, especially those that may result in change, to ensure a greater chance of success. It has been introduced to Co-Lab colleagues and we will focus on embedding it into our day-to-day practises over the coming months.

## By the numbers

Summary financial results for the year:

	2023 (000s)	2022 (000s)	Change
<b>Total income</b>	9,101	8,576	6%
<b>Net surplus before tax</b>	505	543	(7%)
<b>Cash on hand</b>	2,313	2,570	(10%)

The net surplus before tax is high in comparison with the surplus projected in the budget. This principally reflects the lower than anticipated costs for Co-Lab Water Services.

## Performance reporting

The performance measures noted in the table below were included in the 2022 Statement of Intent. The company has assessed whether each target has been achieved, and how these contribute to our outcomes as an organisation.

**Key:**

- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved

## Co-Lab's performance framework





Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	➤ Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k <sup>1</sup>	<p>Seven significant projects monitored during the year. However, each of these projects – which were largely guided by feedback from councils – were principally focused on valuation creation (rather than cost savings) and/or are at an early stage where potential costs savings are yet to be quantified. The Customer Digital Enablement (CDE) project has the potential to save<sup>1</sup> significant amounts by pooling council investment. For example, market feedback suggested a ten-fold increase in the number of councils involved only bore a 16% increase in investment. Unfortunately, as noted earlier, most councils did not support progressing to RFP and product build. For these reasons, the target has not been met.</p> <p>The <i>Strategic Case</i> for the 'Right People, Right Place' project (see page 9) was approved by the Board in June 2023.</p> <p>A paper covering the 'People Post 3 Waters' project (see page 9) was presented to council Chief Executives in November 2022, with an update to the Board in March 2023. While we</p>	●	<p>No business cases were presented to the Board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning.</p> <p>By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.</p>	●

<sup>1</sup> When compared to making the investment on a standalone basis



30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)	2022 Outcome	
	➤ Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	<p>await feedback from councils on what resource might become available to redeploy, we are investigating a project management shared service to address one area where many councils are resource constrained.</p> <p>Neither of these investigations can yet claim to give projected savings to councils, although both have the potential to reduce costs and create value in the future.</p> <p>We can't reasonably measure performance against this target because no opportunity assessments have been presented to the Board during the period. Having said that, as noted above, CDE is not expected to progress to this point, because of the lack of support to progress the opportunity. To that extent, it is an opportunity that, while initially supported by councils, has not ultimately been.</p> <p>Last year we reported that 9 of 12 councils agreed to participate in Co-Lab Learning. A 10<sup>th</sup> confirmed their involvement in the current period.</p>	<p>9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022. 8 councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.</p>	





30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
			<p>Some opportunities have been capitalised on without a formal business case. An example of this in the current period is Co-Lab Procurement Support. That shared service came about from discussions with councils who had a need for procurement skills, but only on a part-time basis, or only as and when required to supplement their current resources.</p> <p>In July 2023 and August 2023, councils were presented with proposals to participate in a Building Consent Cadetship and in the RATA Spaces and Places Rōpū. Decisions are pending in early FY24.</p>			
Develop opportunities and deliver projects within agreed budgets and timelines	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	<p>14%: (1/7 projects)</p> <p>The low proportion of projects delivered within agreed timelines is disappointing. However, this should be considered in the context that most Co-Lab investigations commence with significant uncertainty, including council staff's capacity to get involved in the projects, which makes reliably estimating the time to complete challenging. While capacity is the most</p>	●	<p>38%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although Covid pressures in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council</p>	●





30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)	2022 Outcome	
	➤ Opportunities / projects are developed / delivered, within approved budget	90%	<p>prominent unknown when setting timelines, the LiDAR project has been delayed by vendor performance issues.</p> <p>We acknowledge that we must be more realistic when estimating timelines.</p> <p>It is important to note that none of the delays have caused costs to escalate (i.e., the anticipated work is simply spread over a longer period, or the contract protects against cost escalation).</p> <p>80%: Four of the five projects were completed within budget. The exception was the Co-Lab Learning Implementation where the cost of the project team went over project budget. The remaining of two projects have not started in the current year.</p>	<p>stakeholders. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to establish the Co-Lab Geospatial Services unit.</p> <p>86%: Six of the seven projects were completed within budget. The exception was the Learning &amp; Development Shared Service project where the cost of the project team went slightly over budget. This was a result of the delays, and therefore extension of effort that is explained above.</p>	



30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
	➤ Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval		Actual Company Management & Support expenditure exceeded budget, mainly because the LAPP insurance cost, which is recovered from councils, was not included in the budget.	●		
Ensure projects realise their expected benefits	➤ Measurable benefits are actively monitored and reported against	Six-monthly	<p>During the current financial year, management reported to the Audit &amp; Risk Committee on:</p> <ul style="list-style-type: none"> <li>Shared Valuation Data Service (SVDS): All benefits in the business case have been met</li> <li>Co-Lab Water Services: The assessment considered benefits realised since the services inception. Of the 10 KPIs in the business case, only 1 (relating to service expectations) was determined to be 'not met' and action is already underway to remedy that.</li> </ul>	●	<p>During the last financial year, we presented the following to the Audit &amp; Risk Committee:</p> <p>PSP Waters Collaboration Insurance</p>	●





30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
	➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months  90% of projected quantifiable benefits are realised		●  ●		●  ●
Ensure existing services are meeting the needs of councils	➤ The services we provide are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey).	80% of councils	Based on our annual survey of councils, the target of 80% has not been met. 79.8% of respondents (0.2% less than the target) said that the services met or exceeded expectations. The survey response rate was 45% (200 were surveyed with 91 responses received).	●	A stakeholder survey was undertaken in May 2022 as noted above.  84% of respondents said that the services they received either met or exceeded their expectations.	●



30 June 2023

Priority	Performance measure	Target	Outcome (progress toward target)		2022 Outcome	
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	➤ Across these groups, ideas for future consideration and/or initiatives are identified each year	Four per annum	Ideas received and triaged in FY23: <ul style="list-style-type: none"> <li>• One digital library book database</li> <li>• Common LGOIMA manager tool</li> <li>• Councillor Induction Programme</li> <li>• Common staff induction content</li> <li>• Shared resources for election years</li> <li>• Parking enforcement app</li> <li>• Joint Procurement for contracted resources</li> </ul>	●	Ideas for future consideration and/or initiatives identified include: <ul style="list-style-type: none"> <li>• Redesign of the WBCG Quality Manual – In progress</li> <li>• Cadet Project – In progress</li> <li>• New Build Waikato website delivered – Completed</li> <li>• Water Data Quality dashboard</li> <li>• Fortnightly P&amp;C response group for Covid-19</li> <li>• The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage.</li> <li>• Procurement Managers have been involved in a few joint procurements.</li> </ul>	●





## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED T/A AS CO-LAB'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited t/a as Co-Lab (the company). The Auditor-General has appointed me, Johann van Loggerenberg, using the staff and resources of PKF Hamilton Audit Limited, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 36 to 56, which comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expenditure, the statement of changes in equity, and the statement of cashflows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 23 to 30.

In our opinion:

- the financial statements of the company on pages 36 to 56:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with the generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 23 to 30 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2023.

Our audit was completed on 1 September 2023. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued

by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

#### **Emphasis of matter – uncertainty over the water services reform programme**

Without modifying our opinion, we draw attention to Note 21 on page 56, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the company [as outlined in note 21] remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

#### **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with the generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors' responsibilities arises from the Local Government Act 2002.

#### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could



reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

#### **Other Information**



The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 22 & 57 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

### **Independence**

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

Other than the audit, we have no relationship with, or interest in, the company.



Johann van Loggerenberg  
PKF Hamilton Audit Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand



**Financial Statements  
for the year ended 30 June 2023**

Co-Lab  
Statement of comprehensive revenue and expenditure  
For the year ended 30 June 2023

Item 8

**Statement of comprehensive revenue and expenditure**

For the year ended 30 June 2023

	Note	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
<b>Revenue</b>				
Data sales		380,039	414,292	364,742
Interest		5,113	2,000	22
Other revenue	4	<u>8,715,546</u>	<u>10,993,686</u>	<u>8,207,700</u>
<b>Total revenue</b>		<b><u>9,100,698</u></b>	<b><u>11,409,978</u></b>	<b><u>8,572,464</u></b>
<b>Expenditure</b>				
Personnel costs	6	1,621,239	1,798,868	1,110,834
Depreciation and amortisation expense	11,10	43,550	46,137	31,855
Other expenses	5	<u>6,930,744</u>	<u>9,562,507</u>	<u>6,886,376</u>
<b>Total expenditure</b>		<b><u>8,595,533</u></b>	<b><u>11,407,512</u></b>	<b><u>8,029,065</u></b>
<b>Surplus/(deficit) before tax</b>		<b>505,165</b>	<b>2,466</b>	<b>543,399</b>
Income tax expense	9	<u>-</u>	<u>-</u>	<u>(733)</u>
Surplus from continuing operations		<u>505,165</u>	<u>2,466</u>	<u>542,666</u>
<b>Surplus/(deficit) after tax</b>		<b><u>505,165</u></b>	<b><u>2,466</u></b>	<b><u>542,666</u></b>
<b>Total comprehensive income</b>		<b><u>505,165</u></b>	<b><u>2,466</u></b>	<b><u>542,666</u></b>

Attachment 2

*\*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited  
The accompanying notes form part of and are to be read in conjunction with these financial statements*

Page 36 of 57



Co-Lab  
Statement of changes in equity  
For the year ended 30 June 2023

Statement of changes in equity  
For the year ended 30 June 2023

	Note	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
Balance at 1 July		1,991,237	1,489,968	1,448,570
Total comprehensive revenue and expense	14	<u>505,165</u>	<u>2,466</u>	<u>542,666</u>
Balance at 30 June		<u>2,496,397</u>	<u>1,492,434</u>	<u>1,991,237</u>
Total equity attributable to:				
Equity holders of Co-Lab		<u>2,496,397</u>	<u>1,492,434</u>	<u>1,991,237</u>
Balance at 30 June		<u>2,496,397</u>	<u>1,492,434</u>	<u>1,991,237</u>

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The accompanying notes form part of and are to be read in conjunction with these financial statements



Co-Lab  
Statement of Financial Position  
As at 30 June 2023

**Statement of financial position**

As at 30 June 2023

	Note	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	2,313,115	2,164,346	2,569,639
Exchange trade and other receivables	7	1,429,811	580,998	1,463,690
Non-exchange trade and other receivables	7	1,754,026	-	149,595
Prepayments		-	134,000	-
<b>Total current assets</b>		<b>5,496,952</b>	<b>2,879,344</b>	<b>4,182,924</b>
<b>Non-current assets</b>				
Property, plant and equipment	10	100,498	108,586	80,057
Intangible assets	11	-	-	14,583
Deferred tax assets		2,358	-	2,358
<b>Total non-current assets</b>		<b>102,856</b>	<b>108,586</b>	<b>96,998</b>
<b>Total assets</b>		<b>5,599,808</b>	<b>2,987,930</b>	<b>4,279,922</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables and deferred revenue	12	3,018,780	1,442,458	2,208,690
Employee benefits	13	78,866	53,038	76,972
<b>Total current liabilities</b>		<b>3,097,646</b>	<b>1,495,496</b>	<b>2,285,662</b>
<b>Non-current liabilities</b>				
Employee benefits liabilities	13	5,765	-	3,023
<b>Total non-current liabilities</b>		<b>5,765</b>	<b>-</b>	<b>3,023</b>
<b>Total liabilities</b>		<b>3,103,411</b>	<b>1,495,496</b>	<b>2,288,685</b>
<b>Net assets</b>		<b>2,496,397</b>	<b>1,492,434</b>	<b>1,991,237</b>
<b>EQUITY</b>				
Contributed capital	14	2,957,001	2,957,001	2,957,001
Retained earnings	14	(460,604)	(1,464,567)	(965,764)
<b>Total equity</b>		<b>2,496,397</b>	<b>1,492,434</b>	<b>1,991,237</b>

These financial statements have been authorised for issue by the Board of Directors on 01 September 2023.

Director  
01 September 2023

Director  
01 September 2023

*\*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited  
The accompanying notes form part of and are to be read in conjunction with these financial statements*

**Co-Lab**  
**Cash flow statement**  
**For the year ended 30 June 2023**

**Statement of cashflows**

For the year ended 30 June 2023

	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
Note			
<b>Cash flows from operating activities</b>			
Interest Received	5,113	2,000	22
Receipts from other revenue	8,377,540	11,583,503	9,017,138
Payments to suppliers and employees	(8,671,815)	(11,999,086)	(8,096,051)
Taxes received / (paid)	-	-	-
Goods and services tax received / (paid)	82,051	(200,365)	(81,655)
<b>Net cash flow from operating activities</b>	<u>(207,111)</u>	<u>(613,948)</u>	<u>839,454</u>
Purchase of property, plant and equipment	<u>(49,408)</u>	<u>(81,714)</u>	<u>(72,078)</u>
<b>Net cash flow from investing activities</b>	<u>(49,408)</u>	<u>(81,714)</u>	<u>(72,078)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(256,519)	(695,662)	767,376
Cash and cash equivalents at the beginning of the year	<u>2,569,637</u>	<u>2,860,008</u>	<u>1,802,263</u>
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	8 <u>2,313,118</u>	<u>2,164,346</u>	<u>2,569,639</u>

*\*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited  
The accompanying notes form part of and are to be read in conjunction with these financial statements*

Page 39 of 57



## 1 Statement of accounting policies

### 1.1 Reporting entity

Waikato Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company trades under the name "Co-Lab". It is controlled by the councils listed on the directory page of these accounts and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The company seeks the following outcomes for its shareholding councils:

- i) Council costs are reduced / performance is improved, without increased cost; and
- ii) The experience of councils' communities is improved;

It has the roles of developing opportunities which achieve one or more of these outcomes, and of providing any resulting services to councils, or organising someone else to do so.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2023. The financial statements were authorised for issue by the Board of Directors on 01 September 2023.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance and comply with Tier 2 PBE Standards reduced disclosure regime (RDR).

Co-Lab is eligible to report in accordance with the Tier 2 PBE accounting standards RDR as it:

- is not publicly accountable;
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year.

#### Measurement base

The financial statements have been prepared on a historical cost basis.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

#### Budget figures

The budget figures are those approved by the Board of Directors in the 2022 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

### 2.2 Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

## 2 Summary of significant accounting policies (continued)

The net GST paid, or received, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

### 2.3 Accounting standards and interpretations

PBE IPSAS 41 came into effect for accounting periods starting on or after 1 January 2022. This standard replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The Company has applied PBE IPSAS 41 for the year ended 30 June 2023 and reviewed how the standard might affect the Company's financial statements. The Company concluded that the new standard does not have any effect on the previous reporting period, nor the current period. The effect in future periods is also likely to be trivial.

The only change the Company has made as a result of the adoption is the accounting policy on "Receivables". This policy has been updated to comply with PBE IPSAS 41.

Other than the effect of adopting the PBE IPSAS 41 stated above, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## 3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

### 3.1 Intangible assets

#### Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the amortisation expense recognised in the statement of comprehensive revenue and expenditure, and carrying amount of the asset in the statement of financial position. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

#### Impairment of intangible assets

Intangible assets measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell, and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive revenue and expenditure. The reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenditure.



## 4 Revenue

### Accounting policy

#### (i) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

#### (ii) Other Revenue

Member charges for all activities are recognised when invoiced to the user, i.e. Councils. The recorded revenue is the net amounts of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. To the extent the service has not been delivered, contributions for that service are recorded as revenue in advance.

	Actual 2023 \$	Actual 2022 \$
<b><u>Non-exchange revenue</u></b>		
Member Charges	3,594,315	2,847,901
Cost Recovery	-	(8,680)
Total non-exchange revenue	<u>3,594,315</u>	<u>2,839,221</u>
<b><u>Exchange revenue</u></b>		
Working Parties and Projects*	549,418	750,241
Information Technology	31,131	44,300
Energy Management	145,463	151,848
RATA **	492,505	1,146,349
Waikato Regional Transport Model	-	6,544
Waikato Building Consent Group	143,827	116,161
Waikato Mayoral Forum	8,505	5,004
Water Services ****	3,562,127	3,121,032
RITS	27,000	27,000
Geospatial Services	18,000	-
Procurement Services	143,255	-
	-	-
Total exchange revenue	<u>5,121,231</u>	<u>5,368,479</u>
<b>Total other revenue</b>	<u>8,715,546</u>	<u>8,207,700</u>

Explanation of variance to last year:

\*The projects undertaken in FY23 were smaller than those in FY22 and therefore have resulted in decreased revenue within this workstream.

\*\* RATA manages a number of data collection contracts for councils. These contracts are typically a three-year programme of work. Covid-19 impacted the ability of suppliers to undertake planned work in FY21, and this has had a flow-on effect, with greater than anticipated activity in FY22.

\*\*\* FY23 has seen the introduction of new Drinking Water standards which resulted in increased sampling and testing revenue.

**Co-Lab**  
**Notes to the financial statements**  
**30 June 2023**  
(continued)

**5 Other expenses**

	Actual 2023 \$	Actual 2022 \$
Audit fees	33,781	32,173
Company Management & Support	259,129	209,021
Working Parties and projects *	435,814	582,323
Information Technology	12,531	23,274
Energy Management	178,285	152,159
Shared Valuation Data Services	266,990	260,396
RATA **	1,996,249	2,256,039
Waikato Regional Transport Model	401,097	383,409
Waikato Building Consent Group	131,279	157,822
Waikato Mayoral Forum	5,536	-
Rental expense relating to operating leases ***	105,230	43,645
RITS	23,087	11,680
Water Services ****	2,912,933	2,777,475
Co-Lab Learning	192,492	-
Geospatial Services	42,351	-
Procurement Services	(66,040)	-
<b>Total rental expense relating to operating leases</b>	<b><u>6,930,744</u></b>	<b><u>6,889,416</u></b>

Explanation of variance to last year:

\* The projects undertaken in FY23 were smaller than those in FY22 and therefore have resulted in decreased expenditure within this workstream.

\*\* RATA manages a number of data collection contracts for councils. These contracts are typically a three-year programme of work. Covid-19 impacted the ability of suppliers to undertake planned work in FY21, and this has had a flow-on effect, with greater than anticipated activity in FY22.

\*\*\* In December 2021 Co-Lab moved into new larger premises. A rent free period of 4 months was provided in the new lease, therefore, the rental expense is a large increase on the prior year.

\*\*\*\* FY23 has seen the introduction of new Drinking Water standards which resulted in increased sampling and testing.

**6 Personnel costs**

**Accounting policy**

**Defined contribution schemes**

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

	Actual 2023 \$	Actual 2022 \$
Salaries and wages*	1,570,076	1,022,747
Defined contribution plan employer contributions	37,719	25,077
Recruitment Costs	13,444	63,010
<b>Total personnel costs</b>	<b><u>1,621,239</u></b>	<b><u>1,110,834</u></b>

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$252k

\* The increase in salary and wages reflects additional resourcing to support councils and to deliver new services.

## 7 Receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	Actual 2023 \$	Actual 2022 \$
Gross trade and other receivables	269,152	63,376
Related Party Receivables (note 17)	<u>2,914,685</u>	<u>1,549,909</u>
<b>Total debtors and other receivables</b>	<b><u>3,183,837</u></b>	<b><u>1,613,285</u></b>
 <b>Exchange</b>		
Receivables from exchange transactions	<u>1,429,811</u>	<u>1,463,690</u>
<b>Net exchange transactions</b>	<b><u>1,429,811</u></b>	<b><u>1,463,690</u></b>
 <b>Non-exchange</b>		
Receivables from non-exchange transactions	<u>1,754,026</u>	<u>149,595</u>
<b>Total debtors and other receivables</b>	<b><u>3,183,837</u></b>	<b><u>1,613,285</u></b>

## 8 Cash and cash equivalents

### Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

	Actual 2023 \$	Actual 2022 \$
Cash at bank	<u>2,313,115</u>	<u>2,569,639</u>

The carrying value of cash and cash equivalents approximates their fair value.

## 9 Income tax

### Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

	Actual 2023 \$	Actual 2022 \$
<b>Components of income tax expense:</b>		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	(2,319)	(773)
<b>Tax expense</b>	<u>(2,319)</u>	<u>(773)</u>

### Relationship between tax expense and accounting profit:

Net surplus (deficit) before tax	505,165	543,399
Tax at 28%	141,446	152,151
Non-taxable in calculating taxable income		
Non-deductible expenditure	458	445
Other timing adjustments	-	-
Non-taxable income	-	-
Prior year adjustment	2,318	(4,786)
Deferred tax adjustment	5,191	782
Tax losses not recognised	(151,731)	(149,365)
<b>Tax expense</b>	<u>(2,318)</u>	<u>(773)</u>

### Deferred tax asset (liability)

	Property, plant & equipment	PPE & Intangible assets	Employee entitlements	Provisions	Total
<b>Balance at 1 July 2021</b>	(7,923)	11,014	-	-	3,091
Charged to surplus or deficit	1,623	(2,396)	-	-	(773)
<b>Balance at 30 June 2022</b>	<u>(6,300)</u>	<u>8,618</u>	<u>-</u>	<u>-</u>	<u>2,318</u>
Charged to surplus or deficit	3,168	(5,486)	-	-	(2,318)
<b>Balance at 30 June 2023</b>	<u>(3,132)</u>	<u>3,132</u>	<u>-</u>	<u>-</u>	<u>-</u>

A deferred tax asset of \$164,773 (2022: \$300,398) has not been recognised in relation to tax losses carried forward of \$533,450 (2022: \$1,072,494) and deductible temporary differences of \$55,025 (2022: nil).

## 10 Property, plant and equipment

### Accounting policy

Property, plant, and equipment consist of operational assets, including land, buildings, plant and equipment, motor vehicles, computer equipment and furniture.

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
IT equipment	3 years	33%
Office Furniture	8 1/2 years	12%

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

	Carrying amount 1 Jul 2022 \$	Current year additions \$	Current year depreciation \$	Transfers \$	Accumulated depreciation and impairment charges 30 Jun 2023 \$	Carrying amount 30 Jun 2023 \$
<b>2023</b>						
<b>Operating assets</b>						
IT equipment	39,541	27,341	(22,570)	-	(48,223)	44,313
Office furniture and fittings	40,516	22,067	(6,398)	-	(9,984)	56,185
<b>Total</b>	<b>80,057</b>	<b>49,408</b>	<b>(28,968)</b>	<b>-</b>	<b>(58,207)</b>	<b>100,498</b>

	Carrying amount 1 Jul 2021 \$	Current year additions \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2022 \$	Carrying amount 30 Jun 2022 \$
<b>2022</b>					
<b>Operating assets</b>					
IT equipment	18,103	35,932	(14,496)	(25,654)	39,541
Office furniture and fittings	7,145	36,146	(2,776)	(3,586)	40,516
<b>Total</b>	<b>25,248</b>	<b>72,078</b>	<b>(17,272)</b>	<b>(29,240)</b>	<b>80,057</b>

The office furniture additions is a result of the company's relocation to new premises in December 2021 and spreading the cost of the fit out across two years, while the increase to IT equipment is a result of employing more staff to support councils and to deliver new services.

## 11 Intangible assets

### Accounting policy

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expenditure.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates	
Computer software	5 to 7 years	14 to 25%	
		<b>Actual 2023</b>	<b>Actual 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Computer Software</b>			
Balance at 1 July		2,298,050	2,298,050
Disposals/ asset write-offs		-	-
Balance at 30 June		<u>2,298,050</u>	<u>2,298,050</u>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July		2,283,467	2,268,883
Amortisation as per statement of comprehensive revenue and expenditure		14,583	14,583
Asset write-offs		-	-
Balance at 30 June		<u>2,298,050</u>	<u>2,283,467</u>
<b>Carrying Amounts</b>			
Balance at 1 July		14,583	29,167
Balance at 30 June		-	14,583

Intangible assets include the Waikato Regional Transport Model (WRTM).

The carrying amount of the WRTM asset as at 30 June 2023 is \$nil (2022: \$14,583).

## 12 Payables and deferred revenue

### Accounting policy

Short-term creditors and other payables are recorded at their face value.

	Actual 2023 \$	Actual 2022 \$
<b>Current</b>		
Trade payables	395,032	458,096
Related party payables (note 17)	366,111	559,152
Accrued expenses	104,271	86,485
Accrued expenses - related party payables (note 17)	379,979	283,285
Deferred revenue	1,473,264	825,612
RWT on Payments	-	1,513
GST payable	300,123	(5,453)
<b>Total creditors and other payables</b>	<b>3,018,780</b>	<b>2,208,690</b>
<b>Exchange</b>		
Trade payables	757,713	517,165
Accrued expenses	482,600	363,720
Deferred revenue*	1,473,264	825,612
Other payables	3,430	2,264
<b>Total creditors and other payables from exchange transactions</b>	<b>2,717,007</b>	<b>1,708,761</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payable approximates their fair value.

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

\* The increase in deferred revenue reflects in large part the revenue accrued for the Hamilton Transport Meso Model build contract which was not procured in FY23 as originally planned. This is now due to be procured in FY24.

### 13 Current liabilities - Employee Entitlements

#### Accounting policy

##### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

##### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

##### Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

##### Superannuation schemes

##### Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive revenue and expenditure when incurred.

	Actual 2023 \$	Actual 2022 \$
<b>Current portion</b>		
Annual leave	67,045	46,004
Salaries	<u>11,821</u>	<u>30,968</u>
<b>Total current portion</b>	<u>78,866</u>	<u>76,972</u>
<b>Non-current Portion</b>		
Long Service Leave	<u>5,765</u>	<u>3,023</u>
<b>Total non-current portion</b>	<u>5,765</u>	<u>3,023</u>



## 14 Reconciliation of equity

### Accounting policy

Equity is the shareholders' interest in Co-Lab and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

#### Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

#### Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

	Actual 2023 \$	Actual 2022 \$
<b>Total equity</b>		
Contributed equity	2,957,001	2,957,001
Retained earnings	(460,604)	(965,764)
<b>Balance at 30 June</b>	<u>2,496,397</u>	<u>1,991,237</u>
<b>(a) Contributed equity</b>		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	(456,568)	(456,568)
<b>Balance 30 June</b>	<u>2,957,001</u>	<u>2,957,001</u>
<b>(b) Retained earnings</b>		
Balance at 1 July 2022	(965,769)	(1,508,430)
Surplus/(deficit) for the year	505,165	542,666
<b>Balance 30 June</b>	<u>(460,604)</u>	<u>(965,764)</u>

The Company has issued 2,186,581 (2022 - 2,186,581) shares.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	-	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Western Bay of Plenty District Council	1	-	-	-
Total issued shares	12	1,607,001	444,568	135,000
Value per share	1,000	1	1	10
Authorised share capital	12,000	1,607,001	444,568	1,350,000
<b>Uncalled share capital</b>	<b>(12,000)</b>	<b>-</b>	<b>(444,568)</b>	<b>-</b>
<b>Capital called on shares</b>	<b>-</b>	<b>1,607,001</b>	<b>-</b>	<b>1,350,000</b>

#### 14 Reconciliation of equity (continued)

As at 30 June 2022 Taupo District Council had advised the Board and other shareholders of its intention to exit as a shareholder of the company. Separately, Western Bay of Plenty District Council had approved becoming a shareholder of the company, subject to consultation with its community. Western Bay of Plenty District Council concluded their consultation with their community in August 2022 and the sale of the ordinary share legally transferred from Taupo District Council as of 20 September 2022.

##### SVDS, and WRAPS Shares (Service Shares)

In relation to the service shares:

- (a) the holders are entitled to participate in certain services to be provided by the Company, on terms that reflect their investment.
- (b) the holders do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, the holders do not have any voting rights.

##### WRTM shares

Holders of WRTM shares have:

- (a) A right to one vote prior to further WRTM shares being issued;
- (b) A right to one vote on the application of any surpluses arising from the WRTM service;
- (c) The right to any surplus from the sale of outputs of the WRTM service;
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above;
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

#### 15 Commitments

##### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

##### Non-cancellable operating expenses

	Actual 2023 \$	Actual 2022 \$
Not later than one year	94,776	91,350
Later than one year and not later than five years	<u>119,898</u>	<u>214,674</u>
<b>Total non-cancellable operating leases</b>	<b><u>214,674</u></b>	<b><u>306,024</u></b>

The Company entered into an operating lease for new premises 16 December 2021. The initial term of the lease is six years, however, it is able to be cancelled after four years. The lease is fixed with two-yearly rental increases of 5% with market rent reviews upon renewal.

#### 16 Contingencies

As at 30 June 2023 the Company had no contingent liabilities or assets (2022: \$nil)

## 17 Related party transactions

The Company is controlled by the councils listed on the directory page.

### Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Co-Lab has one independent director who receives remuneration.

	Actual 2023 \$	Actual 2022 \$
Chief Executive Remuneration	252,157	230,000
Independent Director	60,000	55,000
<b>Total key management personnel compensation</b>	<b>312,157</b>	<b>285,000</b>

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Taupo District Council sold its ordinary share to Western Bay of Plenty District Council during the year, with effect from 1 July 2022.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2023 \$	Actual 2022 \$
<b>Income</b>		
Hamilton City Council	2,529,840	1,976,564
Hauraki District Council	715,543	686,135
Matamata Piako District Council	537,071	634,358
Otorohanga District Council	393,981	400,523
Rotorua Lakes Council	484,843	431,771
South Waikato District Council	743,451	514,322
Taupo District Council	-	498,465
Thames Coromandel District Council	474,482	448,725
Waikato District Council	593,481	433,591
Waikato Regional Council	680,912	708,732
Waipa District Council	1,188,239	1,291,707
Waitomo District Council	598,827	556,572
Western Bay of Plenty District Council	70,407	-
	<b>9,011,077</b>	<b>8,581,465</b>

The income disclosed above includes revenue received relating to the 2022/23 financial year and revenue received which has been transferred to deferred revenue for 2023/24.

The table above also includes the amount invoiced but not yet received and meets the criteria of revenue recognition as of 30 June 2023.

	Actual 2023 \$	Actual 2022 \$
<b>Expenses</b>		
Hamilton City Council	3,341,370	3,226,997
Hauraki District Council	365	-
Matamata Piako District Council	6,390	-
Otorohanga District Council	-	11,400
Rotorua Lakes Council	-	6,261
South Waikato District Council	426	-

**Co-Lab**  
**Notes to the financial statements**  
**30 June 2023**  
(continued)

**17 Related party transactions (continued)**

Thames Coromandel District Council	-	2,826
Waipa District Council	<b>904,053</b>	1,039,750
Waitomo District Council	-	3,159
BOP LASS Ltd	<b>19,607</b>	<b>114,262</b>
	<b><u>4,272,211</u></b>	<b><u>4,404,655</u></b>

Expenses are related to services provided by the related parties.

	Actual 2023 \$	Actual 2022 \$
<b>Advances</b>		
<i>Trade &amp; Other Receivables</i>		
Hamilton City Council	<b>490,155</b>	289,819
Hauraki District Council	<b>184,452</b>	99,441
Matamata Piako District Council	<b>307,528</b>	285,827
Otorohanga District Council	<b>105,528</b>	37,140
Rotorua Lakes Council	<b>194,981</b>	22,811
South Waikato District Council	<b>289,871</b>	82,139
Taupo District Council	-	125,031
Thames Coromandel District Council	<b>176,294</b>	80,108
Waikato District Council	<b>319,701</b>	35,453
Waikato Regional Council	<b>357,289</b>	260,673
Waipa District Council	<b>140,645</b>	164,443
Waitomo District Council	<b>267,273</b>	67,024
Western Bay of Plenty District Council	<b>80,968</b>	-
7	<b><u>2,914,685</u></b>	<b><u>1,549,909</u></b>
<i>Payables:</i>		
Hamilton City Council	<b>590,354</b>	716,919
Rotorua Lakes Council	-	7,200
South Waikato District Council	-	18,545
Taupo District Council	-	12,696
Thames Coromandel District Council	-	6,348
Waikato District Council	-	31,740
Waipa District Council	<b>155,736</b>	17,250
12	<b><u>746,090</u></b>	<b><u>810,698</u></b>

**18 Events occurring after the balance date**

There have been no events after balance date.

## 19 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

### (a) Market risk

#### **Fair value interest rate risk**

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

#### **Cash flow interest rate risk**

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

#### **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

### (b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 8), and trade receivables (note 7). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

### (d) Financial instrument categories

	Note	2023 \$	2022 \$
<b>FINANCIAL ASSETS</b>			
<b>Loans and receivables</b>			
Financial assets at amortised costs	8	2,313,115	2,569,639
Receivables	7	3,183,837	1,613,285
Other financial assets		-	-
<b>Total financial assets at amortised costs</b>		<b>5,496,952</b>	<b>4,182,924</b>

## 19 Financial instruments (continued)

### (d) Financial instrument categories(continued)

#### FINANCIAL LIABILITIES

##### Financial liabilities at amortised cost

Payables	12	<u>3,018,780</u>	<u>1,395,119</u>
<b>Total financial liabilities at amortised cost</b>		<b><u>3,018,780</u></b>	<b><u>1,395,119</u></b>

## 20 Explanation of major variances against budget

An explanation of year-on-year variances in line items is set out within the preceding relevant notes. The following explains the major variations to the budget.

### Statement of comprehensive revenue and expenditure

#### Revenue

Main reasons for the variance are:

The HTM model was not procured as planned and subsequently \$230k was returned to councils and \$750k deferred to FY24 for the build contract. Further cost savings were identified by the WRTM User Group resulting in a further \$350k returned to partner organisations.

RATA member charges were adjusted down by \$304k following updated data collection strategies and refined cost recovery requirements.

Revenue related to LiDAR was less than budgeted by \$351k, with delays in some project milestones meaning contributions were not required during the year.

Following discussions regarding the "Affordable Water Reforms" the RATA Advisory Group resolved to pause RATA Waters Collaboration until further notice except for compliance readiness activities. This saw member charges reduce by \$173k.

Co-Lab Learning member charges were adjusted down by \$91k, reflecting changes agreed that occurred after the publication of the SOL.

#### Expenses

Co-Lab Learning Personnel Costs were lower (-\$92k) due to the workstream starting later than anticipated when setting the budget.

WBCG Personnel Costs were lower (-\$52k) due to the team being restructured with less time by the General Manager Service Delivery required within the workstream as much.

Expenditure related to LiDAR was less than budgeted by \$359k, with delays in some project milestones meaning supplier payments were not required during the year.

Following updated data collection strategies RATA expenditure was less than budgeted by \$378k.

The re-budgeting of WRTM following the HTM model not being procured in FY2023 saw expenditure lower by \$1,344k.

As noted above, discussions following the Affordable Water Reforms resulted in a pause in Waters Collaboration activities. Expenditure was lower than budgeted (-\$239k) as a result.

Co-Lab Water Services staff vacancies in FY2023 meant expenditure was lower than budgeted (-\$207k).

### Statement of Financial Position

Cash and cash equivalents is higher than budget with lower than anticipated costs across various workstreams (as noted above).

Delays in Purchase Orders from some councils meant greater than anticipated invoicing in June, with a flow-on affect to receivables.

Current liabilities are higher than budgeted principally because of deferred revenue including WRTM, LiDAR and WRAPS, as explained above.

### Statement of Cash Flows

Receipts from other revenue were less than budgeted for the reasons noted in this and earlier notes to these accounts.

## 20 Explanation of major variances against budget (continued)

Payments to suppliers and employees were less than budgeted for the reasons noted in this and earlier notes to these accounts.

## 21 Disclosures – Water services reform programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

Directory

Company number (for the legal entity, Waikato Local Authority Shared Services Ltd)	1730380
Registered office	6/34d Lake Street Cambridge 3434 Waikato
Directors	ION, Gavin MCLAY, Christopher MCLEOD, Don SMIT, Ben STUBBS, Peter VERVOORT, Lance
Bankers	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
Auditors	PKF Hamilton Audit Limited (on behalf of the Auditor General)



# Council Report

Item 9

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Mike Bennett

**Authoriser:** Blair Bowcott

**Position:** Economic Development Programme Manager  
Commercial & Analytics

**Position:** General Manager Strategy, Growth and Planning

**Report Name:** Strategic and General Update

**Report Status**

*Open*

## Purpose - *Take*

1. To inform the Economic Development Committee of both strategic matters and general updates that staff want to bring to Members' attention.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. This report informs the Economic Development Committee members on activities, actions, or projects for which the Committee and the relevant General Managers have responsibility.
4. Topics are grouped under the following themes:

Theme	Topic
Economic Development Programme	<ul style="list-style-type: none"><li>• Proactive employer engagement</li><li>• Investment promotion</li><li>• Shaping Narratives</li></ul>
Growth Programmes	<ul style="list-style-type: none"><li>• Central City Transformation</li><li>• Greenfield – Ruakura and Rotokauri-northwest</li></ul>
Tourism, Events and Visitation	<u>Summary of 2023/24 covering:</u> <ul style="list-style-type: none"><li>• H3 venues (GLOBOX Arena &amp; Events Centre – Claudelands, FMG Stadium Waikato and Seddon Park)</li><li>• Hamilton Gardens</li><li>• Te Kaaroro Nature Precinct (Hamilton Zoo and Waiwhakareke Natural Heritage Park)</li><li>• Waikato Museum</li></ul>
Data Analytics, Economics and Policy	Economic update

5. Staff consider the matters in this report to have low significance and that the recommendation complies with the Council's legal requirements.

## Discussion - *Matapaki*

### ECONOMIC DEVELOPMENT PROGRAMME

#### Proactive employer engagement

6. Economic development staff remain focused on strengthening relationships with business leaders, understanding their operations, positioning Council as a trusted partner and enabling economic growth and new investment.
7. From February 2024 through July 2024, economic development staff conducted 54 in-depth engagement meetings with employers across our three key growth sectors:
  - i. Manufacturing;
  - ii. Technology & innovation; and
  - iii. Logistics.
8. Insights from these meetings are detailed in **Attachment 1** and summarised as follows:
  - i. Business outlook
    - a. About half (54%) of those interviewed shared that they were confident about the prospects for their business'. This was particularly true with those in the technology and innovation sector.
    - b. Caution or concern was shared by manufacturers of construction materials, those doing business with government agencies, and logistics companies linked to grain, fertiliser, and consumer goods.
  - ii. Employment outlook
    - a. Across-the-board increases to operating costs and a flat economy have made hiring an afterthought in all our key sectors.
    - b. Employee retention and training is being prioritised, with manufacturing businesses being particularly focused on upskilling existing staff.
  - iii. Access to talent
    - a. A combination of factors including positive net migration and an increase in those seeking employment have created a labour market that favours businesses.
  - iv. Growth enablers
    - a. Nearly 75% of businesses spoken to said they were confident that operating in the Hamilton metro area provided the services and resources to support their growth.
    - b. The businesses who were cautious (20%) or concerned (6%) have faced several quarters of declining sales, combined with significant increases to operational costs including insurance, financing, labour and rates.

#### *Soda, Inc.*

9. Separately from the engagement work done by Council staff, Soda, Inc. (Soda) leads engagement across the Waikato Region through the Regional Business Partner Network. Their efforts aim to support businesses with fewer than 50 employees across all sectors.
10. An example of Soda's work can be seen in tech startup EC8, which received support including a mentorship programme and is now operational with a facility in Te Rapa.

11. Economic development staff featured EC8 through our work as part of the Tech in the Tron project, [writing a story](#) that showcased many of the upsides of a Hamilton location for tech startups.
12. **Attachment 2** includes Soda's update covering the April through June 2024 period regarding support from the Regional Business Partner Network for Hamilton businesses, Callaghan Innovation funding and support for Waikato businesses as well as a one-page summary of Soda's 2023 Annual Report.
13. A key highlight of their work last year was the distribution of \$669,221 in capability funding to 323 Waikato businesses through the Regional Business Partner Network.
14. This funding was used by small to medium business owners to train and upskill themselves and key decision makers in their businesses, resulting in a more skilled workforce that is driving better business productivity in Hamilton and the Waikato region.
15. Soda staff are also working with Startup Aotearoa to provide tech startups with free one-to-one coaching and drop-in clinics at the University of Waikato's new HIKO Hub.
16. Economic development staff have joined these sessions to further connect with the tech startup community as part of the Tech in the Tron project.

### **Investment promotion**

17. The primary goal of the [Tech in the Tron](#) project is to drive awareness about our city and region as a place for tech talent to realise their professional and personal aspirations.
18. Staff continue to create content and manage the project's social media efforts, including a LinkedIn page whose reach has grown by 63% from March through July 2024 (800 to 1,300 followers).
19. [A recent story](#) developed by staff positioned the city as a prime spot for creating high-performance tech workspaces by showcasing the work of Alexander Wastney and Hamilton-based commercial interior design business Designwell.
20. We also prioritised an interview that would speak to startups, [featuring Jono Cook](#), founder of web design and development agency N4 Studio. They have an office at MADE in Hamilton East and Jono is a fierce advocate for the city.
21. Our most recent story shines a light on [HIKO Hub at the University of Waikato](#), which has been designed as a coworking space integrated into the campus environment. The university believes it is an ideal base for small to medium-sized businesses looking to be part of a connected and innovative community.

### **Shaping narratives**

22. A targeted outcome for the economic development programme is to promote Hamilton's economic development story. This includes creating opportunities to influence and inform business leaders and decision-makers.
23. As part of that work, economic development staff partnered with Ryan Hamilton, Member of Parliament for Hamilton East, to curate and deliver a learning session that focused on our technology and innovation sector.
24. The session was attended by Members of Parliament Sam Uffindell (Tauranga), Barbara Kuriger (Taranaki-King Country) and Nancy Lu (List). It was designed as an opportunity for our tech professionals and industry leaders to share what they value about Hamilton's tech sector and discuss actionable ideas to support its continued growth.
25. Economic development staff managed the event, bringing together over 40 tech sector leaders and guiding the 2-hour session.

26. Topics included:
  - i. how to engage and understand what matters most to tech talent;
  - ii. the impact that growing tech exports could have on our local and regional economic well-being; and
  - iii. the need to invest in knowledge-intensive industries such as science, health services and education.
27. Attendees stressed the importance of empowering and enabling our tech workforce while also underscoring to MPs the value that organisations like [kiwiSaas](#) had provided.
28. There was a call for Government to be more purposeful in how they partner with kiwi-based tech firms and to embrace innovation at a much faster pace.
29. Presented as part of the Tech in the Tron project alongside the University of Waikato, attendees have provided positive feedback about the structure of the event, particularly the focus on breakout sessions in small groups rather than traditional speeches or presentations.
30. Staff are speaking to university officials and sector leaders to build on the momentum of the session and continue to lead efforts to position Hamilton and the Waikato region as a location of choice for technology talent and businesses.

## GROWTH PROGRAMMES

31. This update provides a summary of growth programmes work related to economic development activity in the Central City, Ruakura, and Rotokauri-northwest.

### Central City Transformation

32. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
33. In November 2022, Council received a \$150.6 million Crown grant from the Infrastructure Acceleration Fund (IAF) to support the development of around 4000 homes for up to 10,800 people by 2035. Alongside more homes, the IAF will also support more than 300,000m<sup>2</sup> of commercial and retail space and has the potential to unlock more than \$2.1 billion in private investment over the next decade.
34. There are several commercial refurbishments underway throughout the central city and surrounding area. Works to refurbish the four-storey mixed-use building at **153 Victoria Street**, opposite the Waikato Regional Theatre development, were recently completed. This included upgrades to the canopy to improve street amenity.
35. Meanwhile, the refurbishment of the six-storey building at **18 London Street** by Stark Property continues. This will provide 700m<sup>2</sup> per floor of A-grade office space upon completion in the last quarter of 2024.
36. There are also a number of upcoming commercial developments in the central city that could commence by the end of this year, including Building B at **Union Square**, fronting Alexandra Street.
37. Resource consent was recently granted for the refurbishment of Hamilton's tallest building, the Mistry Centre, on Ward Street in the central city, into a hotel. It was recently announced that this will be operated by **Pullman Hotels**. Securing a new of 4- or 5-star hotel in the central city has been an economic priority for Council for some time.
38. The Pullman Hotel would provide for two levels of underground carparking, three levels of office and retail, and 191 hotel rooms across 13 storeys. On its expected completion in 2026, it would create 100-120 new full-time jobs.

39. Tainui Group Holdings have announced their plans for the development of **Project Poka**, a six-storey, 20,000m<sup>2</sup> commercial building, the first stage of TGH and Kiwi Property's joint venture Centre Place north mall redevelopment. This is located on the corner of Ward and Victoria Streets, neighbouring the Pullman Hotel detailed above, and was consented in late 2022.
40. The overall structure of the **Waikato Regional Theatre** is beginning to form, giving passersby an insight into the true size and scale of the facility. The theatre development represents a significant opportunity to realise transformational outcomes in the central city. Council is currently planning the work to rejuvenate the surrounding areas of the theatre precinct including the adjacent Embassy Park.
41. A Land Use Consent application was recently received for a four-storey new build addition to a medical facility in the central city, which would feature a new operating theatre and 48 beds.
42. This commercial development activity across various sectors, as well as other developments such as the proposed \$120.0million Templeton Hotel and residential development throughout central Hamilton, are a clear sign of confidence in the future of Hamilton and our central city.

#### Hamilton Central Business Association (HCBA)

43. At the 9 May 2024 Economic Development Committee meeting, the Committee approved the Hamilton Central Business Association (HCBA) Central City Activation Plan and Annual Budget of \$80,000 for 1 July 2024 – 30 June 2025, subject to funding being confirmed in the 2024-34 Long Term Plan (LTP).
44. Subsequently, through the 2024-34 LTP deliberations, the City Activation fund was increased by \$20,000 to a total of \$100,000 per annum.
45. HCBA has provided an updated Central City Activation Plan budget reflecting the final adopted LTP budget of \$100,000 per annum for the period 1 July 2024 – 30 June 2025. The budget breakdown is as follows:

SERVICE	ASSIGNED BUDGET SPEND
Arts & Culture	\$30,000
Sport & Leisure	\$30,000
Play & Celebrate	\$30,000
Collateral & Resources	\$10,000

46. At the 9 May 2024 meeting, the Committee also resolved to delegate authority to the General Manager of Strategy, Growth and Planning Group to renew the Service Level Agreement (SLA) between HCBA and HCC for the delivery of the Central City Activation Plan.
47. As such, this SLA has been renewed for the period of 1 July 2024 – 30 June 2027 reflecting the approved budget of \$100,000 per annum.
48. As reported at the 9 May 2024 meeting, HCBA has decided not to pursue the proposal to extend the BID boundaries to include a portion of Hamilton East. The withdrawal was reported to the 2024-34 LTP Deliberations meeting in June 2024.

#### Greenfield – Ruakura

49. Stage One of Ruakura Superhub is well advanced, with 31ha of development land already committed by a range of national and international tenants spanning the inland port, large scale distribution centres and cold store facilities, logistics operators and service centre.
50. On 8 July 2024, Tainui Group Holdings (TGH) announced they had formed a new subsidiary business, Ruakura Energy, to own and operate a bespoke electricity distribution network, designed to meet the energy needs of the Ruakura Superhub.

51. The Superhub is adjacent to nearby national electricity assets and is already home to a number of large warehouse and distribution centres with significant energy needs including for temperature controlled, cold-chain operations. This has created the opportunity for TGH to develop its own electricity network and ensure an independent and resilient energy supply for Ruakura Superhub.
52. A key enabling project for Ruakura is the construction of the Eastern Transport Corridor (ETC) which, if funded, would unlock full development capacity of the inland port, logistics and industrial precinct, which are currently limited due to roading capacity.
53. Work on the detailed business case for the ETC is progressing and will be taken to the Strategic Growth and District Pan Committee on 27 August 2024 for approval.

#### Greenfield – Rotokauri-northwest

54. RML Machinery is building a new 3000m<sup>2</sup> facility in Te Rapa/Rotokauri area, as they are moving from 66 Norris Avenue, Te Rapa where they have been located since January 1996.
55. This new facility at 6 Chafer Place, is designed to improve production performance efficiency and provide a step up in facilities to assist with retaining current staff and attracting future high calibre people to work for the company. The location was chosen due to the proximity to their current location, so as not to minimise the impact staff, keep close to existing customer base, improve logistic transport flows in and out of the facility and maintain good transport links for customers, supplier and staff.

### **TOURISM, EVENTS and VISITATION**

#### Destinations Group – Year End Activity Update

56. Council's Destinations Group includes the activity of H3 Venues (GLOBOX Arena & Events Centre – Claudelands, FMG Stadium Waikato and Seddon Park) and Hamilton Gardens, Te Kaaroro Nature Precinct and Waikato Museum.
57. All four operating departments of Council had a busy and successful year with a multitude of significant achievements and activity taking place. Visitation and patronage have been extremely strong, recognising the value these special places bring to our city.
58. For further information, please refer to the following reports:
  - i. H3 Activity Report 1 July 2024 – 30 June 2024 (**Attachment 3**)
  - ii. Hamilton Gardens Activity Report 1 July 2024 – 30 June 2024 (**Attachment 4**)
  - iii. Te Kaaroro Nature Precinct Activity Report 1 July 2024 – 30 June 2024 (**Attachment 5**)
  - iv. Waikato Museum Activity Report 1 July 2024 – 30 June 2024 (**Attachment 6**).

### **DATA ANALYTICS, ECONOMICS and POLICY**

#### **Economic update**

#### 2023 Hamilton Annual Economic Report

59. The [2023 Hamilton Annual Economic Report](#) was released in early July 2024. The report provides an in-depth look at our economy, our consenting trends and our people. Some of the report highlights are as follows.
60. In 2023, Hamilton saw much higher job growth than expected with the addition of 2900 filled jobs. Job growth was widespread, but healthcare saw the largest increase with 730 more filled jobs. The number of filled jobs in hospitals increased by 228 while jobs in residential care settings increased 137 and aged care increased 117.

61. Hamilton also saw a net increase of 372 businesses. Since 2014, Hamilton has seen a 28% increase in businesses compared to 21% across Waikato and nationwide.
62. In March 2023, Hamilton's median house price had fallen \$109,000 from the 2021 peak but recovered throughout the rest of 2023 reaching \$815,000 by the end of the 2023 - \$45,000 up in 2022.
63. 2023 was another substantial year for industrial consenting, but commercial consenting did not fare well, retracting to its lowest on record. However, investment in alterations and additions did increase for both industrial and commercial buildings. This is positive for the city as old stock gets upgraded and repurposed. In addition, construction activity underway around Hamilton remained at a historically high level.
64. The report also highlights some of the challenges Hamilton faced in 2023 within the context of wider national and global economic trends.

#### Latest data and context

65. The latest GDP data showed New Zealand had moved out of a recession in March 2024. But growth in the March 2024 quarter was only 0.2% so the reality for the economy has changed little despite technically no longer being a recession. Hamilton GDP growth was 0.3% for the same quarter.
66. The Reserve Bank of New Zealand (RBNZ) has held its ground on lowering interest rates with the most recent review holding the official cash rate (OCR) at 5.5%. RBNZ has softened its language compared to May, saying that rates might start to come down with inflation.
67. The latest inflation data, released a week after the RBNZ update, showed inflation was now 3.3% which is lower than many (including RBNZ) had predicted. But inflation is coming down faster because prices on tradeable goods have fallen to -0.5%. Inflation on non-tradeable goods still sits at 5.4% as is moving slowly.
68. Broadly speaking, tradeable goods are usually items that we buy and sell internationally, whereas non-tradeable goods are bought and sold in New Zealand. Non-tradeable inflation is often referred to as "domestic inflation" and is where RBNZ tries to control prices through changes to the OCR. RBNZ has little control over what happens to the cost of tradeable goods – petrol is a good example of this.
69. It is difficult to predict when the RBNZ will move – banks have tended to be overly optimistic for some time. RBNZ is likely to be cautious and wants to see that inflation, particularly domestic inflation, hasn't plateaued higher than it wants. Australia saw an increase in inflation in June, which will add to the caution. When rates do start to come down, it will take time to filter through as most New Zealand household mortgages are on one- or two-year fixed rates.
70. The weak national economy, increased job uncertainty and high interest rates continue to subdue the housing market, and this is coming through strongly in our consenting data. In the year to June 2024, just 1010 new dwellings were consented compared to an average of about 1500 dwellings per year between 2019 and 2023. The number of consents lodged so far this year suggests that this number will continue to fall in the coming months.
71. Demand and profits on new builds remain low in the current market, so there is little incentive for many builders to progress with projects. As of 1 July 2024, there were 774 dwellings consented but not yet under construction compared to an average of 490 dwellings across 2019 and 2022. Should the housing market improve, many of those developments will begin construction.

72. In the June 2024 quarter, consents were lodged for 1150 new subdivision lots, compared to 465 lots on average. This influx came in response to the proposed increase in development contribution (DC) charges that went out for consultation in March 2024. These consents will have eight years from the time of granting until they need to be titled. This is similar to the June 2018 quarter when 2241 lots were lodged prior to the adoption of new significantly higher DC charges.
73. See **Attachment 7** for further information.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

74. The topics covered in this report are funded by existing budgets. There are no financial implications in relation to the information provided in this report.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

75. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

#### **Climate Change Impact Statement**

76. There are no known climate risks or adaption opportunities associated with this option.
77. There is no change in greenhouse gas emissions associated with this option.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

78. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
79. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report as outlined below.
80. The recommendations set out in this report are consistent with that purpose.

#### **Social**

81. Social wellbeing is defined as the capacity of individuals, their whaanaus, iwi, hapuu and a range of communities to set goals and achieve them.
82. Thriving businesses in the hospitality, retail and community sectors promote better outcomes for the community at large and help to sustain a more vibrant Hamilton with greater social interaction.
83. H3 venues and events are safe for people to attend and provide places where communities can meet, compete, and perform. H3 Venues are places Hamiltonians are proud of. Hamilton Gardens, Waikato Museum and Te Kaaroro provide places for communities to gather, discover and have social interactions.

#### **Economic**

84. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.
85. The Economic Development Committee is responsible for the Governance of Hamilton City Council's economic agenda and investment development opportunities, with the goal of enhancing the wellbeing of Hamiltonians.



86. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
87. Our sector-based approach to economic development focuses resources on both established industries and those that can diversify an economy.
88. In 2024, the economic development programme will continue to focus on three key growth sectors – manufacturing; agritech, technology and innovation; and logistics – as well as supporting the needs of our education and healthcare sectors. This approach will represent our balanced economy, employment base, and growth potential.
89. H3 venues attract events that have a positive economic impact to the city. Events held at H3 venues attract people to the city. H3 venue infrastructure is well maintained, and improvements align with industry needs and requirements. H3 financial management and decision making is sound.
90. Hamilton Gardens, Waikato Museum and Te Kaaroro contribute to the city's tourism economy by attracting more visitors to these sites and encouraging them to stay longer in Hamilton.

### Environmental

91. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
92. The Council's Central City Transformation Plan considers connections between the central city and the river to restore and protect the balance of the environment.
93. H3 venues respond to climate change challenges through several operating and built-in initiatives. However, continuous improvement and attention to this responsibility remains a critical element of the operations reputation and competitiveness. H3 venues are healthy environments; H3 cares about reducing, recycling and reusing water, electricity, and waste.
94. Te Kaaroro promotes the ongoing restoration of Waiwhakareke Natural Heritage Park, the flagship biodiversity project for the city. Waikato Museum plays a key role in creating physical and cultural connections to the Waikato Awa through its location, collections, and the narratives told through them. Extensive planting of the Hamilton Gardens in native bush, predominantly with plants indigenous to the Waikato provides riverbank stability, improvement to runoff entering the river and provides a key node in the river ecological corridor.

### Cultural

95. Cultural wellbeing is defined as the capacity of communities to retain, interpret, and express their shared beliefs, values, customs, behaviours, and identities.
96. Our city values, respects, protects, and promotes the treasured status of tangata whenua, which acknowledges our shared history and celebrates our cultural identity and heritage.
97. Businesses in the hospitality, retail and community sectors endorse and enhance the cultural identity of the city. Event activity helps promote cultural events and awareness of our heritage and history for Hamiltonians and visitors to the city to enjoy and participate in.
98. H3 venues offer a range of events for people to attend. The heritage of H3 venues and locations is valued and our community has trust in H3.
99. Hamilton Gardens, Waikato Museum and Te Kaaroro provide places for families to connect and create their own traditions and act as kaitiaki (guardians) for nationally significant taonga. In addition Hamilton Gardens is home to Te Parapara - New Zealand's only traditional Maaori productive garden.

**Risks - *Tuuraru***

100. There are no known risks associated with the matters covered in this report.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

101. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

102. Given the low level of significance determined, the engagement level is low. No engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Employer Insights Report - 13 August Meeting

Attachment 2 - Soda Inc Reporting - 13 August 2024 Meeting

Attachment 3 - H3 Activity Report 1 July 2023 - 30 June 2024

Attachment 4 - Hamilton Gardens Activity Report 1 July 2023 - 30 June 2024

Attachment 5 - Te Kaaroro Nature Precinct Activity Report 1 July 2023 - 30 June 2024

Attachment 6 - Waikato Museum Activity Report 1 July 2023 - 30 June 2024

Attachment 7 - Economic Update slides August 2024

# Employer Insights Report

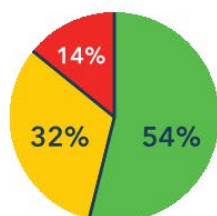
February - July 2024

Economic Development Programme

## Engagement summary

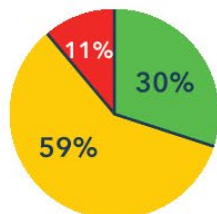
Our employer engagement for the first half of 2024 has involved 54 in-depth meetings across three key sectors: manufacturing, technology and innovation, and logistics. Insights and feedback have been grouped into four themes and characterised as confident, cautious or concerned.

● Confident
 ● Cautious
 ● Concerned



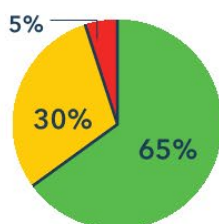
### Business outlook

Despite a challenging economic climate, just over half of Hamilton businesses interviewed in 2024 are confident about their prospects for planned growth and business operations.



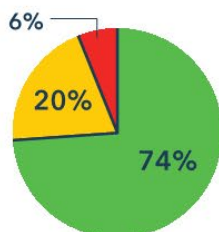
### Employment outlook

Employee retention was a consistent theme across all three key sectors, with businesses hesitant to take on additional operating costs at this time.



### Access to talent

A combination of factors including positive net migration and an increase in those seeking employment have created a labour market that favours businesses.



### Growth enablers

Businesses have consistently cited the Hamilton metro area as having the services and resources necessary to support their growth. Increasing operating costs were top of mind among those who voiced caution and concern.



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa

## Sector insights - manufacturing

Key insights from our employer engagement meetings have been grouped into four themes. The graphs accompanying each theme represent the nature of the feedback from manufacturing businesses interviewed.

Feedback was provided by 28 manufacturing employers, accounting for 52% of total engagement across all sectors. These businesses represent the food, metal fabrication, machinery, polymer/plastics, and transport equipment sub-sectors.

● Confident ● Cautious ● Concerned

### Business outlook

*General assessment about prospects for planned growth and business operations.*



Businesses across all sub-sectors of manufacturing in Hamilton report a prioritisation of client retention in order to navigate economic uncertainty.

Businesses connected to the beef and dairy industries reported improving conditions. Manufacturers of construction materials are experiencing unpaid invoices and scaled back projects. The plastics and polymer sub-sector is facing pricing pressure from international competition and cost-conscious clients.

In contrast, companies servicing offshore markets have thrived, highlighting the benefits of market diversification.

### Employment outlook

*Refers to the short-term hiring plans for the business.*

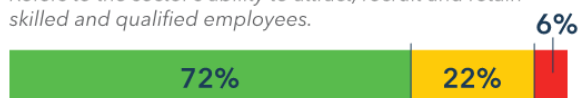


The slowdown in manufacturing job growth initially observed in the third quarter of 2023 has persisted into the first half of 2024. Business feedback suggests this trend will extend into the first quarter of 2025.

Staff retention remains top of mind across all manufacturing sub-sectors, with a particular focus on those with key skills or experience.

### Access to talent

*Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.*

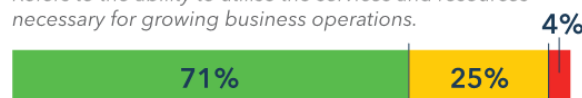


Manufacturing businesses have observed more favourable hiring conditions for essential positions. An increase in the number and quality of applicants has been a consistent theme.

A small number of manufacturers continue to face challenges in sourcing staff with specialised skills. To bridge this gap, firms are investing in training and development of their existing workforce.

### Growth enablers

*Refers to the ability to utilise the services and resources necessary for growing business operations.*



Those who feel confident about their Hamilton operations highlighted the benefits of a strong network of local suppliers as well as access to international markets through the ports of Auckland and Tauranga.

This optimism is reflected through investments in new and current facilities to support future growth.

Those concerned cited significant increases to operational costs as a factor.

## Sector insights - technology and innovation

Key insights from our employer engagement meetings have been grouped into four themes. The graphs accompanying each theme represent the nature of the feedback from technology and innovation businesses interviewed.

Feedback was provided by 16 technology employers, accounting for 30% of the total engagement across all sectors. These businesses represent the software development, AI and machine learning, enterprise architecture, network engineering and security, software as a service (SaaS), data warehousing, managed services and cloud sub-sectors.

● Confident
 ● Cautious
 ● Concerned

### Business outlook

*General assessment about prospects for planned growth and business operations.*



Tech businesses we met with reported sales growth of 10 - 40% in the last 12 months. They shared that this was driven by domestic and international contract wins and an increase in existing client business.

Caution and concern was voiced from those who do business with government agencies or with clients in the dairy sector.

### Employment outlook

*Refers to the short-term hiring plans for the business.*



Despite a generally cautious approach to recruitment, most tech businesses we spoke with reported a 5 - 10% increase in headcount since the beginning of 2024.

Many of these businesses plan to continue adding experienced staff throughout the remainder of 2024.

### Access to talent

*Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.*



In 2023, recruiting experienced talent was challenging for tech businesses. Feedback received in 2024 is that experienced talent is more available. However, recruitment remains competitive with pay being a key point of negotiation.

The availability of graduate-level talent continues to meet demand, consistent with feedback received in 2023.

### Growth enablers

*Refers to the ability to utilise the services and resources necessary for growing business operations.*



Attracting and retaining tech talent is a recurring topic and is an area that will require increased investment from the sector. Businesses emphasised the importance of a collaborative approach within the sub-region to effectively address this issue.

## Sector insights - logistics

Key insights from our employer engagement meetings have been grouped into four themes. The graphs accompanying each theme represent the nature of the feedback from logistics businesses interviewed.

Feedback was provided by 10 logistics employers, accounting for 18% of the total engagement across all sectors. These businesses represent the cold storage, food and hospitality distribution, container hire and heavy transport, end-to-end supply chain solutions, retail goods distribution as well as transport of bulk materials sub-sectors.

● Confident ● Cautious ● Concerned

### Business outlook

General assessment about prospects for planned growth and business operations.



Logistics providers located at the Ruakura Superhub have been able to grow their client activity, citing operational efficiencies gained from rail and expressway connectivity.

Large scale infrastructure projects are an additional source of consistent business for this sector.

In contrast, a decline in construction freight and ongoing instability from grain, fertiliser and consumer goods clients have placed some logistics operators in a challenging position. Those affected expect this trend to persist into the fourth quarter of 2024 or early 2025.

### Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.



The availability of drivers and warehouse staff is not a current concern, however businesses we spoke to emphasised the need to address the long-term supply of staff to support the rapidly growing logistics sector. There is consensus that a viable solution should come through collaboration between businesses and government at all levels.

### Employment outlook

Refers to the short-term hiring plans for the business.



Most logistics businesses we spoke with have maintained their staffing levels in 2024. Where there has been a reduction in staff, it has been in response to decreased demand from the bulk goods sub-sector.

Those spoken to anticipate some growth in headcount in the fourth quarter of 2024, aligning with a seasonal increase in demand.

### Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.



The logistics sector is particularly affected by consumer confidence, domestic spending and the export market. Logistics businesses predict improved conditions in these areas by the end of 2024.

Hamilton's emergence as a logistics hub has been welcomed by operators looking to improve service nationally. The primary need that logistics businesses conveyed was continued improvements in regionally significant rail and road infrastructure.

Concerns were related to a range of increasing operational costs.

More information available at: [hamilton.govt.nz/economicdevelopment](https://hamilton.govt.nz/economicdevelopment)



# HAMILTON CITY

## QUARTERLY REGIONAL BUSINESS PARTNER NETWORK UPDATE

# SODA

Item 9

Attachment 2

### BETWEEN APRIL AND JUNE 2024 SODA:



Met with 67 Hamilton City based businesses to assess their challenges, needs, and training/support options.



Allocated **\$47,884.55** in funding to support management capability training of Hamilton City based businesses.



The businesses were booked with the following service providers:

- Deloitte
- Andrew Miller Coaching
- Everest People
- Maisey Harris & Co
- Mosaic Partners
- Little Biz Online Ltd
- Media PA
- Daisy Digital
- The Waikato Chamber of Commerce
- Sweet Spot Business Coaching
- The Icehouse

### KEY OBSERVATIONS

In Q4 we noticed that challenges for businesses in Hamilton City were:

- Learning the foundation skills for successfully employing and managing people.
- Developing innovative new sales strategies and building clear communications to engage customers.
- Understanding how to build the skills and confidence in managing an e-commerce website.
- Learning how to turn a service business into a profitable business.
- How to create & identify gross revenue targets and key performance indicators.
- Identifying opportunities and vulnerabilities in their business that need to be managed.

The most requested training and support was in the following areas:

- Understanding AI and prompt engineering
- HR Fundamentals
- Generating sales for service business
- Growth Strategy
- E-Commerce website management
- Digital Marketing Strategy



FOR FURTHER INFORMATION &  
INSIGHTS PLEASE CONTACT:

**ANNA DEVCICH**  
Business Manager

anna@sodainc.com  
021535515



# WAIKATO REGION

## QUARTERLY CALLAGHAN INNOVATION UPDATE



### BETWEEN APRIL AND JUNE 2024:



Met or managed 73 Waikato businesses to assess their challenges, needs, and connect to Callaghan Innovation (C.I.) funding and support



\$342,720 in C.I. funding was allocated to 11 businesses in the Waikato region during Q2. An additional 17 businesses have grant applications in progress.



Number of businesses recommended\* the following C.I. products as support options:

- Agritech Activator: 2
- Ārohia Full Grant: 2
- Ārohia Evidence Grant: 3
- Beyond IP: 10
- Business Innovation Advisory: 12
- Capital Education: 10
- Founder and Incubation: 4
- Healthtech Activator: 3
- Industry 4.0 Smart Factory: 2
- Lean Program: 11
- New to R&D Grant: 16
- R&D Experience Grants: 28
- R&D Career Grants: 17
- R&D Tax Incentive: 12
- R&D Services: 4
- RBP: 6

\*Recommended support options are not necessarily consumed by businesses

### KEY OBSERVATIONS

Q2 C.I. funding for the Waikato has been allocated across the following grants: Arohia Evidence, R&D Experience, R&D Career, and New to R&D.

The Arohia Trailblazer Grant closed for new submissions in April, with shortlisted applicants to be notified mid-July. The Arohia Evidence Grant opened for new applicants. 11% of the fund has currently been allocated, with 2 Waikato businesses being successful to date.

There has been a major push for the New to R&D Grant during May / June. 8 leads have been put through to the FES team in the Waikato with 6 businesses having already been signed off to apply.

The R&D Experience Grant opened early this year on June 04. Uptake has been slower in comparison to other years. Timing is a factor but the overriding cause is believed to be the current economic conditions.

The Fieldays was held in Hamilton, June 12-15. 4 businesses requested follow up support, 11 of which were in the Waikato.

C.I. have agreed to sponsor Soda's next Power Lunch. The focus of the event is the support services available for women in business in NZ.

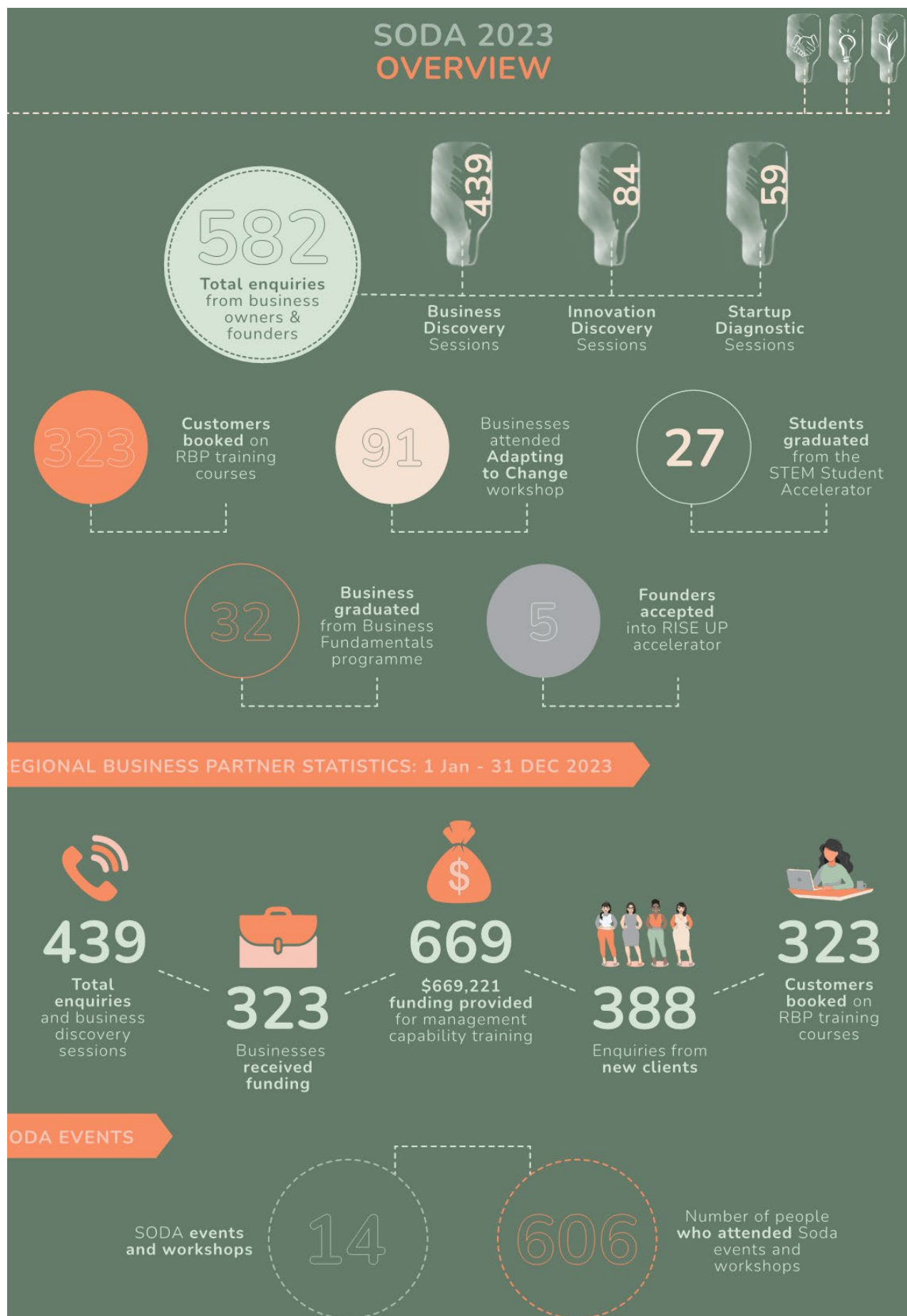


FOR FURTHER INFORMATION &  
INSIGHTS PLEASE CONTACT:

**DR FERN KELLY-ZANDER**  
Innovation Specialist  
fern@sodainc.com







# H3 ACTIVITY REPORT

1 JULY 2023 -  
30 JUNE 2024

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GLOBOX Arena & Events Centre, Claudelands

# 2023-24 ACTIVITY REVIEW



Item 9

H3's purpose is to attract and deliver exceptional event experiences to Hamilton with a focus on economic and social benefits. This report is a summary of H3's annual activity for the 2023/24 financial year and was prepared for Council's Economic Development Committee meeting on 13 August 2024.

It was a strong year for H3 - the operators of Claudelands, FMG Stadium Waikato and Seddon Park. This was the result of efforts by H3's business development and event delivery teams, who have delivered exceptional care to patrons and clients in a competitive event market. As a result, H3 reported additional revenue above budget of \$1.4m for the period, with the net operating position at 30 June favourable by \$1.3m due to increased event volumes combined with active management of operating expenditure.

Each venue has operated at high capacity during the year, showcasing the unique versatility of all the indoor and outdoor event spaces across the three venues.



## CLAUDELANDS

GLOBOX Arena & Events Centre, Claudelands hosted an array of events including Ngaa Paki o Matariki Tainui Kapa Haka Kura Tuarua, the FIFA FAN Festival™, TAB Darts Masters, Waikato Home and Garden Show, the Avis Magic Netball season, Waikato Hospice Bucket List Banquet, Wintec Graduations, and performances by renowned comedians Heath Franklin's Chopper, Bill Bailey and Russel Howard, plus a sold out L.A.B concert and outdoor events on the Claudelands Oval with the Summer Concert Tour and the Zuru Nightglow 25th birthday event attracting vibrant crowds.

## FMG STADIUM WAIKATO

FMG Stadium Waikato hosted one of the world's biggest sporting events when it hosted five FIFA Women's World Cup 2023™ matches, teams, hundreds of volunteers, and thousands of football fans. It continued with a sold out West Tigers game against the One NZ Warriors, and a Pacific Championships Men's Final, followed by more international content with a Black Ferns vs Wallaroos match and Motorcross' Freestyle Kings. Following respite over the Christmas period, the Gallagher Chiefs kicked off their epic season, including a thrilling "Festival of Rugby", in collaboration with the Chiefs Rugby Club and Hobbiton™ Movie Set Tours. This was a double header event showcasing Chiefs Manawa against Matatū and Gallagher Chiefs versus Fijian Drua and included a halftime drone show. This event has earned a nomination as a finalist for Best Sports Event at the New Zealand Event Awards 2024. Interestingly, non-rugby events on the field are growing steadily.

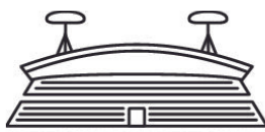
## SEDDON PARK

Seddon Park began its season with Super Smash cricket, shortly followed by a sold out BLACKCAPS v Pakistan and more top-tier international cricket followed with the BLACKCAPS hosting South Africa in four-day test series. The venue also hosted another international one-day match between the WHITE FERNS and England. To close the season, Hamiltonians also enjoyed the Sunset Cinema at Seddon Park, a three-day outdoor movie experience.

H3 thanks the following event delivery partners for their support:

Montana Food and Events | Vidcom | Spotless | Ticketek | Momentus Technologies

Red Badge Security | Independent Traffic Control



Attachment 3

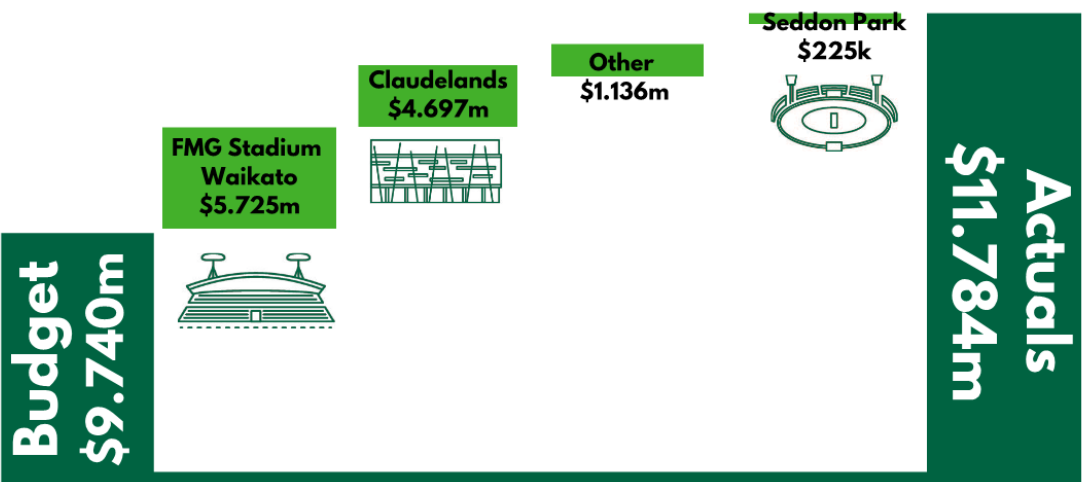


# REVENUE ANALYSIS

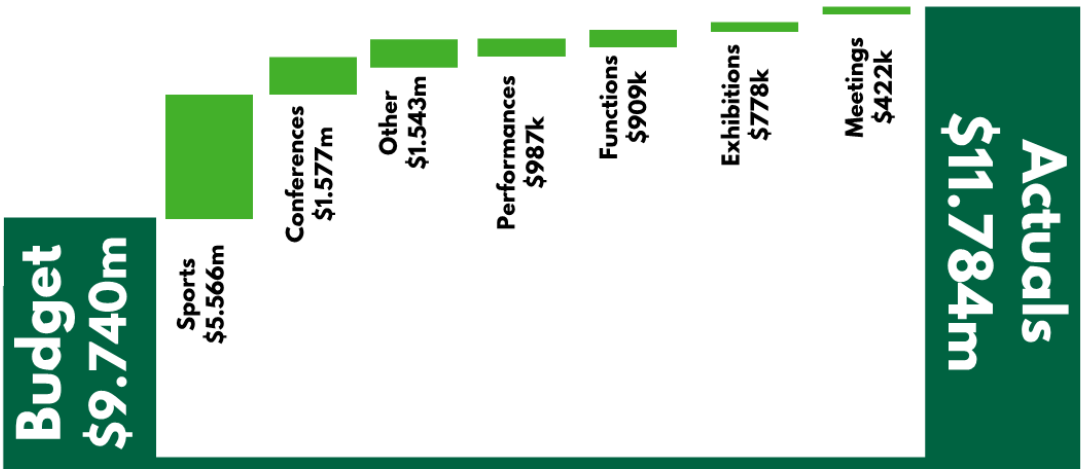
## 1 JULY 2023 TO 30 JUNE 2024



### By Venue



### By Activity



# 2023-24 FINANCIAL RESULTS

# H3

Item 9

## H3 FINANCIAL RESULTS - 1 JULY 2023 TO 30 JUNE 2024 (\$'000)

PRIOR YEAR ACTUAL 2022/23		ACTUAL	BUDGET	VARIANCE FAV/(UNFAV)
<b>REVENUE</b>				
229	Capital Revenue	24	-	24
11,120	Revenue from Activities	11,754	10,377	1,378
<b>11,349</b>	<b>TOTAL REVENUE</b>	<b>11,778</b>	<b>10,377</b>	<b>1,401</b>
<b>DIRECT OPERATING COSTS</b>				
4,396	Cost of Sales	4,845	4,552	(292)
6,473	Personnel Costs	6,638	6,849	212
3,329	Operating & Maintenance Costs	2,625	3,007	382
2,457	Property Costs	2,655	2,300	(356)
876	Professional & Admin Costs	913	872	(41)
<b>17,531</b>	<b>TOTAL DIRECT OPERATING COSTS</b>	<b>17,676</b>	<b>17,581</b>	<b>(95)</b>
<b>(6,182)</b>	<b>DIRECT OPERATING SURPLUS(DEFICIT)</b>	<b>(5,898)</b>	<b>(7,204)</b>	<b>1,306</b>
471	Indirect Revenue	735	245	490
<b>Indirect Overhead Costs</b>				
5,031	Council Overhead Allocation	5,126	4,852	(274)
7,882	Depreciation & Amortisation	8,181	7,903	(278)
284	Gains & Losses	13	-	(13)
1,581	Finance Costs	2,308	1,580	(729)
<b>14,778</b>	<b>Total Indirect Costs</b>	<b>15,628</b>	<b>14,334</b>	<b>(1,294)</b>
<b>(14,307)</b>	<b>Net Indirect Costs</b>	<b>(14,893)</b>	<b>(14,089)</b>	<b>(804)</b>
<b>(20,489)</b>	<b>SURPLUS / (DEFICIT)</b>	<b>(20,791)</b>	<b>(21,293)</b>	<b>502</b>

Notes: The results are unaudited.

Revenue: Event activity tracked for a strong year, compared to budgeted levels.

Cost of sales: Additional costs due to event volumes.

Property Costs: In line with increased revenue from events.



Attachment 3

# EVENT ECONOMICS EVALUATIONS



## 2024 NZPI Conference - March 2024

Type -Business Event

Venue - Claudelands Conference and Exhibition Centre

Attendees - 995

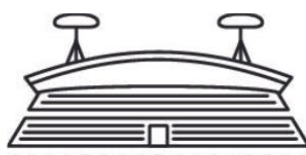
Visitors - 770

Visitor nights - 1,843

Visitor Expenditure - \$462k spent in Hamilton

Event Satisfaction - 92% satisfied or very satisfied

Benefit-cost ratio - 1.44





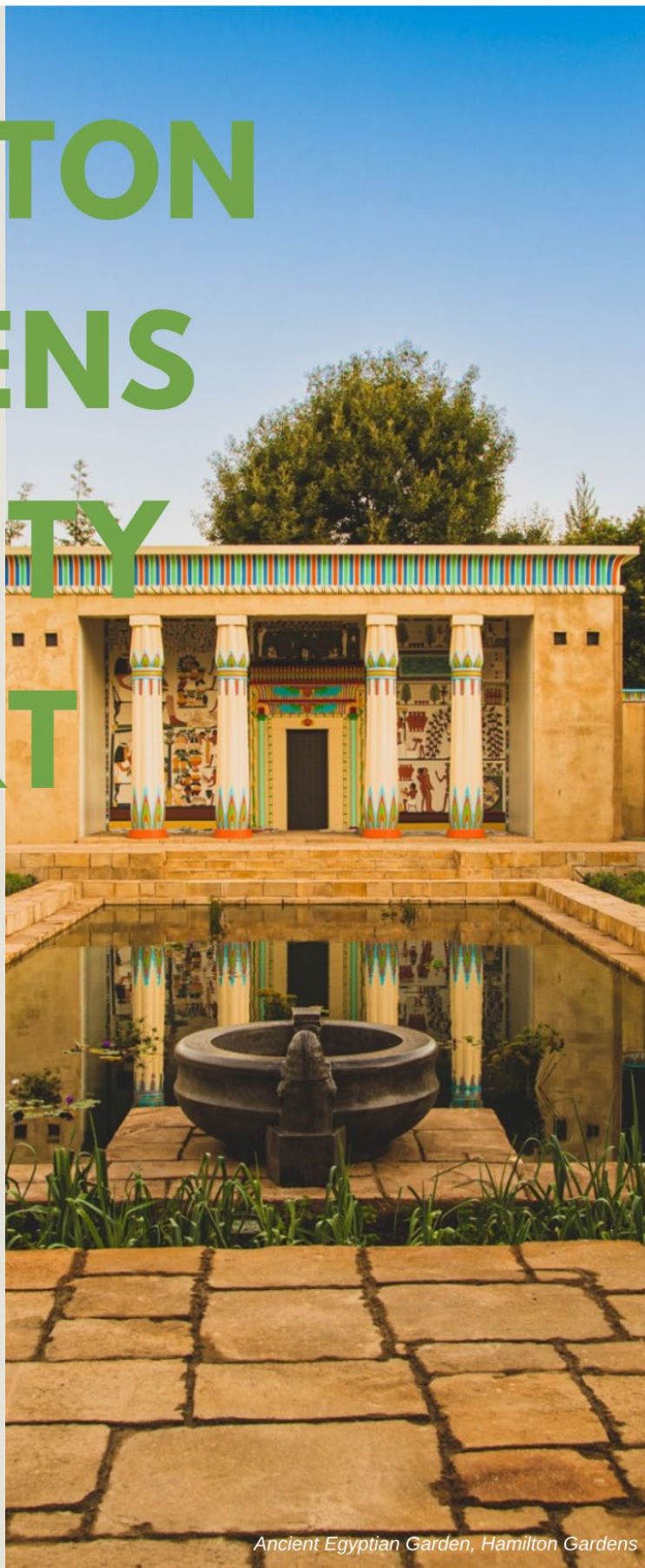




# HAMILTON GARDENS ACTIVITY REPORT

1 JULY 2023 -  
30 JUNE 2024

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Ancient Egyptian Garden, Hamilton Gardens



# 2023-24 ACTIVITY REVIEW



Item 9

Hamilton Gardens offers a unique journey through time, showcasing the evolution of garden design over 4,000 years. Hamilton Gardens is a must-see attraction all year around, offering 45 hectares of gardens and parklands to visitors to explore. This report is a summary of Hamilton Garden's annual activity for the 2023/24 financial year and was prepared for Council's Economic Development Committee meeting on 13 August 2024.

In the 12 months to 30 June 2024 Hamilton Gardens has gone from strength to strength. This was the Hamilton Gardens' biggest ever year in terms of visitor numbers, clearly demonstrating the current construction work and temporary entrance hasn't put people off visiting a favourite destination. Hamilton Gardens is a significant attractor of visitation to Hamilton and the region.

## Developments

Strong progress has been made on the construction of the new Visitor Entry Precinct, Visitor Centre and venue hire spaces with the project on track for completion ahead of the opening date of mid-September 2024 with multiple projects underway to ensure readiness for the Visitor Centre opening and introduction of paid entry later this year.

As part of the Visitor Entry Precinct development, The Pavilion underwent a reconfiguration and refurbishment of its hireable meeting and event spaces. The new look interior, includes five versatile rooms, three of which can be combined to increase capacity for larger events.

Extension works to the Hamilton Gardens Café were also completed this year, providing an ice cream and drinks kiosk which worked well with busy summer days.

Despite operating the temporary entrance via English Flower Garden from a porta-com, the customer facing team at the Gardens continue to go above and beyond to manage the high volume of visitors that this site receives on a daily basis.

## New Initiatives

Hamilton Gardens Audio Tour handsets with both Mandarin and English loaded are available to hire from the Information Centre for \$10 each. The self-guided tour includes 50 stops located throughout the Enclosed Gardens providing entertaining insights and information to engage and educate the listener about the history, concept and meaning behind Hamilton Gardens.

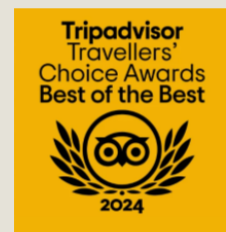
538,343

VISITORS TO ENCLOSED  
GARDENS

(22/23 RESULT 536,442)

Top 1%

TRIP ADVISOR RANKING



Attachment 4

# 2023-24 ACTIVITY REVIEW CONTINUED



## **New Initiatives continued:**

Run in partnership with GoEco, the Pekapeka Night Time Discovery Walk twilight guided tours are a captivating and educational way for Hamiltonians to find out more about our native bats right in the heart of Hamilton. Participants embarked on a fun adventure at Hamilton Gardens as they searched for these fascinating creatures and explored the enchanting nocturnal world they inhabit. Although not recommended for younger children, the pekapeka night-time discovery walk was designed to be a family-friendly adventure and proved very popular with almost all tours fully booked. This is a seasonal experience and will be reintroduced in Summer 2024/25.

The River Riders Bike Rental Hub opened in the Hamilton Gardens Camellia Carpark. Approved for an initial 1-year trial, the depot is the centre of River Riders' Hamilton City operations, servicing the 65km Te Awa River Ride and offering e-bike hire, cycling tours and tour packages. They provide walk-in services, information and advice to users of the trail and encourage Gardens visitation and uptake of Enclosed Gardens tour products.

In addition, Hamilton Gardens completed the recruitment and training of five new tour guides, just in time for the return of the travel trade season early in the year. Group travel bookings were strong from existing trade partners and new(Inbound Tour Operators coming to Hamilton Gardens for the first time, many of these as a result of the trade shows attended and famil tours hosted by staff. There was also an increase in bookings from independent travellers for both private tours and scheduled public highlight tours.

January 2024 was the largest single calendar month on record at Hamilton Gardens, and March 2024 saw the highest ever number of visitors for that month. Easter Sunday recorded the most visits in a day so far this year at 5,630 visitors.

## **External Recognition**

Hamilton Gardens was named as one of the top 1% of travel experiences in the world in 2023. Tripadvisor, the world's largest travel platform, recognised the gardens as a 2023 Travelers' Choice Best of the Best award winner, ranking globally in the top 1% of listings. The award honours travellers' favourite destinations and things to do based on reviews and opinions collected over a 12-month period on Tripadvisor.

As well as being named Best of the Best globally, Hamilton Gardens also ranked as one of the top three attractions in New Zealand, thanks to thousands of outstanding visitor reviews and ratings, with 98% of them rated as Excellent or Very Good.

The Gardens have been awarded this accolade again for 2024 hot on the heels of the site having its best year on record, with over 538,000 people visiting the Enclosed Gardens in the last 12 months.

Hamilton Gardens also featured as a case study for Tiaki in Kirikiriroa, demonstrating the wonderful ways that these destinations care for people and place.

# 2023-24 FINANCIAL RESULTS



Item 9

## HAMILTON GARDENS FINANCIAL RESULTS - 1 JULY 2023 TO 30 JUNE 2024 (\$'000)

PRIOR YEAR ACTUALS 2022/23		ACTUALS	BUDGET	VARIANCE FAV/(UNFAV)
<b>REVENUE</b>				
27	Subsidies and Grants	-	-	-
578	Capital Revenue	955	998	(44)
573	Revenue from Activities	594	1,622	(1,028)
<b>1,178</b>	<b>TOTAL REVENUE</b>	<b>1,549</b>	<b>2,620</b>	<b>(1,071)</b>
<b>DIRECT OPERATING COSTS</b>				
116	Cost of Sales	55	91	36
2,819	Personnel Costs	2,963	3,158	195
1,374	Operating & Maintenance Costs	1,643	1,623	(20)
91	Property Costs	113	114	1
1,002	Professional & Admin Costs	558	592	34
<b>5,403</b>	<b>TOTAL DIRECT OPERATING COSTS</b>	<b>5,332</b>	<b>5,578</b>	<b>246</b>
<b>(4,224)</b>	<b>DIRECT OPERATING SURPLUS (DEFICIT)</b>	<b>(3,783)</b>	<b>(2,958)</b>	<b>(825)</b>
168	Indirect Revenue	262	122	140
<b>Indirect Overhead Costs</b>				
1,092	Council Overhead Allocation	1,152	1,243	92
963	Depreciation & Amortisation	1,045	1,002	(43)
336	Gains & Losses	-	-	-
587	Finance Costs	824	787	(37)
<b>2,977</b>	<b>Total Indirect Costs</b>	<b>3,021</b>	<b>3,032</b>	<b>11</b>
<b>(2,808)</b>	<b>Net Indirect Costs</b>	<b>(2,758)</b>	<b>(2,909)</b>	<b>151</b>
<b>(7,033)</b>	<b>SURPLUS / (DEFICIT)</b>	<b>(6,541)</b>	<b>(5,867)</b>	<b>(674)</b>

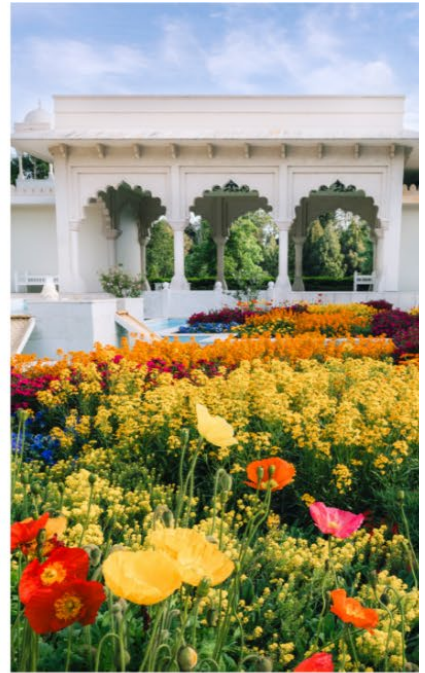
**Notes:** These results are unaudited

Revenue: Revenue from Activities includes Fees & Charges revenue, and Other Revenue. Unfavourable variance relates to not achieving paid entry revenue budget of \$1.12m, as project timeframes for opening of Visitor Arrival Centre were extended into FY25.

Personnel costs: Favourable due to project timeframes for opening of Visitor Centre were extended into FY25.

Attachment 4





 **Hamilton  
Gardens®**



# TE KAARORO ACTIVITY REPORT

1 JULY 2023 -  
30 JUNE 2024

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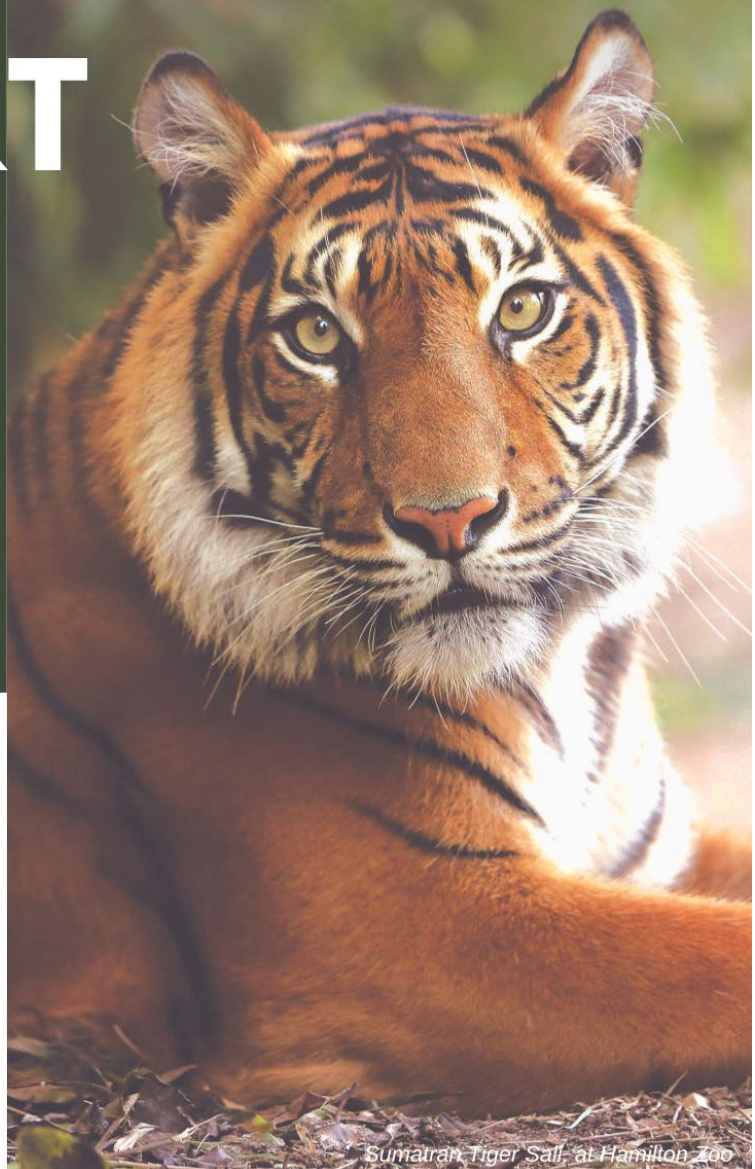


**Te Kaaroro**  
NATURE PRECINCT

Hamilton Zoo | Waiwhakareke Natural Heritage Park



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa



Sumatran Tiger Sall at Hamilton Zoo

Item 9

Attachment 5

# 2023-24 ACTIVITY REVIEW



**Te Kaaroro**  
NATURE PRECINCT

Hamilton Zoo | Waiwhakareke Natural Heritage Park

Te Kaaroro Nature Precinct provides a world class visitor experience that inspires conservation action. This report is a summary of Hamilton Garden's annual activity for the 2023/24 financial year and was prepared for Council's Economic Development Committee meeting on 13 August 2024.

The year has been a transformative period for Te Kaaroro. The precinct has experienced substantial growth in visitor numbers, embarked on significant conservation projects, introduced new residents, and received widespread media attention across its two sites - Hamilton Zoo and Waiwhakareke Natural Heritage Park.

## Visitation

Te Kaaroro has experienced a remarkable year with significant growth in visitor numbers. From 1 July 2023 to 30 June 2024, Te Kaaroro welcomed a total of 239,694 visitors, reflecting a 13% increase from the previous fiscal year. This surge in attendance was highlighted by the zoo's busiest winter day on record, with 2,280 visitors on Father's Day.

The zoo also recorded impressive attendance during Easter, welcoming 6,707 visitors over the long weekend despite less-than-perfect weather. The education program was equally successful, with over 4,200 students participating in various educational activities over the last year. Te Kaaroro also had a strong retail performance. Sales in the zoo shop reached record levels during January, February, and March, with January alone surpassing the previous highest month on record by 14%. This financial success is a testament to the zoo's growing popularity and effective marketing strategies.

## New Arrivals and Encounters

Hamilton Zoo welcomed several new animals and celebrated notable breeding successes this year. A key highlight was the arrival of Scout, a breeding male Sumatran tiger, as part of the Sumatran Tiger Species Survival Plan. Scout was paired with Kirana, contributing to the conservation efforts for his species. In January, the zoo announced the birth of twin female tiger cubs, Mayang and Andalas, named by Mayor Paula Southgate and Deputy Mayor Angela O'Leary. The cubs have become visitor favourites and generated significant media attention. Other new arrivals included Peggy, a siamang gibbon; Sang, a red panda; and Khafre, a two-year-old male Caracal from Queensland, Australia. The zoo plans to introduce a female Caracal for breeding purposes. The birth of two cotton-top tamarins, two porcupettes, and a zebra foal added to the zoo's growing family.

Hamilton Zoo also played a crucial role in the conservation of native species. This year, 12 birds and three native long-tail bat/pekapeka received veterinary care. Foxglove, the third bat rehabilitated at the zoo, exemplified the dedication of the veterinary team to the conservation and rehabilitation of New Zealand's native species.

Hamilton Zoo introduced an exciting opportunity for visitors to have exclusive animal encounters with lemurs, rhinos, and tigers. These encounters are designed to provide a memorable and up-close experience with these fascinating creatures.

# 239,694

VISITORS  
(22/23 RESULT 212,677)

# 425

NATIVE AND EXOTIC  
ANIMALS



Rhino encounter at Hamilton Zoo



# 2023-24 ACTIVITY REVIEW



Te Kaaroro  
NATURE PRECINCT

Hamilton Zoo | Waiwhakareke Natural Heritage Park

Item 9

Visitors have the option to book these encounters online in advance, ensuring they can secure their spot. Also, walk-up encounters are available daily, providing flexibility for those who prefer spontaneous visits.

These were complemented by the introduction of \$39 encounters, offering budget-friendly options. Visitors could now get up close with native tuatara, friendly porcupines, and the playful inhabitants of the South American aviary: macaws and agoutis.

Additionally, free 'surprise and delight' moments were introduced, allowing visitors unexpected opportunities to interact with leopard tortoises, donkeys, and porcupines during their walks around the zoo. The new educational exhibit, Te Kaaroro Hut, focused on the impact of introduced predators like ferrets on native species, emphasizing the importance of pest management without vilifying animals.

## Media and Special Visitors

Te Kaaroro received extensive media coverage, highlighting its new residents and successful breeding programs. The Waikato Herald featured Scout, Peggy, and Sang, while the World Darts Championship filmed an advertisement segment at Te Kaaroro and Hamilton Zoo, broadcasted to millions of viewers. The birth, naming, and gender reveal of the tiger cubs, as well as Foxglove's rehabilitation and Khafre's arrival, garnered significant media attention.

Te Kaaroro hosted Dr Jane Goodall, a world-renowned conservationist and chimpanzee expert. Visitors were in awe as she shared a special moment with the chimps, even giving a heartfelt chimpanzee call as a farewell. She also had the opportunity to meet Ingozi, the friendly Cape Porcupine, and had the unique experience of hand-feeding her.

Dr Goodall also met with the zookeepers. She spent time discussing their work, exchanging knowledge, and expressing her admiration for their commitment to animal care and conservation. The Hamilton Zoo conservation committee were proud to become a bronze partner of the Jane Goodall Institute New Zealand who is a global leader in the effort to protect chimpanzees and their habitats.

## Waiwhakareke Activity

Waiwhakareke Natural Heritage Park celebrated its 20th Anniversary this year by hosting a massive Arbor Day planting event. This marks two decades of planting and restoration at the park, symbolizing years of hard work and commitment. To commemorate this milestone, 20,000 plants were planted by the community, coming together to honour the anniversary. Throughout the year, work to restore the original self-sustaining ecosystem took place, with ongoing reinstatement plantings and maintenance work on tracks and trails within the park. This includes eco-sourced native plants. Eco-sourced means that the plants are grown from seeds collected here in Hamilton, and grown in the Council nursery next to Hamilton Gardens. Eco-sourcing helps to ensure that the seedlings grown are suited for the habitat, and resilient in Hamilton's climate.



Birdseye view of Waiwhakareke tower

Attachment 5

# 2023-24 FINANCIAL RESULTS



## TE KAARORO FINANCIAL RESULTS - 1 JULY 2023 TO 30 JUNE 2024 (\$000)

PRIOR YEAR ACTUAL 2022/23		ACTUALS	BUDGET	VARIANCE FAV/(UNFAV)
<b>REVENUE</b>				
91	Subsidies and Grants	648	622	26
-	Capital Revenue	12	-	12
2,708	Revenue from Activities	3,308	2,224	1,084
<b>2,799</b>	<b>TOTAL REVENUE</b>	<b>3,969</b>	<b>2,846</b>	<b>1,123</b>
<b>DIRECT OPERATING COSTS</b>				
164	Cost of Sales	193	76	(117)
4,759	Personnel Costs	5,239	4,948	(291)
1,387	Operating & Maintenance Costs	1,857	1,335	(522)
158	Property Costs	226	169	(57)
442	Professional & Admin Costs	546	390	(157)
<b>6,909</b>	<b>TOTAL DIRECT OPERATING COSTS</b>	<b>8,061</b>	<b>6,918</b>	<b>(1,144)</b>
<b>(4,110)</b>	<b>DIRECT OPERATING SURPLUS/ (DEFICIT)</b>	<b>(4,092)</b>	<b>(4,071)</b>	<b>(21)</b>
128	Indirect Revenue	200	122	77
<b>Indirect Overhead Costs</b>				
751	Council Overhead Allocation	731	705	(26)
867	Depreciation & Amortisation	1,358	1,033	(325)
389	Gains & Losses	48	-	(48)
446	Finance Costs	627	474	(153)
<b>2,452</b>	<b>Total Indirect Costs</b>	<b>2,764</b>	<b>2,213</b>	<b>(551)</b>
<b>(2,324)</b>	<b>Net Indirect Costs</b>	<b>(2,564)</b>	<b>(2,090)</b>	<b>(474)</b>
<b>(6,434)</b>	<b>SURPLUS / (DEFICIT)</b>	<b>(6,656)</b>	<b>(6,162)</b>	<b>(495)</b>

Notes: These results are unaudited

Revenue - Increased admission revenue and retail sales, driven from increased visitation numbers.

Cost of sales - additional cost of stock driven by favourable retail sales.

Personnel - relates to vacancy factor.

Operating & Maintenance Costs - unfavourable variance driven by a backlog of reactive maintenance jobs to ensure health & safety requirements are met.

Professional & Admin - driven by the additional specialist costs which were externally funded, and general administrative costs.







# WAIKATO MUSEUM ACTIVITY REPORT

1 JULY 2023 -  
30 JUNE 2024

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 **Waikato Museum**  
TE WHARE TAONGA O WAIKATO

 **Hamilton  
City Council**  
Te kaunihera o Kirikiriroa



*Wharenuī Harikoa Exhibition, Waikato Museum*

# 2023-24 ACTIVITY REVIEW

 **Waikato Museum**  
TE WHARE TAONGA O WAIKATO

Waikato Museum Te Whare Taonga O Waikato – our purpose is to protect and share our taonga so everyone can experience and participate in the best of art and culture in our region. This report is a summary of Waikato Museum's annual activity for the 2023/24 financial year and was prepared for Council's Economic Development Committee meeting on 13 August 2024.

Thanks to a combination of astute exhibition programming, proactive marketing and media, and appealing public events, Waikato Museum has experienced one of its most successful years yet. While business-as-usual carried on in public-facing areas, much work was being done behind the scenes to prepare for the imminent renewals programme, including replacement of the roof which began in October 2023.

The Museum maintained its Qualmark Gold status after external assessment by Tourism New Zealand, and by the close of the year had received 1,597 reviews on Google, with an average rating of 4.4 stars out of 5.

## Exhibitions

The majority of exhibitions were developed by the Museum's curatorial team and produced in-house, alongside touring exhibitions from other institutions such as the Museum of New Zealand Te Papa Tongarewa, the New Zealand Portrait Gallery Te Pūkenga Whakaata, and Pātaka Art + Museum.

Two blockbuster exhibitions were the cornerstones of Waikato Museum's exhibition programming for 2023/2024, Wharenui Harikoa (open from 1 December 2023 to 17 March 2024 with 42,576 visitors) and Six Extinctions (open from 12 April to 21 July 2024, 16,458 visitors). Both exhibitions drew record crowds thanks to their broad, intergenerational appeal, with Wharenui Harikoa attracting those interested in art and te ao Māori, and Six Extinctions focussing on science and natural history.

The Museum was home to the National Contemporary Art Award for the 23rd time, receiving a record-breaking number of submissions. The anonymous entries are judged blind, resulting in an eclectic and unpredictable exhibition of the finalist works which showcases current art practise in Aotearoa New Zealand. Principal sponsor Tompkins Wake celebrated its 10th year of support for the competition and provided the entirety of the \$20,000 top prize. The Hugo Charitable Trust also increased their financial support, raising the value to the Runner Up award to \$7,500.

The Museum was also proud to acknowledge two significant anniversaries with bold exhibitions of 20th century contemporary art: Decades Charted: A window into the Chartwell Collection as part of the Chartwell Trust's 50th birthday and Art and Wonder: Gifts from the Friends of Waikato Museum celebrating 50 years of support from the Friends of Waikato Museum.

## Exscite

The relaunched ground floor of Exscite continued to expand with new features added. Visitor feedback is overwhelmingly positive. The space was host to several paid entry events throughout the year, a new venture which had good attendance. The second phase of renovations is now complete on the upper floor and will open in July 2024.

## Collections

Waikato Museum's collections continue to grow through donations and acquisitions. Some recent examples are the decommissioned Von Tempsky Street signage; 30,000 year old moa bones discovered in Pio Pio; and an original crochet work by artists Lissy and Rudi Robinson-Cole.

**127,409**

VISITORS  
(22/23 RESULT 119,314)

**32,647**

COLLECTION ITEMS

Item 9

Attachment 6

# 2023-24 ACTIVITY REVIEW

## Education

Waikato Museum's Education programme was refined for Term 1 of 2024 to align with the new 'Aotearoa New Zealand's Histories' curriculum. Bookings have been steady from both schools which regularly re-visit and new contacts, with bespoke education programmes to accompany Wharenui Harikoa and Six Extinctions proving particularly popular.

## Events and public programmes

Waikato Museum's public programming has the dual purpose of drawing visitors (and repeat visitors) to our exhibitions and reflecting the diverse communities of Hamilton Kirikiriroa. The most significant events of our calendar are the family-friendly festivals held on Waitangi Day (Tuesday 6 February 2024) and the Matariki public holiday (Friday 28 June 2024).

Other peak days with +1000 visitors included the opening of Six Extinctions on 12 April, and 'Dinosaur Day' held on the King's Birthday long weekend.

School holidays were catered to with a mix of free 'drop in' craft activities and paid full-day programmes like Bricks 4 Kidz and Art Explorers.

Our team also collaborates with local event organisers to support occasions like Children's Day and Hamilton Book Month. This year we celebrated Hamilton Pride Month with a series of events, including a collection talk and tour to highlight the queer and takataapui art in the Museum's collection

## Commonwealth Association of Museums Conference

Waikato Museum partnered with Auckland Museum as hosts of the Commonwealth Association of Museums (CAM) conference in March 2024.

This triennial international conference attracted 90 delegates from many Commonwealth countries including Canada and the Caribbean, as well as Aotearoa New Zealand and the Pacific.

The day hosted by Waikato Museum featured staff talks and tours focussing on our work with mana whenua, a session with artists Lissy and Rudi Robinson-Cole, the Waikato Tainui Heritage Collections Team discussing their work, and culminated in a dinner event at Tuurangawaewae.



Six Extinctions Exhibition, Waikato Museum

## ArtsPost Building handover

A major milestone was reached in January 2024 as Council exited the ArtsPost building completely, handing the lease over to Waikato Society of Arts.

As a result of the handover, Gallery 8 was repurposed to create an inviting retail space within the Museum, to accommodate a selection of artists who previously supplied ArtsPost, and to allow for a greater range of merchandising related to our exhibitions. This has proven very popular, and revenue generation from retail is increasing.

# 2023-24 FINANCIAL RESULTS



## WAIKATO MUSEUM FINANCIAL RESULTS - 1 JULY 2023 TO 30 JUNE 2024 (\$000)

PRIOR YEAR ACTUAL 2022/23		ACTUAL	BUDGET	VARIANCE FAV/(UNFAV)
<b>REVENUE</b>				
20	Subsidies and Grants	10	18	(8)
-	Capital Revenue	-	258	(258)
425	Revenue from Activities	495	407	89
<b>445</b>	<b>TOTAL REVENUE</b>	<b>505</b>	<b>683</b>	<b>(178)</b>
<b>DIRECT OPERATING COSTS</b>				
28	Cost of Sales	16	30	14
2,271	Personnel Costs	2,530	2,365	(166)
975	Operating & Maintenance Costs	742	963	221
377	Property Costs	398	417	20
234	Professional & Admin Costs	294	282	(12)
<b>3,867</b>	<b>TOTAL DIRECT OPERATING COSTS</b>	<b>3,979</b>	<b>4,057</b>	<b>78</b>
<b>(3,422)</b>	<b>DIRECT OPERATING SURPLUS/ (DEFICIT)</b>	<b>(3,474)</b>	<b>(3,374)</b>	<b>(101)</b>
22	Indirect Revenue	35	-	35
<b>Indirect Overhead Costs</b>				
1,871	Council Overhead Allocation	1,346	1,459	113
884	Depreciation & Amortisation	784	897	113
6	Gains & Losses	146	-	146
78	Finance Costs	109	89	(20)
<b>2,838</b>	<b>Total Indirect Costs</b>	<b>2,386</b>	<b>2,445</b>	<b>60</b>
<b>(2,816)</b>	<b>Net Indirect Costs</b>	<b>(2,351)</b>	<b>(2,445)</b>	<b>94</b>
<b>(6,238)</b>	<b>SURPLUS / (DEFICIT)</b>	<b>(5,825)</b>	<b>(5,819)</b>	<b>(6)</b>

Notes: These results are unaudited.

Revenue - Additional revenue received due to strong exhibition, event and public programmes and retail activity.

Personnel - Additional unbudgeted personnel costs due to exhibition activity offset by reductions in other expenditure lines.

Operating & Maintenance Costs - favourable due to close management

Item 9

Attachment 6

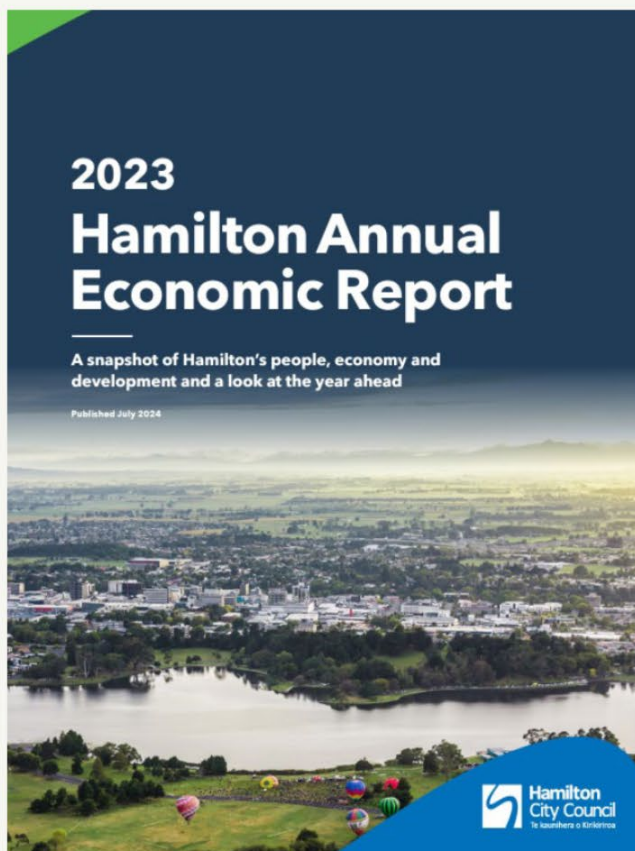








## 2023 Hamilton Annual Economic Report released



13 August 2024

- The report gives an in depth look at Hamilton's economy in 2023.
- 2023 highlights included:
  - High rates of job growth
  - Recovering house prices (up \$45,000)
  - Businesses increased
  - Large amounts of non-residential construction was underway and completed across the city.
- But there were also challenges with consenting down and spending falling below inflation.
- The report can be downloaded from <https://hamilton.govt.nz/your-city/our-citys-economy/economic-data-and-reports/>

2



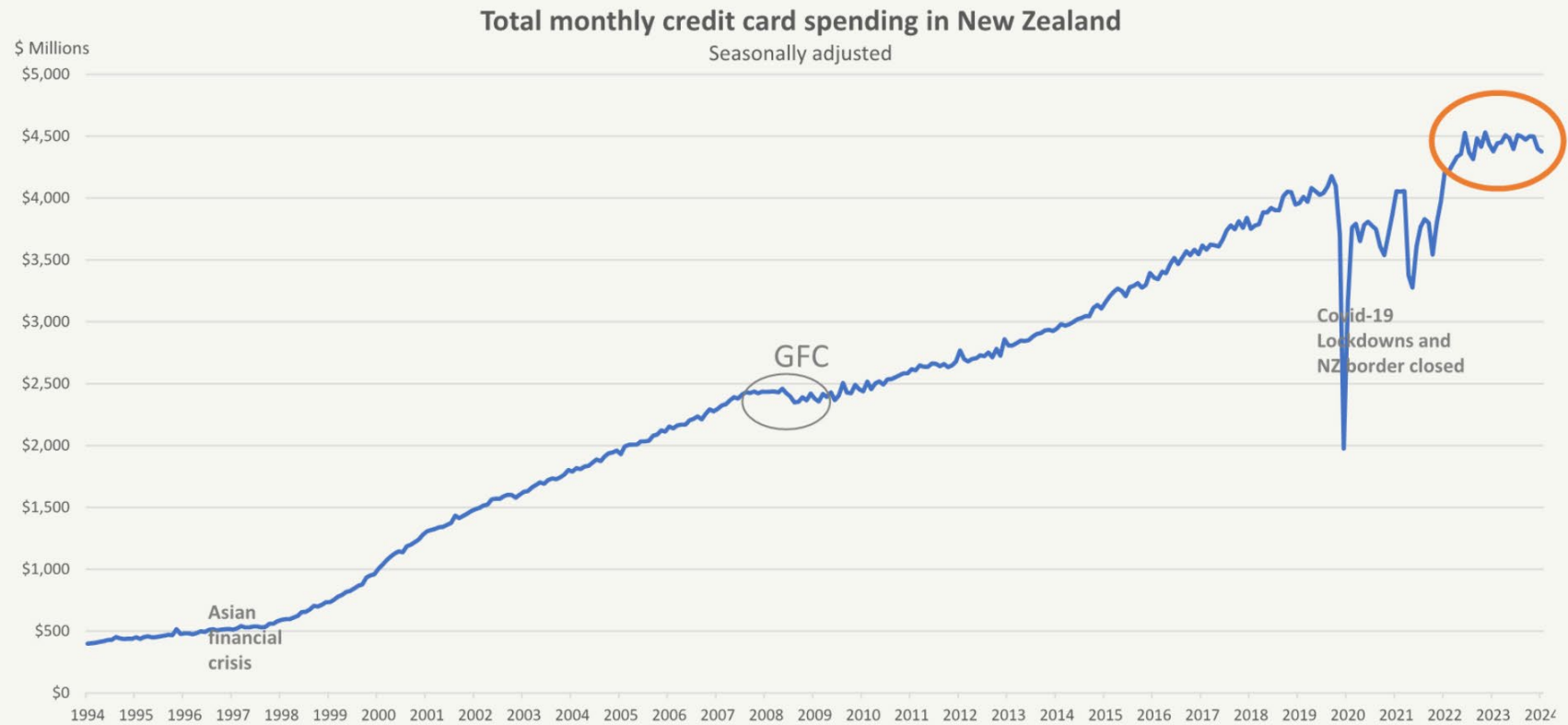
## The context

- Inflation - CPI was at 3.3% in the 12 months to June 2024 down from 4% in March 2024 and below expectations.
  - BUT Domestic inflation is moving slowly
  - AND Australian inflation came in at 4% - up from 3.6% in April and higher than widely expected... rate hikes are now a possibility in Australia > this will make RBNZ more cautious about bringing forward cuts.
- Interest rates have flattened with small declines in short-term rates as banks bet on the OCR falling in November or February.
- NZ is no longer technically in a recession following 0.2% GDP growth in the March 2024 quarter.... But really, not much has changed > it's tough out there.
- Sales are down, manufacturing is down, confidence is down, and financial stress is up.
- Jobs historically fall 6-12 months after GDP > businesses tend to hold onto skilled staff for as long as possible, particularly given recent recruitment challenges

13 August 2024

3

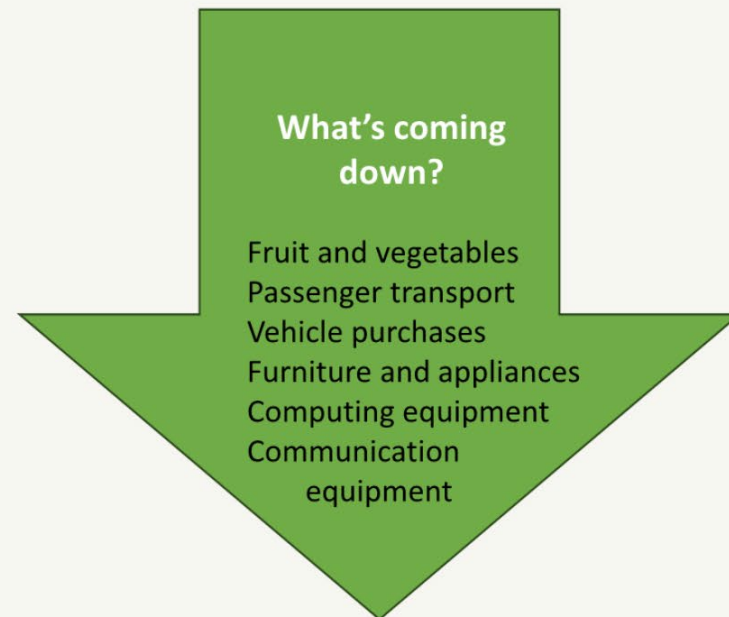
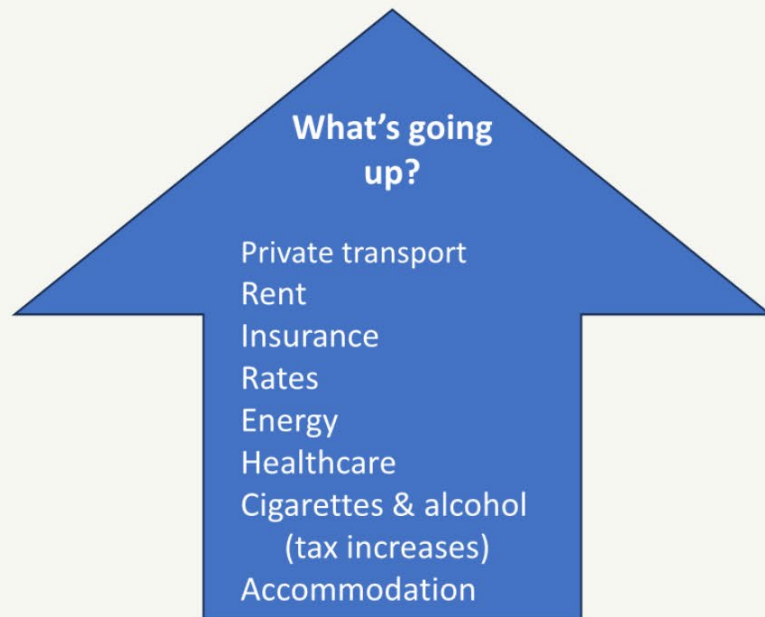
# Spending has leveled out nationally



13 August 2024

4

# Inflation - what are the drivers?

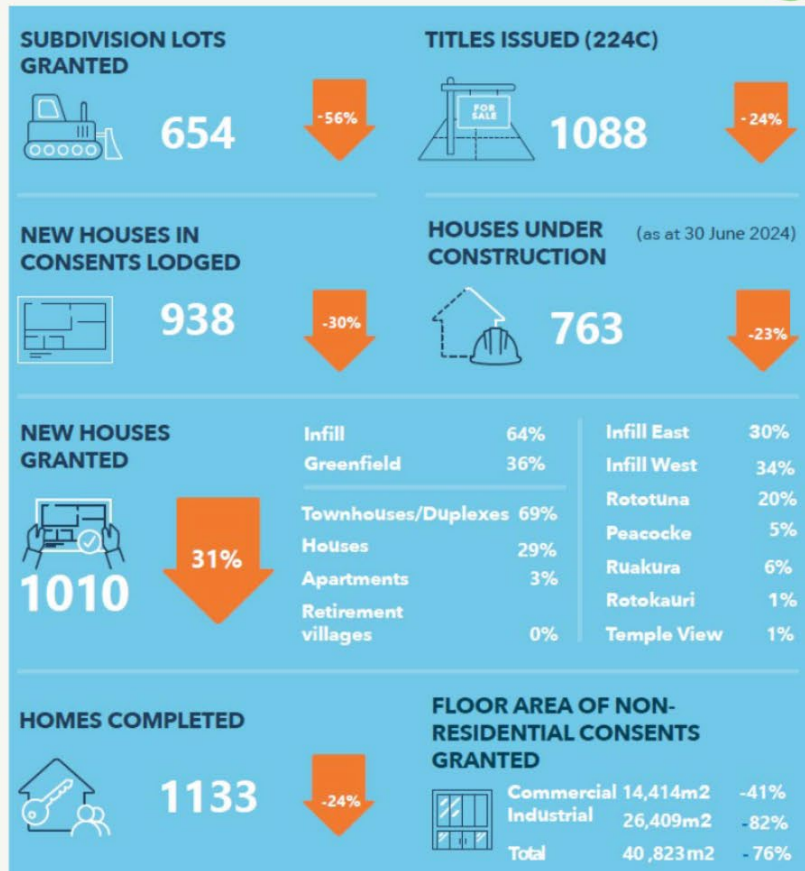


What's going up includes a lot of core costs that people have little control or choice over

13 August 2024

5

# Hamilton Consenting – year to June 2023



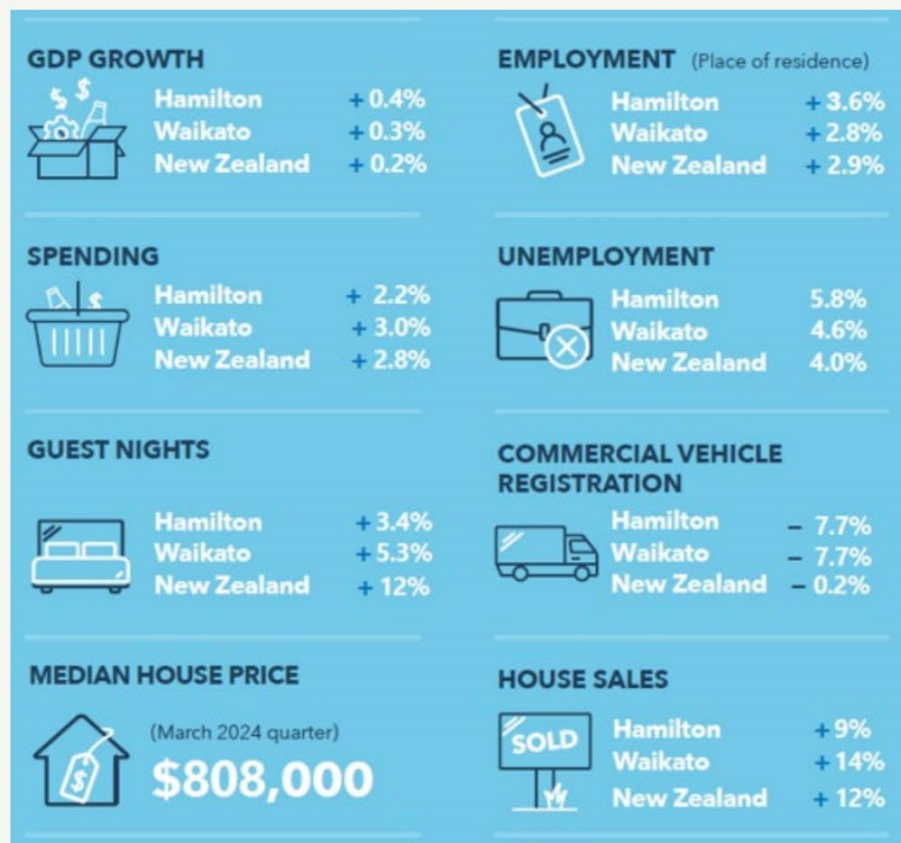
13 August 2024

- Consenting activity is very weak across the board
  - reflecting the lack of confidence in the wider economy and the ability of developers to make the numbers work.
- Subdivision consents – the rush to beat DC increases saw 836 lots lodged in June 2024 and 250 lots in May 2024.
  - Granted lots remains low but the 1150 lodged in the June Quarter will flow through into granted.
    - But – unlikely that work will begin in the immediate future while residential demand is weak.
- In greenfield there is surplus supply, so land developers are holding off consenting more sections.
- Infill subdivision generally occurs when a redevelopment is complete so falling building activity is reflected in subdivision consenting.

6



# Hamilton Economic Indicators – year to March 2024



13 August 2024

7

- Hamilton still has many positive economic indicators, but growth has slowed considerably.
  - GDP growth was 0.4% compared to 3.2% in June 2023.
- House prices were flat in the March 2024 quarter. June quarter is looking healthier but will change as more purchases are settled.
- Employment growth continued to be high at 3.6% despite tougher economic conditions.
- The unemployment increased to 5.8% in March 2024, up from a low of 4.3% in 2022.
- Employment and unemployment growth are possible at the same time... there are more people in Hamilton getting jobs, but there are more people looking who were not previously in the labour force (e.g. new migrants, people moving from study to work, parents returning to work after time off to care for children).

# The outlook for the economy

- Restrained economic growth
- Reduced consenting and construction activity until interest rates fall and house prices increase.
  - There are plenty of projects ready to go when the market improves but developers will be cautious
- Inflation should continue to fall this year
- Interest rates are widely expected to come down by the end of 2024 or February 2025, but the RBNZ says August 2025 – though the tone has moderated since May.
  - Australian inflation has held higher than anticipated which will keep RBNZ cautious.
- The long-term outlook remains for high growth in Hamilton's economy and population.

13 August 2024

8



# Council Report

Item 10

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Nicolas Wells

**Authoriser:** Blair Bowcott

**Position:** Strategic Property Manager  
Commercial & Analytics

**Position:** General Manager Strategy,  
Growth and Planning

**Report Name:** Strategic Property Update - August 2024

**Report Status**

*Open*

## Purpose - *Take*

1. To inform the Economic Development Committee of:
  - i. the financial performance and position of the Municipal Endowment Fund (MEF) at 30 June 2024 (Q4 2023/24 FY) and
  - ii. matters concerning the Opoia Paa Carpark and Hinemoa affordable housing development.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. This is the regular report on the financial performance and position of the assets of the Municipal Endowment Fund (MEF). It covers the fourth quarter (Q4) of the 2023/24 financial year from 1 April 2024 to 30 June 2024.
4. The MEF has a current value of \$59.72 million comprised of property assets totalling \$26.52 million and reserves of \$33.20 million.
5. The overall value of the MEF has increased by \$385,836 from \$59.34 million to \$59.72 million over the past quarter. This is largely attributable to accrued interest income and interest received on maturing term deposits in the period.
6. The profit and loss statement is **Attachment 1** to this report.
7. On 14 September 2023, the Economic Development Committee considered six high-level development options for the Opoia Paa Carpark site and approved developing the land *in principle*, subject to engagement with mana whenua concerning their aspirations for the site, the cultural significance, and confirming the development outcomes and parameters sought.
8. On 2 July 2024 Elected Members, staff and Ngaati Wairere met and agreed that a ground-penetrating radar survey of the Opoia Paa Carpark land is required to conclusively determine what archaeological features might remain. This survey will assist in guiding subsequent discussion with Ngaati Wairere about appropriate location and scale for development on the land. This work is in progress and should be completed by mid-September 2024.

9. On 11 May 2023, the Economic Development Committee approved, *in principle*, the MEF providing \$10.0 million loan funding towards the Bridge Housing Trust (Bridge) Hinemoa development – a 42-unit, affordable housing development at 340 Tristram Street, Hamilton.
10. On 12 March 2024, following notification from the Ministry of Housing and Urban Development (HUD) that Bridge’s application for funding had been declined, the Economic Development Committee reconfirmed *in principle* the MEF funding, resolved to review this commitment in six months if the project had not advanced, and delegated authority to the MEF Advisory Group to approve the loan.
11. Westpac Bank has now agreed to provide the remaining development finance and is arranging a tri-party loan agreement (Bridge, Hamilton City Council, Westpac) which will see Council and Westpac sharing first-ranking security arrangements.
12. Staff consider the matters in this report have a low significance and that the recommendation complies with the Council’s legal requirements.

## Discussion – *Matapaki*

### Municipal Endowment Fund 2023/24 FY Q4

13. Council’s Municipal Endowment Fund (MEF) is divided into 3 parts:
  - i. The **Municipal Endowment properties** consist of ground leases where Council owns the land only but the improvements and leasehold interest in the land are owned by the lessee. Typically, this asset class returns a low yield. Council has previously encouraged lessees to freehold these properties to free up Council’s capital for investment in higher yielding property assets [a separate report reviewing the Freeholding of Council Endowment Land Policy is included on this agenda];
  - ii. The **Municipal Investment properties** consist of property assets purchased to generate the maximum possible yield. They include two industrial properties, and two groups of suburban shops; and
  - iii. The **Municipal Endowment Reserve** (\$33.20 million) is invested in term deposits and mixed funds. The reserve is invested in accordance with an independently designed framework that is intended to diversify the investment portfolio, support liquidity, and preserve capital over the long term, as follows:

#### Term Deposits - \$26.0 million

Provider	Amount	Term	Maturity	Expected Return
ANZ	\$10.5 million	1 month	18 July 2024*	5.60%
ANZ	\$10.5 million	2 months	12 August 2024*	5.75%
ANZ	\$5.0 million	6 months	14 August 2024*	6.55%

\* Term deposits will be rolled over for the same period upon maturity. Term deposit rates in general have been improving as interest rates climb, and the Finance Manager recommends continuing with this strategy at this stage.

#### Mixed Funds - \$6.0 million

Provider	Amount	Return*	Expense ratio
Milford Balanced Fund	\$6.0 million	8.44%	1.05%

\* 5-year net average return – noting that this figure is based on past historical return averages and does not indicate or guarantee future returns.

Milford Balanced Fund			
Description	Units	Price	Value
Initial investment	2,131,135.90	\$2.8154	\$6,000,000
Value on 30 June 2024	2,139,001.80	\$3.2376	\$6,925,232
Change in fair value movement – gain/(loss) – note unrealised			\$925,232

14. Since the last quarterly update, the overall value of the MEF has increased by \$385,836 due to accrued interest income and interest received on maturing term deposits generated during the period (2023/24 FY Q4), which is credited to the MEF.

### Opoia Paa Carpark

#### Background

15. At the 14 September 2023 Economic Development Committee meeting, staff presented a report that identified and evaluated six high-level options for developing the land, ranging from *status quo* (least aspirational) to full development of the land (most aspirational).
16. The Committee approved *in principle* to develop the land, including consideration of all the options in the report, subject to:
- i. *engaging with mana whenua concerning ... their aspirations for the site and its cultural significance;*
  - ii. *partnering with mana whenua to confirm the development outcomes and parameters being sought; and*
  - iii. *completing a high-level development masterplan, or bulk and location document set, for the land.*

#### Current Status

17. Staff are continuing to engage with mana whenua. Most recently, on 2 July 2024, Elected Members and staff met with Ngaati Wairere to discuss the matter, when it was agreed that a ground-penetrating radar survey of the Opoia Paa Carpark land is required to conclusively determine what archaeological features might remain. This survey will assist in guiding subsequent discussion with Ngaati Wairere about appropriate location and scale for development on the land.
18. The original pre-European Opoia Paa site included what is now Jesmond Park immediately to the south of the Opoia Paa Carpark. Ngaati Wairere has requested that the radar survey include this area.
19. Staff have prepared a scope of works and are currently procuring a suitably qualified archaeologist with the equipment and expertise required to carry out the work. The work will be funded from property budgets relating to strategic land development. It is intended that the survey will be completed by 15 September 2024, and the findings reported back to Ngaati Wairere.
20. A progress update will be provided verbally at the 13 August 2024 committee meeting.

### 340 Tristram Street – Bridge Housing – Municipal Endowment Fund (MEF)

#### Background

21. The Bridge Housing Charitable Trust (Bridge) owns the land at 340 Tristram Street, Hamilton, and intends to build a 42-unit affordable housing complex called the Hinemoa Development.

22. Bridge supplied Council a proposal setting out their intentions, which provided a starting point for negotiating the detail of funding arrangements with the MEF. Bridge requested:
  - i. a capital investment, by way of loan, of \$10.0 million from the MEF – to be matched by Bridge and not-for-profit partners. The MEF would attract an appropriate return consistent with the MEF Policy;
  - ii. a funding contribution of \$60,000 from the MEF – to be matched by Bridge – to progress detailed designs and consenting applications.
23. On 11 May 2023, the Economic Development Committee approved *in principle* the MEF investing in an affordable housing development at 340 Tristram Street, Hamilton, subject to:
  - i. *a maximum financial investment from the MEF of \$60,000 to progress detailed designs and consent applications;*
  - ii. *a maximum financial investment from the MEF of \$10.0 million to contribute towards the cost of building an affordable housing development at 340 Tristram Street, Hamilton;*
  - iii. *suitable security, full repayment, and return on investment guarantees;*
  - iv. *an acceptable development and investment timetable; and*
  - v. *proof of concept, funding viability and commitments from all funders.*
24. On 21 December 2023, Bridge lodged a resource consent for the Hinemoa Development, comprising of 42 apartments (18 x 1-bedroom and 24 x 2-bedroom) in two three-storey blocks.
25. On 12 March 2024, the Economic Development Committee received an update from Bridge advising that an application for funding from the Ministry of Housing and Urban Development (HUD) had been declined. The Committee confirmed the resolution on 11 May 2023 and included two additional requirements:
  - i. *Delivery of 42 affordable housing units in general accordance with the plans [submitted for Resource Consent]; and*
  - ii. *A review of the funding in six months from the date of this resolution if the project has not advanced [12 September 2024].*
26. The Committee delegated authority to the MEF Advisory Group to approve the loan.

#### Current Status

27. A draft loan agreement has been negotiated by Bridge, Council staff and their respective solicitors for the MEF funding. The loan agreement is conditional upon a range of pre-conditions including satisfactory security and repayment guarantees, and confirmation of funding viability and commitments.
28. The loan agreement remains suspended until Council receives confirmation from Bridge that it has secured the funding required for the project to proceed. Bridge has now confirmed that Westpac has agreed to provide the remaining development finance required to advance the project.
29. Westpac is currently arranging a tri-party loan agreement (Bridge, Council, Westpac) which will see Council and Westpac sharing first-ranking security. This is a familiar arrangement Westpac has with other banks; however, it will be the first time Westpac enters into this sort of agreement with a Council. Westpac is currently preparing the draft agreement which will protect the terms of the original loan agreement between Council and Bridge.
30. There is one final obstacle with Bridge's resource consent application (waste management) which the parties are currently working through.

31. The Hinemoa Development programme has scheduled demolition of the existing structures at 340 and 360 Tristram Street for January 2025.

### **Financial Considerations - *Whaiwhakaaro Puutea***

32. Strategic Property is a regular operating activity funded through the Long-Term Plan. Further MEF financial information for FY2023/24 Q4 is provided in **Attachment 1**.
33. The proposed loan to Bridge provides MEF funding at a heavily reduced rate (cost of borrowing + 0.5%), which comes at a cost to Council of approximately \$225,000 over the 24 months of the loan.

### **Ethical Investment**

34. The ethical status of the institutions providing the MEF investment vehicles were summarised in the [report](#) to the 24 May 2022 Economic Development Committee (Item 11, pp 377 – 381).

### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

35. Staff confirm that recommendation complies with the Council's legal and policy requirements.

### **Climate Change Impact Statement**

36. Staff have used the climate adaptation assessment guidance and determined there are no known climate risks or adaptation opportunities associated with the matters covered in this report.
37. Staff have used the climate emissions assessment guidance and determined there is no change in greenhouse gas emissions associated with the matters covered in this report.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

38. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
39. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report as outlined below.
40. The recommendations set out in this report are consistent with that purpose.

### **Social**

41. The strategic property activity allows the Council to promote better outcomes for the community at large, helping to create a more vibrant Hamilton with greater social interaction.
42. The proposed development of the Opoia Paa land will give practical effect to the Council's aspirations by creating a more vibrant city centre, enhancing the interface with the Waikato River, and providing greater social interaction. Development of the land will contribute to the local urban community through the creation of connected communities, active street frontages, tactile pedestrian experiences for passers-by and commercial spaces for values-aligned businesses.
43. The proposed Hinemoa development supports Council's Housing Strategy, in particular our vision that every person in Hamilton is well-housed.

### **Economic**

44. The MEF will fund key development opportunities to help attract business growth, grow the city's economy, aid potential public and private investment and help with prioritising future funding decisions and business cases.

45. Appropriate development of the Opoia Paa land and the Hinemoa site will attract business growth, grow the city's economy, and aid potential public and private investment.

#### **Environmental**

46. Strategic property developments align with the Council's Central City Transformation Plan, considering connections between the central city and the Waikato River to restore and protect the balance of the environment.
47. Appropriate development of the Opoia Paa land aligns with the Council's Central City Transformation Plan, considering connections between the central city and the Waikato River to restore and protect the balance of the environment.

#### **Cultural**

48. The strategic property activity endorses and embraces the cultural identity of the city.
49. Partnering with mana whenua is fundamental to the appropriate development of the land at Opoia Paa. Engagement with mana whenua will ensure their aspirations for the site and its cultural significance are considered.

#### **Risks - *Tuuraru***

50. There are no known risks associated with these matters – noting that the estimated yields from mixed fund investments are based on historical return averages, which does not guarantee future performance or yield.


#### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

51. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.
52. Given the low level of significance no engagement is required.

#### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Municipal Endowment Fund FY 2023/24 (Q4) - Profit and Loss.



 <div> <h1>STRATEGIC PROPERTIES</h1> </div>	Select Financial Year:				Select Month:											
	FY21	FY22	FY23	FY24	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun

How much money is in the Endowment fund today?

\$33,208,837

How much interest have we earned this year on the MEF fund?

\$1,476,967

Return on MEF Fund this year

4.45%

What is the value of our MEF Properties?

\$26,516,000

What is the value of our MEF Investment Funds?

\$26,000,000

Term Deposits

\$6,925,232

Mixed Funds

Total value of MEF assets:

\$59,724,837

What is the value of our SIP Properties?

\$23,000,000

Total Strategic Property asset value:

\$82,724,837

ENDOWMENT FUND: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Budget
INCOME	Rental Income	(\$1,255,276)	(\$1,177,596)	\$77,680	(\$1,177,596)
	Operating Contributions	(\$205,274)		\$205,274	
	Water Charges - Internal Charges	\$3,129		(\$3,129)	
	Rates Expense - Internal Charges	\$142,725	\$155,460	\$12,735	\$155,460
	Total	(\$1,314,697)	(\$1,022,136)	\$292,561	(\$1,022,136)
EXPENSES	External Rates	\$10,373	\$10,442	\$70	\$10,442
	Electricity	\$740		(\$740)	
	Insurance	\$38,050	\$31,090	(\$6,960)	\$31,090
	Legal Services	\$13,349		(\$13,349)	
	Consultants	\$143,685		(\$143,685)	
	Service Providers	\$37,053		(\$37,053)	
	Interest Received Special Funds	(\$1,476,967)		\$1,476,967	
	Labour - Internal Charges	\$126,060		(\$126,060)	
	Total	(\$1,107,658)	\$41,532	\$1,149,190	\$41,532
GAIN/LOSS	Unrealised Loss on Change in FV other	\$376,403		(\$376,403)	
	Unrealised Gain on Change in FV Other	(\$909,105)		\$909,105	
	Gain on Fair Value of Investment Property		(\$1,050,192)	(\$1,050,192)	(\$1,050,192)
	Total	(\$532,702)	(\$1,050,192)	(\$517,490)	(\$1,050,192)
Total (Surplus)/Deficit		(\$2,955,057)	(\$2,030,796)	\$924,261	(\$2,030,796)

STRATEGIC INVESTMENT PROPERTIES: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Budget
INCOME	Rental Income	(\$434,814)	(\$387,293)	\$47,521	(\$387,293)
	Operating Contributions	(\$74,706)		\$74,706	
	Fees & User Charges		(\$262,906)	(\$262,906)	(\$262,906)
	Water Charges - Internal Charges	\$6,304		(\$6,304)	
	Rates Expense - Internal Charges	\$87,862	\$105,876	\$18,014	\$105,876
	Total	(\$415,354)	(\$544,323)	(\$128,969)	(\$544,323)
EXPENSES	External Rates	\$6,149	\$4,952	(\$1,197)	\$4,952
	Electricity	\$3,210	\$2,150	(\$1,060)	\$2,150
	Insurance	\$18,631	\$14,700	(\$3,931)	\$14,700
	Legal Services	\$2,060		(\$2,060)	
	Management Fee		\$8,437	\$8,437	\$8,437
	Service Providers	\$2,025	\$6,328	\$4,303	\$6,328
	Labour - Internal Charges	\$42,000		(\$42,000)	
	Total	\$74,074	\$36,567	(\$37,507)	\$36,567
Total (Surplus)/Deficit		(\$341,279)	(\$507,756)	(\$166,477)	(\$507,756)

# Council Report

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Elizabeth McKnight

**Authoriser:** Blair Bowcott

**Position:** Reporting Advisor

**Position:** General Manager Strategy, Growth and Planning

**Report Name:** Policy Review – Appointment and Remuneration of Board Members of COs, CCOs and CCTOs

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek a recommendation from the Economic Development Committee that the Council approves the revised Appointment and Remuneration of Board Members of Cos, CCOs and CCTOs Policy.

## Staff Recommendation - *Tuutohu-aa-kaimahi (Recommendation to the Council)*

2. That the Economic Development Committee:
  - a) receives the report;
  - b) recommends that the Council approves the revised Policy for the Appointment and Remuneration of Board Members of:
    - i. Council Organisations (COs),
    - ii. Council Controlled organisations (CCOs) and
    - iii. Council Controlled Trading Organisations (CCTOs) (**Attachment 1**).

## Executive Summary - *Whakaraapopototanga matua*

3. The Policy for the Appointment and Remuneration of Board Members of COs, CCOs and CCTOs (all referred to as CCOs in this report) has been reviewed by staff.
4. This Policy is required by Section 57 of the Local Government Act 2002 (LGA) and assists Council to implement satisfactory governance over Council Controlled Organisations.
5. This Policy sets out the appointment process, remuneration and tenure of board members of CCOs.
6. Staff considered the following matters:
  - i. issues of diversity in various contexts, as it would apply to CCOs through the appointment process;
  - ii. noting, within the Policy, that each CCO is governed by its own constitution and that this needs to be considered alongside the Policy;

- iii. emphasising that the appointment process is to be a collaboration between the Economic Development Committee and the Chair, Board and other stakeholders of the CCO; and
  - iv. reflecting the level of shareholding in each CCO and considering the degree of influence available to Council based on majority or minority shareholding.
7. The main change to the Policy is the removal of Waikato Innovation Growth Limited (WIGL) from the list of CCOs.
  8. Staff consider the matters in this report low significance and that the recommendations comply with the Council's legal requirements.

## Discussion – *Matapaki*

### Background

9. The Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy was adopted in March 2014 and last reviewed in June 2021. The Policy is set to be reviewed every three years by the relevant Council Committee.
10. As per its terms of reference the Economic Development Committee holds the delegations for developing, recommending and monitoring the Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy.
11. The review of the Policy found it to be generally fit for purpose; however, minor changes have been made as noted below.

### Changes to the Policy

12. The changes in **Attachment 2** include:
  - i. amending the tables to reflect current shareholding;
  - ii. amending Schedule 1 to reflect current entities subject to the Policy.
13. Specifically, references to Waikato Innovation Growth Limited (WIGL) and New Zealand Food Innovation (Waikato) Limited (NZFIWL) have been removed from the Policy.
14. New Zealand Food Innovation (Waikato) Limited was co-owned by WIGL (70%) and Callaghan Innovation (30%). WIGL was a 100% subsidiary of Hamilton City Council, the ultimate parent.
15. The sale of NZFIWL in December 2023 resulted in WIGL no longer serving a purpose.
16. WIGL has been wound up under delegated authority from Council and removed from the Companies Register.
17. A general review of language and grammar in the Policy was undertaken, such as referencing a Council Committee rather than the Finance Committee.

### Options

18. Staff have assessed that there are two reasonable and viable options for the Committee to consider. This assessment reflects the level of significance (described below). The options are:
 

**Option one:** Approve the amended Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy (**Attachment 1**)

**Option two:** Do not approve the amended Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy.
19. Staff recommend **option one** as the amended Policy reflects the current shareholding.

### **Financial Considerations - *Whaiwhakaaro Puutea***

20. There are no financial implications in relation to the recommendation in this report.

### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

21. Staff confirm that the recommendation (**option 1**) complies with the Council's legal and policy requirements.

### **Climate Change Impact Statement**

22. Staff have used the climate adaptation assessment guidance and determined there are no known climate risks or adaptation opportunities associated with this option.
23. Staff have used the climate emissions assessment guidance and determined there is no change in greenhouse gas emissions associated with this option.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

24. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
25. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
26. The recommendations set out in this report are consistent with that purpose.
27. The Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy is in place to support the development of CCOs and provide a framework within which shareholders can take a collaborative approach in addressing matters related to the various CCOs. The economic wellbeing impacts will vary by CCO and will be presented in reports specific to each CCO. There were no social, environmental, or cultural wellbeings identified in the development of this report.

### **Risks - *Tuuraru***

28. There are no known risks associated with the decisions required for this matter.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

29. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
30. Given the low level of significance determined, the engagement level is low. No engagement is required.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Approve the amended Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy

Attachment 2 - Appointment and Remuneration of Board Members of COs CCOs CCTOs Policy (Tracked Changed Version).

<i>First adopted:</i>	<b>March 2014</b>
<i>Revision dates/version:</i>	June 2021; August 2024
<i>Next review date:</i>	August 2027
<i>Engagement required:</i>	
<i>Document number:</i>	D-3746188
<i>Associated documents:</i>	Governance Structure
<i>Sponsor/Group:</i>	CFO

## Appointment and Remuneration of Board Members of:

- **Council Organisations (COs)**
- **Council Controlled Organisations (CCOs)**
- **Council Controlled Trading Organisations (CCTOs)**

### *Ko te Puutaketanga Purpose*

1. The purpose of this Policy is to meet the requirements of Section 57 of the Local Government Act 2002 (LGA). The Policy assists Hamilton City Council (Council) to implement satisfactory governance over Council Controlled Organisations.

### **Ko te Wghaanuitanga Scope**

2. This Policy applies to all CCOs, COs and CCTOs (all referred to as CCOs in this Policy document) as defined in Section 6 of the LGA. The Council's current CCOs and COs are listed in **Schedule 1**.

### Definitions

Definition	Detail
CO	A CO is an organisation in which Council has a voting interest and/or the right to appoint a director, trustee or manager.
CCO	A CCO is a CO in which one or more local authorities control, directly or indirectly, 50 percent or more of the voting rights and/or have the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.
CCTO	A CCO which operates a trading undertaking for which making a profit is one of its purposes.

## **Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy**

3. The guiding principles for this Policy are:
  - i. Council must be transparent and objective in its appointment of competent and professional individuals to the governance bodies of Council's CCOs.
  - ii. Council should appoint independent directors. Elected Members and/or Council officers should only be appointed in exceptional circumstances.
  - iii. Council will actively work to ensure that appointments made under this policy will help to deliver boards of CCOs that reflect the diverse demographics of our city.
  - iv. Where Council has a minority interest (less than 10%) in a CCO (i.e. where a CCO is controlled by a number of councils and Council does not have a majority stake) then the process for the appointment and remuneration of directors will be agreed with the other shareholders in the CCO. As far as practicable, Council's involvement in the process will be consistent with the

application of this policy and the constitution of the entity, whichever is more relevant to the circumstance

## **Ko ngaa Tikanga Policy**

### **Majority Shareholding**

Council Controlled Organisation	HCC Shareholding	Other Shareholders
Waikato Regional Airport Limited (WRAL)	50%	15.62% - Waipa District Council 15.62% - Waikato District Council 15.62% - Matamama-Piako District Council 3.12% - Otorohanga District Council
Co-Lab (Total shares)	16.02%	83.98% - 11 Councils in the Waikato region

### **Appointments and Performance Management**

4. Appointees should have the appropriate balance of skills, knowledge, integrity and governance experience.
5. Appointees should complement and bring diversity of skills, demographics and perspectives to the membership of boards of CCOs.
6. All positions require a formal position description which all appointees must formally acknowledge and accept.
7. An annual review of appointees' delivery against performance outcomes should be undertaken by the respective CCOs Chair.
8. Subject to the principle in clause 3, no more than two elected members may be appointed to any particular CCO.
9. Except under exceptional circumstances, elected members may not hold the position of Chair. This is subject to the principle in clause 3 of this policy.

### **Tenure and remuneration**

10. Board fee bands shall be set by Council once a triennium, based on the relevant Council Committee's recommendation to the Council.
11. All Council appointments to the boards of CCOs, as well as remuneration of appointees, are based on the relevant Council Committee's recommendation to the Council.
12. It is expected that, other than in exceptional circumstances, appointments are for two full and consecutive terms (term in this clause means the term as defined in the terms of reference of the CCO). A former appointee becomes eligible again after at least one full-term absence.
13. Remuneration of appointees is a matter of public interest and will be approved by resolution at the CCOs Annual General Meeting.
14. Board members' fees will reflect the element of public service in serving on the board of a CCO and will accordingly be set at or below the average for comparable roles as evidenced through The Institute of Directors remuneration survey results, taking into consideration:
  - a. The size and scale of the CCO;
  - b. Complexity and scope of operations;
  - c. Skills set, expertise and specialisation needed.
15. Unless otherwise determined, elected members and Council officers appointed to the board of a CCO shall not be entitled to any remuneration, while in a Council position.

### **Appointment Process**

16. As per its delegated authority, the relevant Council Committee, will make a recommendation on all appointees to the Council.
17. For each appointee the relevant Council Committee shall:
  - a. Collaborate with the Chair, Board and other stakeholders of CCOs to ensure an agreed approach is followed that meets the policy requirements and the entity's Constitution;



- b. Confirm the formal position description and, subject to the process set out in point 19a of the appointment process, instruct Council officers to compile a shortlist of candidates;
- c. Determine, in a public excluded meeting, the appointee most suitable for the position;
- d. Gain acceptance of the appointment from the successful candidate; and
- e. Make a public announcement of the successful appointee as soon as is practicable.

### Minority Shareholding

Council Organisation/ Council Controlled Organisation	HCC Shareholding	Other Shareholders
New Zealand Local Government Funding Agency (LGFA)	8.30%	20% - New Zealand Government 71.70% - 29 Councils
Civic Financial Services Ltd	1.80%	96.98% - 71 Councils 1.22% - TrustPower
Co-Lab (Voting rights)	8.33%	91.67% - 11 Councils in the Waikato region

18. Where Council has a minority (less than 10%) shareholding in a CCO, the level of influence over it is significantly reduced. Clauses 19-21 modify the application of this Policy in the case of minority shareholding.
19. The CE is delegated authority from Council to agree the process, appointment and remuneration of directors, as well as approve minor changes to the CCO's Constitution, with the other shareholders in the CCO.
20. A collaborative approach with the Board of the CCO will be followed to ensure the intent of this policy prevails as much as possible, acknowledging the minority influence Council has.

### Conflicts of Interest

21. Council expects that, in line with good governance practice, all appointees will avoid actions which could give rise to a conflict of interest. This includes, but is not limited to, the offering of gifts, hospitality, travel and entertainment. Appointees should follow the provisions of the New Zealand Institute of Directors' Code of Ethics.

### *Ko te Aroturukitanga me te Whakatinanatanga* Monitoring and Implementation

22. This Policy will be monitored by the relevant Council Committee which, as per its terms of reference, has been delegated the recommendatory power on the appointment and remuneration of directors to the boards of the CCOs.
23. Council officers will advise the CCOs as to the Council's strategic direction, requirements of Statements of Intent and other relevant matters on behalf of the relevant Council Committee.
24. The Policy will be reviewed:
  - a. At the beginning of the triennium or
  - b. at the request of Council or
  - c. in response to changed legislative requirements.

### *Ko ngaa Tohutoro* References

Local Government Act 2002 (LGA)  
 Governance Structure 2022-25 Triennium  
 Elected Members Support Policy

**Schedule 1**

At the time of writing the entities subject to this Policy are:

**CCOs**

- Waikato Local Authority Shared Services Ltd trading as Co-Lab..
- New Zealand Local Government Funding Agency Ltd (NZLGFA).
- Waikato Regional Airport Ltd (WRAL) and its subsidiaries Hamilton and Waikato Tourism Limited, Titanium Park Limited and Waikato Regional Airport Hotel Limited.

**COs**

- Civic Financial Services Ltd.

First adopted:	March 2014
Revision dates/version:	June 2021, August 2024
Next review date:	November 2023/August 2027
Engagement required:	
Document number:	D-3746188
Associated documents:	Governance Structure
Sponsor/Group:	CorporateCFO

## Appointment and Remuneration of Board Members of:

- Council Organisations (COs)
- Council Controlled Organisations (CCOs)
- Council Controlled Trading Organisations (CCTOs)

**Commented [GM1]:** Ensure the structure of this Policy, including the header, is aligned with [Council's current Policy template](#) heading. Tier 1

### Ko te Puutaketanga Purpose and Scope

1. ~~This Policy is required by~~ The purpose of this Policy is to meet the requirements of Section 57 of the Local Government Act 2002 (LGA). ~~The~~ Policy assists Hamilton City Council (Council) to implement satisfactory governance over Council Controlled Organisations.

**Commented [GM2]:** Tier 2 heading. Note that bilingual headings are required for every heading (as provided in the template above)

### Ko te Wgahaanuitanga Scope

2. This Policy applies to all CCOs, COs and CCTOs (all referred to as CCOs in this Policy document) as defined in Section 6 of the LGA. The Council's current CCOs and COs are listed in Schedule 1.

#### Definitions

Definition	Detail
CO	A CO is an organisation in which Council has a voting interest and/or the right to appoint a director, trustee or manager.
CCO	A CCO is a CO in which one or more local authorities control, directly or indirectly, 50 percent or more of the voting rights and/or have the right, directly or indirectly, to appoint 50 percent or more of the directors, trustees or managers.
CCTO	A CCO which operates a trading undertaking for which making a profit is one of its purposes.

### Ko ngaa Tikanga Whakahaere Kaupapahere Principles of Policy

**Commented [GM3]:** Tier 2 heading

3. The guiding principles for this Policy are:

- Council must be transparent and objective in its appointment of competent and professional individuals to the governance bodies of Council's CCOs.
- ~~The~~ Council should appoint independent directors. Elected Members and/or Council officers should only be appointed in exceptional circumstances.
- ~~The~~ Council will actively work to ensure that appointments made under this policy will help to deliver boards of CCOs that reflect the diverse demographics of our city.
- Where Council has a minority interest (less than 10%) in a CCO (i.e. where a CCO is controlled by a number of ~~c~~councils and ~~Hamilton City~~ Council does not have a majority stake) then the process for the appointment and remuneration of directors will be

agreed with the other shareholders in the CCO. As far as practicable, Council's involvement in the process will be consistent with the application of this policy and the constitution of the entity, whichever is more relevant to the circumstance.

## Ko ngaa Tikanga Policy Guidelines

### Majority Shareholding

Council Controlled Organisation	HCC Shareholding	Other Shareholders
Waikato Innovation Growth Ltd (WIGL)	100%	
New Zealand Food Innovation (Waikato) Limited (NZFIWL)	70% (through WIGL)	30% - Callaghan Innovation
Waikato Regional Airport Limited (WRAL)	50%	15.62% - Waipa District Council 15.62% - Waikato District Council 15.62% - Matamama-Piako District Council 3.12% - Otorohanga District Council
Waikato Local Authority Shared Services (WLASS)	19.60%	11 Councils in the Waikato region

Council Controlled Organisation	HCC Shareholding	Other Shareholders
Waikato Regional Airport Limited (WRAL)	50%	15.62% - Waipa District Council 15.62% - Waikato District Council 15.62% - Matamama-Piako District Council 3.12% - Otorohanga District Council
Co-Lab (Total shares)	16.02%	83.98% - 11 Councils in the Waikato region

### Appointments and Performance Management

- 4.4. Appointees should have the appropriate balance of skills, knowledge, integrity and governance experience.
- 4.5. Appointees should complement and bring diversity of skills, demographics and perspectives to the membership of boards of CCOs.
- 4.6. All positions require a formal position description which all appointees must formally acknowledge and accept.
- 4.7. An annual review of appointees' delivery against performance outcomes should be undertaken by the respective CCOs Chair.
- 4.8. Subject to the principle in clause 3, no more than two ~~selected Members~~ members may be appointed to any particular CCO.
- 4.9. Except under exceptional circumstances, ~~selected~~ elected Members may not hold the position of Chair. This is subject to the principle in clause 3 of this policy.

### Tenure and remuneration

- 4.10. Board fee bands shall be set by Council once a triennium, based on the relevant Council Committee's recommendation to the Council.
- 4.11. All Council appointments to the boards of CCOs, as well as remuneration of appointees, are based on the relevant Council Committee's recommendation to the Council.
- 4.12. It is expected that, other than in exceptional circumstances, appointments are for two full and consecutive terms (term in this clause means the term as defined in the terms of reference of the CCO). A former appointee becomes eligible again after at least one full-term absence.
- 4.13. Remuneration of appointees is a matter of public interest and will be approved by resolution at the CCOs Annual General Meeting.
- 4.14. Board members' fees will reflect the element of public service in serving on the board of a CCO and will accordingly be set at or below the average for comparable roles as evidenced through The Institute of Directors remuneration survey results, taking into consideration:
- The size and scale of the CCO;
  - Complexity and scope of operations;

Commented [GM4]: Tier 2 heading

Commented [GM5]: Tier 3 heading

Commented [GM6]: Unfortunately, for some reason I can't see/access the narrative and/or images on each of these 'boxes', so I'm unable to review these?

Commented [GM7]: Tier 3 heading

Commented [GM8]: Is there a particular principle you are referring to here e.g. 3i?

- c. Skills set, expertise and specialisation needed.
- ~~43-15~~ Unless otherwise determined, ~~elected-elected~~ ~~Members-members~~ and Council officers appointed to the board of a CCO shall not be entitled to any remuneration, while in a Council position.

Appointment Process

- ~~44-16~~ As per its delegated authority, the relevant Council Committee, will make a recommendation on all appointees to the Council.
- ~~45-17~~ For each appointee the relevant Council Committee shall:
- Collaborate with the Chair, Board and other stakeholders of CCOs to ensure an agreed approach is followed that meets the policy requirements and the entity's Constitution;
  - Confirm the formal position description and, subject to the process set out in point 19a of the appointment process, instruct Council officers to compile a shortlist of candidates;
  - Determine, in a public excluded meeting, the appointee most suitable for the position;
  - Gain acceptance of the appointment from the successful candidate; and
  - Make a public announcement of the successful appointee as soon as is practicable.

Minority Shareholding

Council Organisation/ Council Controlled Organisation	HCC Shareholding	Other Shareholders
New Zealand Local Government Funding Agency (LGFA)	8.30%	20% - New Zealand Government <del>80% - 38 Councils</del>
Civic Financial Services Ltd	1.80%	96.98% - 71 Councils 1.22% - TrustPower

Council Organisation/ Council Controlled Organisation	HCC Shareholding	Other Shareholders
New Zealand Local Government Funding Agency (LGFA)	8.30%	20% - New Zealand Government 71.70% - 29 Councils
Civic Financial Services Ltd	1.80%	96.98% - 71 Councils 1.22% - TrustPower
Co-Lab (Voting rights)	8.33%	91.67% - 11 Councils in the Waikato region

- ~~46-18~~ Where Council has a minority (less than 10%) shareholding in a CCO, the level of influence over it is significantly reduced. Clauses 19-21 modify the application of this Policy in the case of minority shareholding.
- ~~47-19~~ The CE is delegated authority from Council to agree the process, appointment and remuneration of directors, as well as approve minor changes to the CCO's Constitution, with the other shareholders in the CCO.
- ~~48-20~~ A collaborative approach with the Board of the CCO will be followed to ensure the intent of this policy prevails as much as possible, acknowledging the minority influence Council has.

Conflicts of Interest

- ~~49-21~~ ~~744~~ Council expects that, in line with good governance practice, all appointees will avoid actions which could give rise to a conflict of interest. This includes, but is not

limited to, the offering of gifts, hospitality, travel and entertainment. Appointees should follow the provisions of the New Zealand Institute of Directors' Code of Ethics.

Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation

22-23. This Policy will be monitored by the relevant Council Committee which, as per its terms of reference, has been delegated the recommendatory power on the appointment and remuneration of directors to the boards of the CCOs.

23-24. Council officers will advise the CCOs as to the Council's strategic direction, requirements of Statements of Intent and other relevant matters on behalf of the relevant Council Committee.

24-25. The Policy will be reviewed:

- a. At the beginning of the triennium or
- b. at the request of Council or
- c. in response to changed legislative requirements.

Ko ngā Tohutoro References

Local Government Act 2002 (LGA)  
Governance Structure 2022-25 Triennium  
Elected Members Support Policy

Commented [GM9]: I suggest that you insert hyperlinks for each reference



Schedule 1

At the time of writing the entities subject to this Policy are:

CCOs

- Waikato Local Authority Shared Services Ltd ~~trading as Co-Lab (WLASS)~~.
- New Zealand Local Government Funding Agency Ltd (NZLGFA).
- ~~Waikato Innovation Growth Ltd (WIGL) and its subsidiary New Zealand Food Innovation Waikato Ltd (NZFIW) and its subsidiary New Zealand Food Innovation Waikato D3 Ltd (NZFIW D3).~~
- Waikato Regional Airport Ltd (WRAL) and its subsidiaries Hamilton and Waikato Tourism Limited, Titanium Park Limited and Waikato Regional Airport Hotel Limited.

COs

- Civic Financial Services Ltd.
- ~~Meleady Dairies Limited Partnership – a subsidiary of NZFIW D3.~~
- ~~Meleady Dairies CP Limited – a subsidiary of NZFIW D3.~~

# Council Report

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Nicolas Wells

**Authoriser:** Blair Bowcott

**Position:** Strategic Property Manager  
Commercial & Analytics

**Position:** General Manager Strategy,  
Growth and Planning

**Report Name:** Policy Review - Freeholding of Council Endowment Land Policy

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek a recommend from the Economic Development Committee that the Council approves the amended Freeholding of Council Endowment Land Policy.

## Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

2. That the Economic Development Committee:
  - a) receives the report; and
  - b) recommends that the Council approves the amended Freeholding of Council Endowment Land Policy as detailed in **Attachment 1**.

## Executive Summary - *Whakaraapopototanga matua*

3. The Freeholding of Council Endowment Land Policy (the Policy) has been reviewed in accordance with the standard policy review cycle. The review has been conducted by staff and Tompkins Wake, whose proposed amendments are shown on **Attachment 2**.
4. The Policy encourages exiting Council's interest in low-yielding, non-strategic endowment land assets when it is beneficial to Council to do so and preserves the right to decline an application to freehold if it is inconsistent with Council's financial interests.
5. The Policy was comprehensively reviewed in 2021 and substantive changes were made at that time. The Policy remains largely fit for purpose. However, staff recommend two substantive changes, specifically reinforcing Council's ability to decline an application to freehold if it is considered advantageous to do so and removing the lessees' ability to challenge the valuation of the Council's interest in the land.
6. Staff seek a recommendation from the Economic Development Committee that the Council approves the amended Policy (**Option 1**) as shown on **Attachment 1**.
7. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

8. Hamilton City Council owns land endowed by the Crown to be held by the Council for Municipal and Domain purposes. The land is listed in Schedules to **Attachments 1 and 2**.
9. With the exception of 77/79 Norton Road, the endowment land is encumbered by 21-year leases with perpetual rights of renewal. The lessee owns the improvements to the land and the leasehold interest in the land – both of which depress the value of the Council’s freehold interest in the land.
10. The Policy encourages lessees to buy the Council’s freehold interest (known as “freeholding” the land) – effectively purchasing the land from the Council and merging all interests in single ownership.
11. This longstanding policy position recognises that the Council does not own the controlling interest in the land, and further that the Council’s interest is low-yielding and non-strategic. The Policy recognises that the Council’s capital should be released and put to better use elsewhere.

## Discussion - *Matapaki*

12. The Policy is predominantly fit for purpose. However – apart from two minor additions intended for clarity – staff recommend two substantive changes, specifically:
  - i. additional wording in paragraph 9 reinforcing Council’s ability to decline an application to freehold “*at its entire discretion*” if it is considered advantageous to do so;
  - ii. removal of the lessees’ ability to challenge the valuation of the Council’s interest in the land.
13. Staff recommend accepting these changes and approving the amended Policy because it:
  - i. supports exiting the Council’s ownership of low-yielding, non-strategic assets;
  - ii. strengthens the Council’s ability to decline applications at its discretion;
  - iii. protects and enhances the Council’s financial interests.
14. Tompkins Wake has reviewed the Policy, and their proposed amendments are shown in **Attachment 2**.

## Options

15. Staff have assessed that there are two reasonable and viable options for the Committee to consider:
 

**Option 1:** Approve the amended Policy as shown in **Attachments 1 and 2**.

**Option 2:** Do not approve the amended Policy.
16. Staff recommend **Option 1** for the reasons described in paragraph 13 above.

## Financial Considerations - *Whaiwhakaaro Puutea*

17. The Policy encourages exit of Council’s interest in low-yielding, non-strategic assets. Sale proceeds from freeholding endowment lands are credited to the relevant fund. As noted in paragraph 11 above, the financial returns on endowment fund capital when invested are greater than the yield generated by this category of leased land.

### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

18. Staff confirm that **Option 1** complies with the Council's legal and policy requirements. The Policy has been reviewed by Tompkins Wake whose advice is to make the changes shown on **Attachment 2**.

### **Climate Change Impact Statement**

19. Staff have used the climate adaptation assessment guidance and determined there are no known climate risks or adaptation opportunities associated with the matters covered in this report.
20. Staff have used the climate emissions assessment guidance and determined there is no change in greenhouse gas emissions associated with the matters covered in this report.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

21. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report. The recommendations set out in this report are consistent with that purpose.
23. There are no social, environmental or cultural wellbeings to this matter to be considered.

### **Economic**

24. As noted in paragraph 11 above, the financial returns on endowment fund capital when invested are greater than the yield generated by this category of leased land.

### **Risks - *Tuuraru***

25. There are no risks associated with this matter. The Policy provides clarity to lessees and recognises that Council's financial position is improved through freeholding, while maintaining Council's ability to decline freeholding applications when it is in Council's interests to do so.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

26. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.
27. Given the low level of significance determined, the engagement level is low. No engagement is required.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Freeholding of Council Endowment Land Policy - Final Version

Attachment 2 - Freeholding of Council Endowment Land Policy - Tracked Changes Version

First adopted:	24 May 2012
Revision dates/version:	August 2021, August 2024
Next review date:	August 2027
Engagement required:	N/A
Document Number	<a href="#">D-5019531</a>
Associated documents:	N/A
Sponsor/Group:	General Manager Strategy, Growth and Planning Group

## Freeholding of Council Endowment Land Policy

### *Ko te Puutaketanga*

### Purpose

1. To describe the process to freehold (sell) Council-owned land which is subject to either Domain or Municipal Endowment ground leases.
2. The Council owns land originally acquired by endowment from the Crown. Council owns the freehold interest in the land. The lessee (tenant) owns the leasehold interest in the same land.

### *Ko te Whaanuitanga*

### Scope

3. This policy applies to land subject to either Domain or Municipal Endowment ground leases (listed in Schedule 1 and 2 below).
4. This policy does not apply to any other Council-owned land or buildings.

### *Ko ngaa Whakamaaramatanga*

### Definitions

Term	Definition in this Policy
Domain Endowment	The Council-owned land in Schedule 1 held in trust as an endowment for recreation reserves.
Endowment	Giving or bequeathing an income or property to a person or institution.
Freeholding	Sale of the Council's interest (the freehold) to the Lessee
Freehold Interest	Ownership of the land but not the improvements (buildings).
Ground Lease	A grant of the exclusive right to use the land for a defined period in return for paying ground rent.
Leasehold Interest	Ownership of the improvements (buildings) and the right to occupy the land.
Lessee	The person or party who holds a lease of a property; a tenant.
Municipal Endowment	The Council-owned land in Schedule 2 held in trust as an endowment for municipal purposes.

### *Ko ngaa Tikanga Whakahaere Kaupapahere*

### Principles of Policy

5. Freeholding of leasehold properties owned by Council is entirely at the discretion of Council. Council has no legal obligation to permit freeholding of leasehold land.
6. The Council uses the income from the Domain Endowment (listed in Schedule 1) to maintain or improve reserves, purchase land in the name of the Crown as Recreation Reserve, or purchase land in the name of the Council for the purposes of the Hamilton Domain Endowment Act 1979.
7. The Council uses the income from the Municipal Endowment (listed in Schedule 2) for municipal purposes.
8. The Council will consider the freeholding of the land by a lessee on a case-by-case basis, so long

Amendments made to Schedule 1 & 2 October 2023

as any such freeholding provides Council with a financial outcome that is satisfactory to Council.

### ***Ko ngaa Tikanga Policy***

9. The Council may, at its entire discretion, receive for consideration applications to freehold Endowment Land on application from the lessee. However, given the return on rental is typically lower towards the end of the rental cycle than at the beginning, Council is unlikely to approve any application for the freeholding of Endowment Land in the period of two years before each rent review.
  10. Freeholding of Domain Endowment land shall proceed at 100% of the Current Market Value of Council's interest in the land based on an independent registered valuation obtained by Council.
  11. Freeholding of Municipal Endowment land shall proceed at 100% of Council's interest in the Current Market Value of the land based on an independent registered valuation obtained by Council.
- The applicant lessee will pay all the Council's reasonable costs and disbursements in respect of any application for freeholding, including all of the costs of valuation.

12. The sale proceeds shall be immediately credited to the relevant Endowment Fund.

### ***Ko te Aroturukitanga me te Whakatinanatanga***      **Monitoring and Implementation**

13. The Chief Executive will monitor the implementation of this policy.
14. The policy will be reviewed every three years, or at the request of Council, or in response to changed statutory requirements, or in response to any issues that may arise (whatever comes first).

### ***Ko ngaa Tohutoro***      **References**

15. The specific procedures that apply to endowment property are set out in sections 140 and 141 of the Local Government Act 2002.
16. The Hamilton Domain Endowment Act 1979 vested certain land in Council in trust as an endowment for reserves ("domain endowment land").

Amendments made to Schedule 1 & 2 October 2023



SCHEDULE 1 – Domain Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
10002	297 Ulster Street	Lot 1 DPS 12212	2157.5m <sup>2</sup>
10020	5 Henry Street	Lot 8 DPS 2009	759m <sup>2</sup>
10027	126 Fox Street	Lot 4 DPS 5647	718m <sup>2</sup>
10029	103 Dey Street	merged Lots 7 & 8 DP 34426	1457m <sup>2</sup>
10030	101 Naylor & Dey Streets		And Lot 1 DPS 82950

SCHEDULE 2 – Municipal Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
20016	12 Wiremu Street	Lot 9 DPS 5418	830m <sup>2</sup>
20023.001	77 Norton Road	merged Lots 3, 4 & 6 DPS 8955	1668m <sup>2</sup>
20023.002	79 Norton Road		614m <sup>2</sup>



Amendments made to Schedule 1 & 2 October 2023

First adopted:	24 May 2012
Revision dates/version:	August 2021, <u>August 2024</u>
Next review date:	August 2027 <sup>4</sup>
Engagement required:	N/A
Document Number	<u>D-5019531</u>
Associated documents:	N/A
Sponsor/Group:	General Manager Strategy, Growth and Planning Group

## Freeholding of Council Endowment Land Policy

### *Ko te Puutaketanga*

### Purpose

1. To describe the process to freehold (sell) Council-owned land which is subject to either Domain or Municipal Endowment ground leases.
2. The Council owns land originally acquired by endowment from the Crown. Council owns the freehold interest in the land. The lessee (tenant) owns the leasehold interest in the same land.

### *Ko te Whaanuitanga*

### Scope

3. This policy applies to land subject to either Domain or Municipal Endowment ground leases (listed in Schedule 1 and 2 below).
4. This policy does not apply to any other Council-owned land or buildings.

### *Ko ngaa Whakamaaramatanga*

### Definitions

Term	Definition in this Policy
<u>Domain</u>	The Council-owned land in Schedule 1 held in trust as an endowment for recreation reserves.
<u>Endowment<del>xxx</del></u>	Giving or bequeathing an income or property to a person or institution.
<u>Freeholding</u>	Sale of the Council's interest (the freehold) to the Lessee.
<u>Freehold Interest</u>	Ownership of the land but not the improvements (buildings).
<u>Ground Lease</u>	A grant of the exclusive right to use the land for a defined period in return for paying ground rent.
<u>Leasehold Interest</u>	Ownership of the improvements (buildings) and the right to occupy the land.
<u>Lessee</u>	The person or party who holds a lease of a property; a tenant.
<u>Municipal Endowment<sup>yyy</sup></u>	The Council-owned land in Schedule 2 held in trust as an endowment for municipal purposes.

### *Ko ngaa Tikanga Whakahaere Kaupapahere*

### Principles of Policy

5. Freeholding of leasehold properties owned by Council is entirely at the discretion of Council. Council has no legal obligation to permit freeholding of leasehold land.
6. The Council uses the income from the Domain Endowment (listed in Schedule 1) to maintain or improve reserves, purchase land in the name of the Crown as Recreation Reserve, or purchase land in the name of the Council for the purposes of the Hamilton Domain Endowment Act 1979.
7. The Council uses the income from the Municipal Endowment (listed in Schedule 2) for municipal purposes.
8. The Council will consider the freeholding of the land by a lessee on a case-by-case basis, so long

Amendments made to Schedule 1 & 2 October 2023

as any such freeholding provides Council with a financial outcome that is satisfactory to Council.

### ***Ko ngaa Tikanga Policy***

9. The Council may, at its entire discretion, receive for consideration applications to freehold Endowment Land on application from the lessee. However, given the return on rental is typically lower towards the end of the rental cycle than ~~at~~ at the beginning, Council is unlikely to approve any application for the freeholding of Endowment Land in the period of two years before each rent review.
10. Freeholding of Domain Endowment land shall proceed at 100% of the Current Market Value of Council's interest in the land based on an independent registered valuation obtained by Council. ~~If the valuation so obtained is not acceptable to the lessee, and the lessee obtains another independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value may be contestable by arbitration in accordance with the Arbitration Act 1996.~~
11. Freeholding of Municipal Endowment land shall proceed at 100% of Council's interest in the Current Market Value of the land based on an independent registered valuation obtained by Council. ~~If the valuation so obtained is not acceptable to the lessee, and the lessee obtains another independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value may be contestable by arbitration in accordance with the Arbitration Act 1996.~~  
The applicant lessee will pay all the Council's reasonable costs and disbursements in respect of any application for freeholding, including all of the costs of valuation ~~and, if necessary arbitration.~~

12. The sale proceeds shall be immediately credited to the relevant Endowment Fund.

### ***Ko te Aroturukitanga me te Whakatinanatanga Monitoring and Implementation***

13. The Chief Executive will monitor the implementation of this policy.
14. The policy will be reviewed every three years, or at the request of Council, or in response to changed statutory requirements, or in response to any issues that may arise (whatever comes first).

### ***Ko ngaa Tohutoro References***

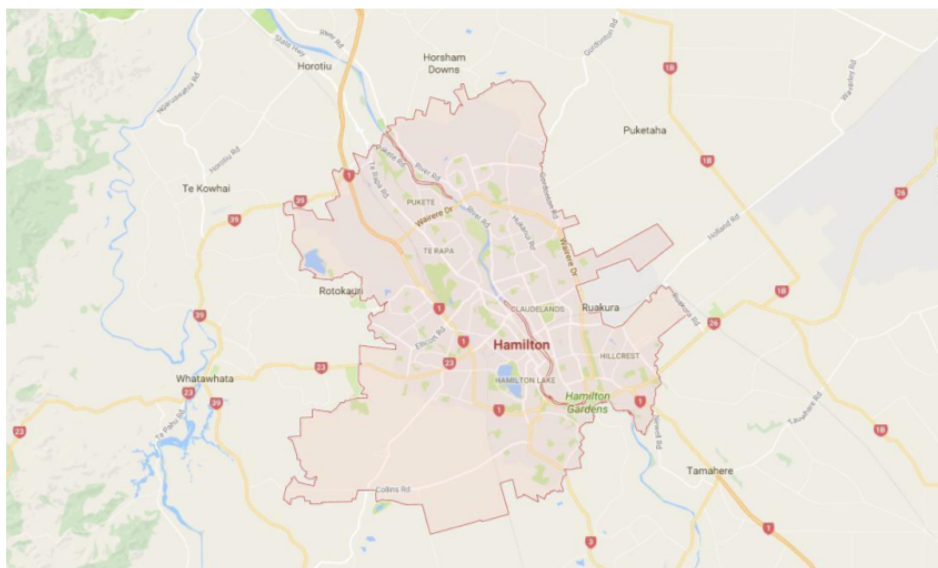
15. E.g The policy is made under section X of Y act. The specific procedures that apply to endowment property are set out in sections 140 and 141 of the Local Government Act 2002.
16. The Hamilton Domain Endowment Act 1979 vested certain land in Council in trust as an endowment for reserves ("domain endowment land").

## SCHEDULE 1 – Domain Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
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10030	101 Naylor & Dey Streets		And Lot 1 DPS 82950

## SCHEDULE 2 – Municipal Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
20016	12 Wiremu Street	Lot 9 DPS 5418	830m <sup>2</sup>
20023.001	77 Norton Road	merged Lots 3, 4 & 6 DPS 8955	1668m <sup>2</sup>
20023.002	79 Norton Road		614m <sup>2</sup>



Amendments made to Schedule 1 & 2 October 2023

# Council Report

Item 13

**Committee:** Economic Development Committee

**Date:** 13 August 2024

**Author:** Sean Murray

**Authoriser:** Sean Murray

**Position:** General Manager Venues, Tourism and Events

**Position:** General Manager Venues, Tourism and Events

**Report Name:** Event Sponsorship Fund - out of round application 2024/25

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek Economic Development Committee approval of an out of round application for event sponsorship funding to be funded by the 2024-2025 event sponsorship fund.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee:
  - a) receives the report; and
  - b) approves the following single year event sponsorship application for financial sponsorship from Council's event sponsorship fund in 2024-25 (one year),
    - i. Z Manu World Champs – Super Qualifier 2025 by Quantum Events Limited for \$12,000.

## Executive Summary - *Whakaraapopototanga matua*

3. Hamilton's event sponsorship fund is designed to provide support to organisations delivering events in line with Hamilton's vision to be a vibrant city, with a focus on exposure, boosting the city profile, increased visitation, economic outcomes, and community engagement.
4. The budget of the 2024-2025 Event Sponsorship Fund is \$500,000. This was confirmed in the 2024-2034 Long Term Plan.
5. Following an allocation process in May 2024 and confirmation of the budget in the Long-Term Plan, the available budget remaining in the fund is \$100,000.
6. This report seeks committee approval for an out of round funding application for Z Manu World Champs - Super Qualifier 2025.
7. The Terms of Reference for the Economic Development Committee has delegated authority to approve event sponsorship funding applications and monitor any grants made to external organisations under the terms of the [Event Sponsorship Policy](#).
8. Staff consider the recommendations in this report have low significance and that the recommendations comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

9. The Event Sponsorship Fund (ESF) is governed by the [Event Sponsorship Policy](#) and focuses on larger event opportunities where exposure will reach beyond Hamilton. It delivers high profile coverage and attempts to attract visitors, good economic outcomes, including delivering community engagement and participation. Events must take place between 1 July 2024 and 30 June 2025.
10. Council carried out its annual application process for ESF applications for the 2024-25 financial year, with the Economic Development Committee approving five events for funding at its meeting on 9 May 2024 (\$339,000), in addition to prior year approvals (\$61,000).
11. Following LTP deliberations and approval process in May – July, the ESF budget was approved to be reinstated at original level of \$500,000 per annum.
12. This results in available budget in the fund of \$100,000.
13. An out of round application was received from Quantum Events Limited for the Z Manu World Champs - Super Qualifier 2025 in Hamilton.
14. Due to the LTP related decision resulting in budget availability in 2024-25, the application has been accepted, assessed and recommended to the Committee for a funding decision.

## Discussion - *Matapaki*

### Out of Round Application - Z Manu World Champs 2025 - Super Qualifier

15. In June 2024, an out of round application was received from Quantum Events Limited for the Z Manu World Champs - Super Qualifier 2025, to take place at Waterworld in Hamilton.
16. The application was assessed against the criteria by management, in compliance with the Event Sponsorship Policy. This process helps determine approval by the Committee. Refer **Attachment 1**.
17. The full application is supplied. To assist with the management recommendation, the application was summarised using a scorecard document. Refer **Attachment 2**.
18. The General Manager Destinations Group has recommended the application from Quantum Events Limited for the Z Manu World Champs - Super Qualifier 2025 is approved for event sponsorship funding totalling \$12,000.
19. The above recommendation is seen as fair representation of Council investment in line with the intent of the [Event Sponsorship Policy](#).
20. The recommendation will leave \$88,000 remaining in the fund for any other out of round applications received during the financial year.

## Options

21. The Economic Development Committee has the authority to accept the management recommendations for funding. As well the committee has the authority to make an alternate funding decision in relation to the application.

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

22. Staff confirm the staff recommendations in this report complies with the Council's legal and policy requirements.



### Climate Change Impact Statement

23. There are no known climate risks or adaption opportunities associated with this option.
24. There is no change in greenhouse gas emissions associated with this option.  
Financial Considerations - Whaiwhakaaro Puutea
25. This is a regular operating activity funded through the Long-Term Plan.
26. Council's ESF is budgeted at \$500,000 in 2024-25.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

27. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
28. The subject matter of this report has been evaluated in terms of 'the 4 wellbeings' during the process of developing this report as outlined below.
29. The recommendations set out in this report are consistent with that purpose.

### Social

30. Event activity helps promote social opportunities for Hamiltonians and visitors to the city to enjoy and participate in, creating a vibrant and diverse city.

### Economic

31. Event activity brings economic return to the city by way of new visitor expenditure that would not otherwise come to Hamilton and increased use of local business suppliers employed to provide services to support event activity.

### Environmental

32. There are no known environmental impacts in relation to this activity that are not mitigated directly by the event organisers.

### Cultural

33. Event activity helps promote cultural events and awareness of our heritage and history for Hamiltonians and visitors to the city to enjoy and participate in.

### Risks - *Tuuraru*

34. Staff work carefully with approved applicants to confirm funding agreements and necessary event cancellation policies and processes.

### Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

35. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.
36. Given the low level of significance determined, the engagement level is low. No engagement is required.

### Attachments - *Ngaa taapirihanga*

Attachment 1 - Management Assessment Summary - Out of Round Application Z Manu World  
Champs Super Qualifier 2025 2024/25

Attachment 2 - Management Scorecard and full application - Out of Round Application Z Manu World  
Champs Super Qualifier 2025 2024/25



SUMMARY OF MANAGEMENT RECOMMENDATIONS FOR APPROVAL: EVENT SPONSORSHIP FUND 2024-25 (OUT OF ROUND APPLICATION)							
EVENT DETAILS	APPLICANT / ORGANISER	\$ APPLIED	SINGLE YEAR	APPROVE / DECLINE	MANAGEMENT RECOMMENDATION		MANAGEMENT COMMENT
			2024/25		FUNDING APPROVED	CRITERIA SCORE	
Z Manu World Champs - Super Qualifier 2025	Quantum Events Limited	\$15,000	Yes	Approve	\$12,000	21/30	Recommended. Visitor generator, with cost effective participation. A good fit to event sponsorship fund criteria and approach to encourage more amateur multi-day sporting events to the city. Honorable collaboration with Water Safety NZ noted.
					\$12,000		
TOTAL EVENT SPONSORSHIP FUND FY2024/25		\$500,000					
Less multi-year events approved in prior years:							
Cambridge to Hamilton Paddle Race Sept 2024		-\$5,000					
Porritt Classic 2025		-\$6,000					
Matariki ki Waikato 2025		-\$50,000					
Less events approved by EDC 9 May 2024:							
NZ U15 and U19 National Badminton Champs 2024		-\$5,000					
Hamilton Arts Festival 2025		-\$175,000					
Aramex Kiwi Walk and Run Series Hamilton 2025		-\$9,000					
Round The Bridges 2024		-\$20,000					
Balloons over Waikato 2025		-\$130,000					
Subtotal of prior approved		\$400,000					
2024-25 Remaining Budget following prior approvals		\$100,000					
Subtotal of recommendation for Committee 13 Aug 2024		-\$12,000					
2024-25 REMAINING BUDGET		\$88,000					



2024/25 MAJOR EVENT SPONSORSHIP FUND APPLICATION SUMMARY			
MANAGEMENT RECOMMENDATION			
EVENT NAME	Z Manu World Champs – Super Qualifier		
EVENT DATE	1-2 February 2025		
APPLICANT	Quantum Events Limited		
EVENT LOCATION	Waterworld, Hamilton	EVENT TYPE	Sport
EVENT OVERVIEW	<ul style="list-style-type: none"> <li>NZ's national dive-bombing competition qualification event in Hamilton</li> <li>Hamilton is one of ten official qualification events but only one of three "super qualifier" events (Hamilton, Wellington and Auckland)</li> <li>Super Qualifier winners from Hamilton supported to Auckland finale</li> <li>Good spectator value with significant national profile</li> <li>Link with improving water/river safety with Water Safety NZ and Council's "Manu with Mana" campaign</li> </ul>		
TARGET MARKET	<ul style="list-style-type: none"> <li>Entrants from across NZ</li> <li>Males 13-30 years, females 13-20 years</li> <li>Māori and Pasifika youth</li> </ul>		
EVENT OBJECTIVES	<ul style="list-style-type: none"> <li>To identify, profile and celebrate annually the World's best Manu athletes;</li> <li>Together with Water Safety New Zealand we will engage, educate, and change the behaviors around water of one of New Zealand's most at risk cohorts;</li> <li>The World Manu Championships encourage Rangatahi to move and have fun.</li> <li>Encouraging communities to come together for a fun day out in or by the water.</li> </ul>		
ATTENDANCE	3530 in total <ul style="list-style-type: none"> <li>1000 from Hamilton</li> <li>2500 from outside Hamilton</li> </ul>	BED NIGHTS	1050 bed nights
EXTERNAL FUNDING	The event budget for the Hamilton event shows national support (pro rata) via Water Safety funding, commercial brand partnerships and Sport NZ. Event has a naming rights partnership (Z Energy).		
PREVIOUS COUNCIL SUPPORT	Council has previously supported the event with discretionary budget funding in 2023/24 (\$5k). A previous application to the 2023/24 Event Sponsorship Fund application was declined due to the highly contestable nature of the fund that year. (The request for funding was \$30k for three years).		
PAST EVENT PERFORMANCE	Applicant has significant experience with other large scale, public, water based recreational events, highly regarded and with operational capability.  After a hugely successful inaugural year in 2024, the event has expanded from four qualification locations to 10, increasing the profile and the benefits to our partners and host cities.		
SPONSORSHIP BENEFITS AVAILABLE TO COUNCIL	NATIONAL & LOCAL EXPOSURE	ONLINE & SOCIAL MEDIA PROFILE	BRAND PROFILE
	<ul style="list-style-type: none"> <li>Council profiled in any content produced on the event</li> </ul>	<ul style="list-style-type: none"> <li>Personalized recognition and acknowledgement in social media</li> <li>Council support will be included in ALL aspects of marketing &amp; promotional activity including in radio ads &amp;</li> </ul>	<ul style="list-style-type: none"> <li>Marketing content provided by Hamilton City Council can be distributed to participants, for example, destination marketing.</li> <li>Access to big screen to</li> </ul>

		social media posts and in venue marketing • Right to run social media activity at the event	promote key messages at event • Brand inclusion on any print adverts, event posters, flags and banner at event.
Sponsorship Benefits Available to Council	COMPLIMENTARY AND DISCOUNTED TICKETS OR HOSTING OPPORTUNITIES		RECOGNITION AND ACKNOWLEDGMENTS
	• Onsite activation space at event • Allocation of complimentary event spots as social media prizes or for stakeholders (number TBC)		• Personalised recognition and acknowledgement in social media

MANAGEMENT RECOMMENDATION	
SPONSORSHIP REQUESTED	\$15,000

MANAGEMENT ASSESSMENT AGAINST CRITERIA	Score (5)
Fit to Hamilton City vision and profile	5
City exposure benefits	4
Generation of overnight visitation to city	3
Generation of incremental income to city businesses	2
Number of anticipated participants	3
Utilisation of city assets	5
<b>Total</b>	<b>21 /30</b>
MANAGEMENT COMMENT	
<p>Approve \$12,000 for 2025 event.</p> <p>Recommended. Visitor generator, with cost effective participation. A good fit to event sponsorship fund criteria and approach to encourage more amateur multi-day sporting events to the city. Honorable collaboration with Water Safety NZ noted.</p>	



# Major Event Sponsorship Application Form

## Section One - Applicant Event Details

Name of Event				
Z Manu World Champs – Super Qualifier				
Date(s) of Event				
1-2 February 2025				
Time/s of Event				
9am – 7pm				
Location or Venue				
Waterworld				
Is the Event an annual/bi-ennial (every two years) event?				
Annual				
Type of Event				
Sport/Community/Youth/Cultural				
Amount of Hamilton sponsorship sought: \$15,000				
Name of applicant organisation				
Quantum Events Limited				
Is it a legal entity?	<b>YES</b>		NO	Please qualify - is it a company, incorporated society, partnership or sole trader? <b>Company</b>
Is it GST registered? If yes, provide GST number <b>YES, 134-559-292</b>				
Name of contact person for this application				
Scott Rice				
Postal address				
27 Maygrove Drive				
Orewa				
Auckland 0931				
Telephone 027 477 5796			Fax N/A	
Mobile 027 477 5796			Email <a href="mailto:scott@quantumevents.co.nz">scott@quantumevents.co.nz</a>	
Name of organiser				
Scott Rice				
Contact address (if different from above)				
Telephone 027 477 5796			Fax N/A	
Mobile 027 477 5796			Email <a href="mailto:scott@quantumevents.co.nz">scott@quantumevents.co.nz</a>	

Page 1

Item 13

Attachment 2

Please list prior event experience of both the organisation and the event organiser.			
<p>Quantum Events have successfully staged over 300 mass participation events for 20 years across New Zealand, Australia, and Fiji.</p> <p>Scott Rice has been the Managing Director for that period of time and taken the role as Event Director in all events staged. As MD, Scott has been responsible for overall delivery of these events, event marketing and sponsorships.</p> <p>Quantum Events are;</p> <ul style="list-style-type: none"> <li>- Experts in large scale, public, water based recreational events.</li> <li>- Experts in successfully bringing new event concepts to market.</li> <li>- New Zealand industry leaders in aquatic health and safety.</li> <li>- Founders and former owners of the Banana Boat New Zealand Ocean Swim Series (<a href="http://www.oceanswim.co.nz">www.oceanswim.co.nz</a>), Harcourts Beach Series (<a href="http://www.beachseries.co.nz">www.beachseries.co.nz</a>).</li> <li>- Current owners of Ocean Swim Fiji (<a href="http://www.oceanswimfiji.com">www.oceanswimfiji.com</a>) and Z Manu World Champs.</li> <li>- Highly regarded with an extensive industry network.</li> <li>- Event marketing and sponsorship experts.</li> </ul>			
Is there a contract in place with the event organiser or organisation team?	YES		<u>NO</u>
Does your organisation hold intellectual property rights to the event? <b>YES</b>			

## Section Two - Event Description and Attachments Please attach documentation related to this section.

### Event Outline

The ZMWC is New Zealand's first nationwide Manu / (dive) bombing competition.

Through official qualification events, participants can earn their place in the Grand Final, where they will battle it out for title of World Manu Champ.

The event consists of 2 divisions, Manu (V-bomb) and Freestyle (anything goes). Split into 3 age groups, a total of 120 Grand Finalists will battle it out for 8 world titles.

After a hugely successful inaugural year (refer to 2024 Event Report), the event will expand from 4 qualification locations to 10, increasing the profile and the benefits to our partners and host cities.

Should this application be successful, Hamilton will become 1 of only 4 Super Qualification events, meaning more coverage and city profile, more qualification spots for the Grand Final, and a superior event experience, a 'home' platform for the local community to perform and support, as well as an influx of out of town visitors.

### Business Plan for the event.

Refer to separate Business Plan document.

### Current Event Budget.

Refer to separate Event Budget document.

### Marketing and Promotion Plan. This should include the following:

- Target markets

<ul style="list-style-type: none"> <li>Marketing objectives</li> <li>Marketing strategies including advertising/PR activity and timeline</li> <li>Who is responsible for the marketing and promotions plan?</li> <li>Do they have experience in either events/marketing/PR? If so, what experience?</li> <li>Itemised marketing and promotions plan budget</li> </ul>			
<b>Sponsorship Proposal Package.</b> Please attach the specific benefits being offered to Hamilton as a sponsor of your event.			
<b>Economic Impact and Profile. This should include the following:</b>			
Do you have any existing economic impact data (or a commissioned economic impact report) for this event? If yes, please attach latest data along with who collated this material.	YES		<u>NO</u>
<b>Attendance</b> (please do not exaggerate) -			
Numbers Expected	Hamilton	From outside Hamilton	Overseas
Participants	600	400	
Spectators	1500	1000	
Trade	25	5	
<b>Entry Fees</b>			
Adult \$20	Child \$10	Older persons	Other Youth \$15
<b>Accommodation</b> – anticipated number of beds needed			
	Number of beds	Number of Nights	
Hotels	150	1	
Motels	200	1	
Camping ground	50	1	
Schools			
Home hosted	300	2	
Will all accommodation be located in Hamilton? If not, where?			
YES			
What is the anticipated average stay in Hamilton for participants?			
1.5 nights			
<b>Section Three – Benefits to Hamilton City Council</b>			
Please list your ideas (and tick appropriate examples below) of any benefits of sponsorship that could be offered to Hamilton City Council:			
Idea 1	Hamilton will be one of only three Super Qualification cities (Hamilton, Wellington and Auckland)		

Idea 2	<p>Significant National profile for Hamilton City via event marketing, media coverage, and content. The ZMWC reach 3mil kiwis nationally.</p> <p>As an official super qualifying event city, Hamilton will enjoy the benefits of a large portion of that profile.</p> <p>A positive city profile contributes over the long term to population growth and city vibrancy.</p> <p>Having a unique event of this scale hosted in Hamilton will positively contribute to city pride and general liveability scores.</p> <p>In 2024 we saw an immense buzz around town when local youth realised they could qualify for the Z World Manu Champs Grand Final and at their home pool Waterworld with their whanau there to support them.</p>
Idea 3	Improving the water/river safety of an at-risk demographic together with Water Safety New Zealand and the Hamilton City Council (Manu with Mana) – the ZMWC have proven to be the most effective communication tool with these communities.
Idea 4	Bringing diverse communities together to experience a fun day out.
Idea 5	Hamilton City Council logo appearing on any document, uniform or advertisement relating to the project.
Idea 6	Hamilton City Council being given verbal acknowledgement during presentations(s)/public announcement(s).
Idea 7	Hamilton City Council being acknowledged in the news and press/media releases(s).
	Please see a full list of sponsorship benefits that will be offered to Hamilton City Council in the 'Sponsorship Proposal Package' document attached with this submission.
<b>Section Four- Declaration and Privacy Act Authorisation</b>	
<ul style="list-style-type: none"> <li>• This Event Sponsorship Application Form contains information that Hamilton City Council may hold about me/us now or in the future.</li> <li>• We are authorised to submit this application and agree that any sponsorship monies received from Hamilton City Council will be used for the project for which it was approved.</li> <li>• We authorise Hamilton City Council to use the information contained in this application for the purposes of administration and promotion of Hamilton City Council.</li> <li>• We authorise Hamilton City Council to obtain further information as it may require when considering this application.</li> <li>• We authorise Hamilton City Council to publicise, promote and market its involvement in the project and/or activity we request sponsorship for.</li> <li>• We declare that the information provided in this application is true and correct.</li> <li>• We acknowledge that any decision made by Hamilton City Council is final and that no reasons for such decision will be given, nor will any correspondence be entered into.</li> </ul>	

**Please ensure you have:**

1. Completed all information requested in this application form.
2. Attached all relevant documents.
3. Provided one black and white unbound copy of your application. Additional coloured material can be supplied.

Please forward your application before the closing date to:

**Venues, Tourism and Major Events**

**Hamilton City Council**

**Private Bag 3010**

**Hamilton 3240**

**Attention: Jennie Lavis - Major Event Sponsorship Application**

Or via email to [jennie.lavis@hcc.govt.nz](mailto:jennie.lavis@hcc.govt.nz)







# THE EVENT

There's nothing more Kiwi than a Manu - and we're out to celebrate it!

The Z Manu World Champs is a (dive) bombing competition consisting of 10 qualifying events across eight New Zealand cities.

It takes place over the summer months and culminates in a Grand Final in the Auckland CBD where over 100 of the best Manu and bombing athletes battle it out for the World Champs titles.



# EVENT PURPOSE

## **To Celebrate The Manu**

To identify, profile and celebrate annually the world's best Manu and bombing athletes.

## **Water Safety Awareness**

To engage, educate, and change the behaviors of youth around water to reduce the drowning toll of one of NZ's most at risk cohorts.

## **Getting People Active**

To encourage youth to move and have fun.

## **Bringing Communities Together**

To bring diverse communities to come together for a fun day out in or by the water.



# QUALIFICATION EVENTS – FAST FACTS

- Offering coveted spots for the Grand Final.
- Taking place in outdoor and indoor locations.
- ‘Manu’ division with kids, youth and adult categories.
- ‘Freestyle’ division with an open age category.
- Low or no entry fee.
- Varied jump platform heights by age.
- Judged by splash height.
- Sponsor activations and live entertainment.



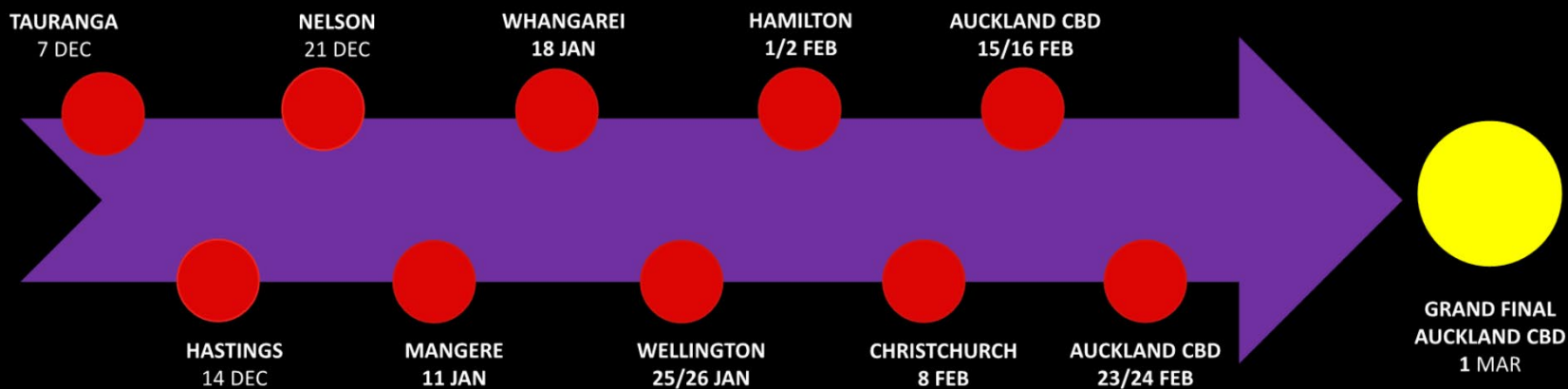


# THE GRAND FINAL

- A next level event experience to find our world champions!
- 25,000 spectators over the day.
- Over 100 finalists from around Aotearoa.
- \$30,000 in cash and prizes.
- Live Stream, Live Music and DJs.
- Video judging software and celebrity judges.
- Famous Faces Manu competition.
- Sponsor activations.



# THE ULTIMATE SUMMER OF FUN

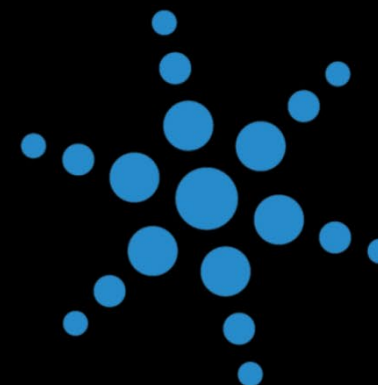


Item 13

Attachment 2

# QUANTUM EVENTS – BEHIND THE MANU

- Experts in large scale, public, water based recreational events since 2003.
- New Zealand industry leaders in aquatic health and safety.
- Founders and former owners of the New Zealand Ocean Swim Series and current owners of Ocean Swim Fiji.
- Highly regarded with an extensive industry network.
- Event marketing experts.
- Passionate about the Manu!



QUANTUM  
EVENTS LTD

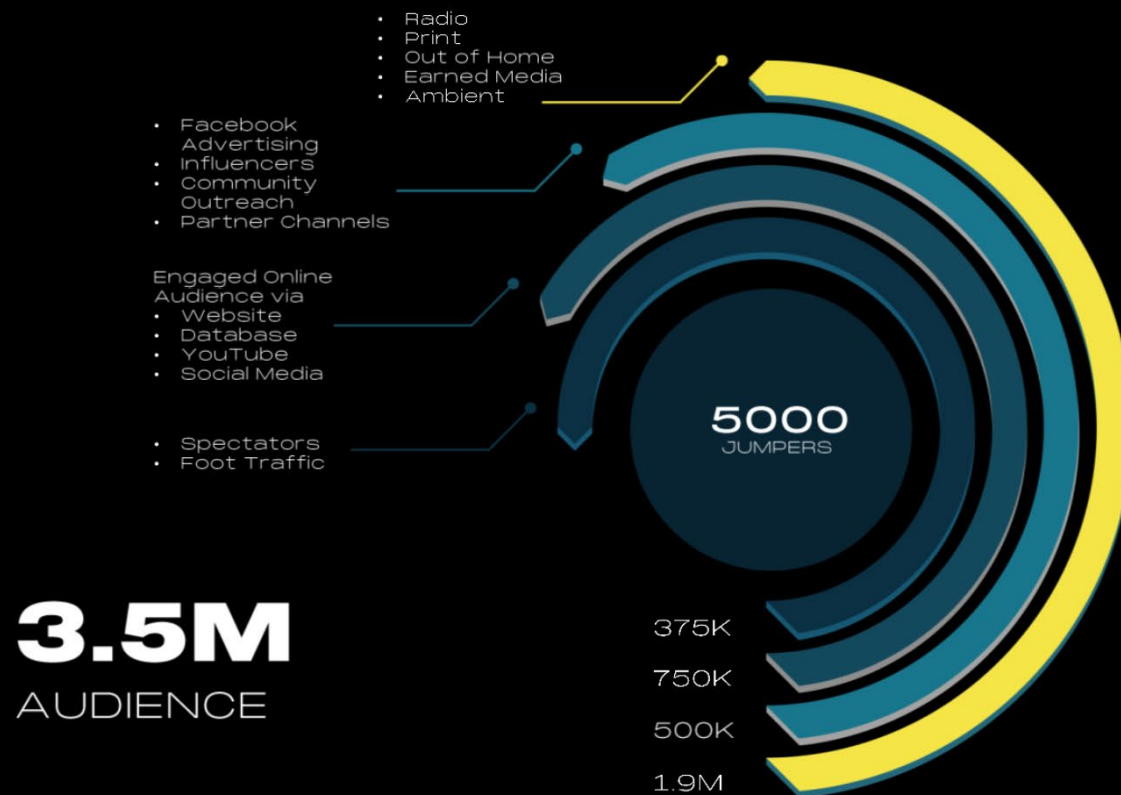








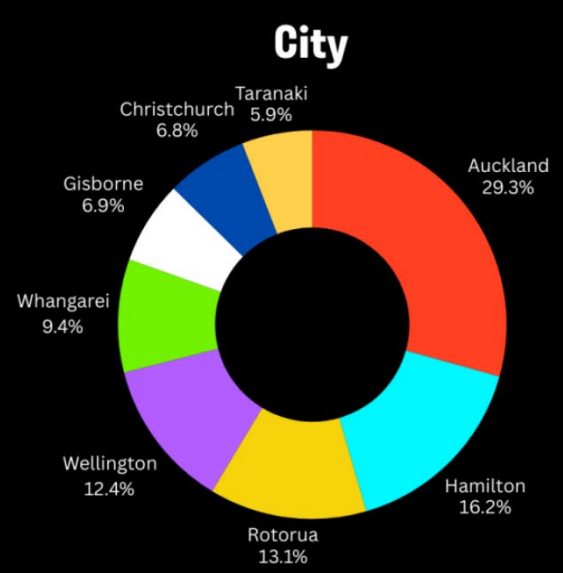
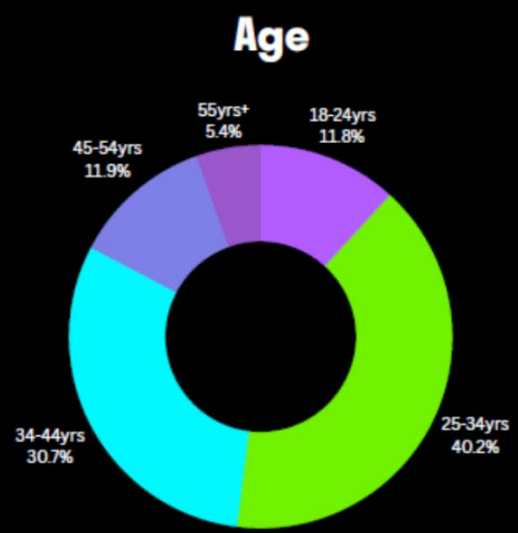
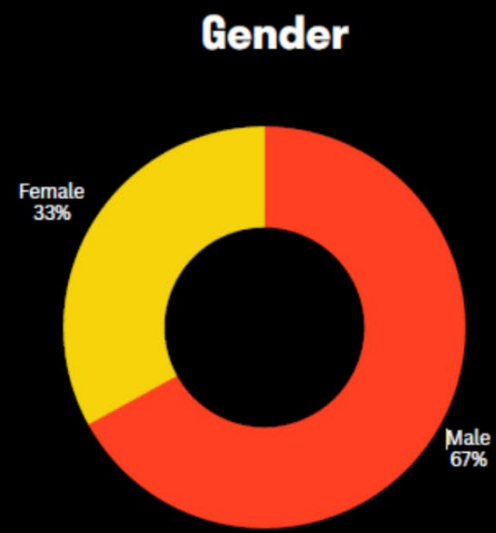
# REACH AND ENGAGEMENT



# CAMPAIGNS & REACH 2024

<b>Website</b>	www.manuworldchamp.com 301,882 total visits, 172,891 unique users (1 Oct 23 – 18 Mar 24)
<b>Social Media (Organic)</b>	Content across Facebook, Instagram and Tik Tok to combined 50,000 followers and shared by users reaching 18.47 million impressions and 510,000 engagements.
<b>Social Media Advertising</b>	Facebook, Instagram and TikTok campaigns. Impressions: 685,000, Reach: 270,000, Clicks 33,000
<b>Radio</b>	30" ad spots, interviews, trailers, announcer liners, eDM and social activity over 6 months across Flava, ZM, Hauraki, The Hits and Coast reaching an estimated 1.5mil.
<b>Outdoor Media</b>	LUMO billboards across four cities achieving 750,000 daily visuals. AdShels across Auckland reaching 300,000. 50 x Roadside signs across all four event cities reaching 250,000.
<b>Swimming Pools</b>	Signage, banners and posters placement in 15 public swimming pools (which allow bombing) reaching an estimated 75,000.
<b>Digital Advertising / YouTube</b>	Google Display Network campaigns reaching 445,000 people and generating 8000 clicks. Premium Eventfinda event listings reaching 29,000 over six months. Videos on YouTube reached 100,000.
<b>Sponsor and Partners</b>	Promotion through sponsors, partners and Councils channels reaching an estimated 250,000 people
<b>Email Newsletters</b>	Over 11,000 e-newsletters were sent with an average opening rate of 55% and a click through rate of 5%.
<b>Public Relationships</b>	Extensive PR campaign generating millions in positive domestic and international media stories.
<b>Community Outreach</b>	Win/win promotional relationships set up with nine manu and bombing events around Aotearoa.

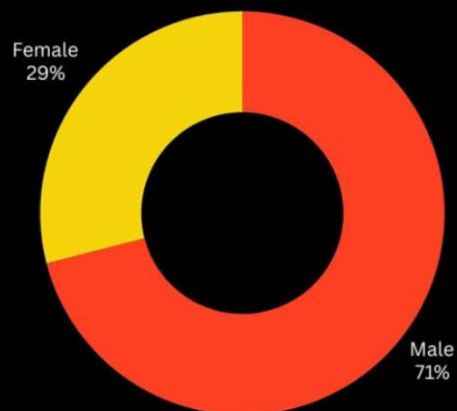
# DEMOGRAPHICS – EVENT AUDIENCE/FANS



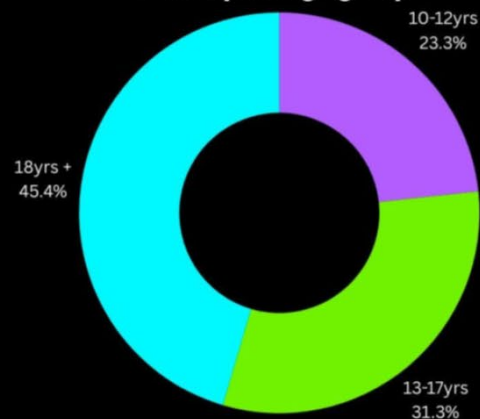


# DEMOGRAPHICS – PARTICIPANTS

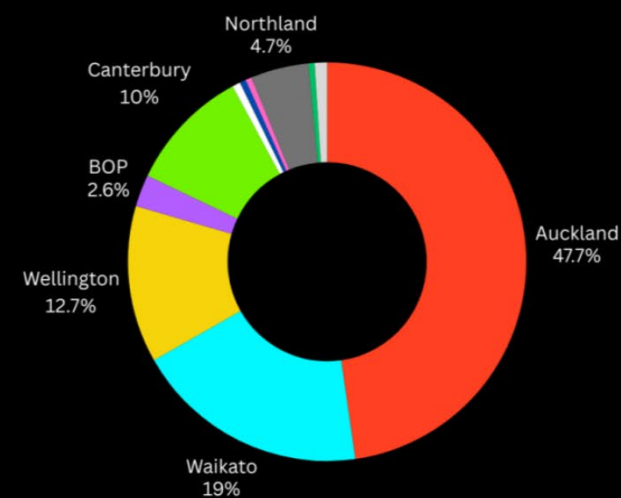
## Participant Gender



## Participant age group



## Participant location





# WHAT PEOPLE SAID

“This event brought so much joy & pride to everyone. I love that this outdoor, fun, water sport is being used to encourage people of all ages, sizes & confidence to come together & have fun”

“It was well run, very professional. Loved the supportive atmosphere between competitors . Promoted so many great things of NZ life, e.g., water safety, healthy active lives, ways to play and have fun as a family”

“Creating such a cool stage for such a variety of kiwis to participate and be active”

“Watching the manus, people representing their hometowns”



***‘THE summer event of 2024’***  
***- New Zealand Media & Entertainment***

***‘The most Kiwi thing since Flight of the  
Concords’***  
***- urbanlistnz***

***'This is EPIC'***  
**- Savage**



***'Manu is in our DNA'***  
**- Piri Weepu**

***'My biggest achievement'***  
**- How to Dad**



# LOVED BY OUR AUDIENCE

**Event Satisfaction: 9.1 / 10**

**Net Promotor Score: 9.2 / 10**

**Feel Good Energy 98.1%**







## PHOTO GALLERY

Item 13

Attachment 2





















Item 13

Attachment 2



















































Item 13

Attachment 2















## HAMILTON SUPER QUALIFIER

### BUSINESS PLAN

#### EVENT PURPOSE/GOALS

##### TO CELEBRATE THE MANU

To identify, profile and celebrate annually the world's best Manu athletes.

##### WATER SAFETY AWARENESS

Together with Water Safety New Zealand we engage, educate, and change the behaviors around water of a one of New Zealand's most at risk cohorts.

##### GETTING KIWIS MOVING

Kiwis are less active than ever before. The Z Manu World Champs (ZWMC) encourages Rangatahi to move and have fun.

##### BRINGING COMMUNITIES TOGETHER

Encouraging diverse communities to come together for a fun day out in or by the water.



## EVENT STRATEGIES

### TO CELEBRATE THE MANU

The Z World Manu Champs identify the best Manu athletes from across New Zealand. We profile the event and its partners, and the Hamilton City profile, talent through our event channels and through the channels of our media partners.

### WATER SAFETY AWARENESS

Our three key strategies that we will work alongside Water Safety New Zealand to execute are:

1. To make 750,000 people aware of the risks they may face around water.
2. Teaching core survival skills to a captive event audience.
3. To create assets for Water Safety New Zealand campaigns.

### GETTING KIWIS MOVING

The simple act of someone registering, preparing, and then participating in the ZMWC gets thousands of kiwis more active more often. It will change habits and leave a legacy of more active communities.

We work closely with Sport NZ to help them promote their Push Play campaign and engage with Māori and Pasifika youth. For the 2025 edition of the event, the focus is to particularly increase female participation and activity.

### BRINGING COMMUNITIES TOGETHER

People regardless of their culture or ethnicity come together to share in the joy of Manu. There is no judging, no prejudice. There is a mutual respect amongst everyone who partakes in Manu no matter their cultural background, age, or skill level. It is where cross cultural friendships are formed through a common interest. The ZWMC will take this to the next level around NZ.



**PROJECT PLAN**

Event Conceptualisation – year 2	May - June 2024
Formalising Commercial Partnership Structure	August 2024
Fundraising / Partner Recruitment	May - June 2024
Event Operational Planning	June 2024 – March 2025
Event Marketing Plan	June – September 2024
Judging Technology Improvements/Innovation	July – November 2024
Event Launch – year 2	October 2024
Event Marketing and Promotion	October 2024 – March 2025
Partner Management/Delivery	July 2023 – April 2024
Tauranga Qualification Event	7 December 2024
Hastings Qualification Event	14 December 2024
Nelson Qualification Event	21 December 2024
Wellington Super Qualification Event	25-26 January 2025
Hamilton Super Qualification Event	1-2 February 2025
Christchurch Qualification Event	8 February 2025
Auckland Super Qualification Event	15-16 and 22-23 February 2025
Manu World Champs Grand Final	1 March 2025
Partner Reporting	April 2025



## ORGANISATIONAL STRUCTURE

The Quantum Events Ltd organisational structure for the ZMWC is below.

Several independent contractors will be engaged to ensure the successful delivery of the event including:

- Creative Design Agency
- PR Management Contractors
- Event Site Contractors
- Digital Marketing Contractors







## HAMILTON SUPER QUALIFIER

### MARKETING AND PROMOTIONAL PLAN

Scott Rice, the Managing Director of Quantum Events, will be responsible for developing and executing the Z Manu World Champs marketing and promotional plan with the assistance of specialist marketing contractor Emma Taylor.

Scott has over 20 years' experience successfully managing the event marketing and PR campaigns for events his company has owned (or continue to own) across New Zealand, Australia, and the South Pacific.

#### TARGET MARKETS

- MANU enthusiasts across New Zealand
- Males 13 - 30 years
- Females 13 - 20 years
- Māori and Pasifika Youth

#### MARKETING OBJECTIVES

- Achieve a high level of National awareness of the Z Manu World Champs.
- Achieve targeted participant and spectator attendance.
- Showcase event partners.
- Build a large email database and develop an engaged social media following.
- Engender brand love and loyalty.



**MARKETING STRATEGIES/CHANNELS****SOCIAL & DIGITAL**

- Organic & Paid Social Medias
- Paid Digital Campaigns
- The Z Manu World Champs Website
- Facebook Live
- Promotion across NZME channels

**OUTDOOR & AMBIENT**

- Outdoor Media
- Posters in Pools
- Promotional Signage at popular Manu Locations

**PARTNER CHANNELS**

- Promotion through Sponsor Channels
- Promotion through Partner Channels
- Event Calendar Promotion

**PRINT**

- NZ Herald Advertising (hard copy and online)

**RADIO (ZM & FLAVA)**

- Commercial Advertising Schedule
- Content Integration / Station Promotions
- Live Crosses pre-event and on event weekend
- Promotion across station socials, newsletters and website
- Station Personality Intergration

**BROADCAST/CONTENT**

- Content / Highlights shows broadcast through our social media channels and YouTube.

**DIRECT MARKETING**

- Manu Location Visits
- Manu Facebook Groups
- Bombing Instagram Accounts

**EARNED MEDIA**

- Public Relation Campaign
- Influencer Relationships

**MARKETING TIMELINE**

Develop and finalise Event Marketing Plan	July – September 2024
Event website and social medias	ongoing
National Launch – All marketing channels	Firs two weeks of October 2024
Registrations Open. National Announcement	Mid-October to late November 2024
Regional Promotion of Events encouraging registration and spectator attendance	Mid December / January / February
Promotion of Z Manu World Champs Final to encourage spectator attendance	From early-February


**MARKETING PLAN BUDGET**

You will find an itemized marketing and promotions plan budget within the main Event Budget attached to this submission.

Please refer to the 2024 Event Report for detailed marketing and PR reach and results of the inaugural event.



Forecasted Budget 2025 - Hamilton Super Qualifier	
<b>Revenue</b>	
Registration Fees	\$ 10,000.00
Water Safety New Zealand (Portion of National support)	\$ 8,000.00
Merchandise Sales	\$ 2,500.00
Commercial Brand Partners (Portion of National support)	\$ 27,000.00
Sport New Zealand/Push Play (Portion of National support)	\$ 15,000.00
Hamilton City Council	\$ 15,000.00
<b>Total Revenue</b>	<b>\$ 77,500.00</b>
<b>Event Operational Costs</b>	
Event Dress/Signage - Banners, Branded Marquees, Flags	\$ 1,500.00
General Event Equipment	\$ 750.00
Storage and freight	\$ 1,250.00
Manu Judging Software, Resource and Innovation	\$ 2,500.00
Live Stream set up	\$ 1,500.00
Admin/Stationary	\$ 500.00
Crew Uniforms	\$ 1,500.00
Sound System Hire	\$ 1,500.00
Event Insurance	\$ 750.00
Merchandise Purchases	\$ 1,000.00
Online payment facility	\$ 250.00
Event Management (Operational Planning and Execution, Managing Partners and Managing Marketing and Promotion)	\$ 21,500.00
Videographer/Photographer	\$ 2,500.00
Funding Winners to Grand Final	\$ 4,800.00
Event Crew costs/donations	\$ 3,000.00
Announcer/MC	\$ 1,750.00
Accommodation crew	\$ 2,250.00
Crew travel	\$ 1,250.00
Vehicle rental	\$ 1,500.00
Per Diem Crew	\$ 1,200.00
Wrist bands	\$ 350.00
Crew Food and Beverage	\$ 1,100.00
Contingency	\$ 2,500.00
<b>Total Operational Costs</b>	<b>\$ 56,700.00</b>
<b>Marketing and Media Costs</b>	
Website (contribution to build and maintenance)	\$ 500.00
Digital Marketing	\$ 2,000.00
Google Advertising	\$ 750.00
Graphic Design	\$ 500.00
Influencer Fees/Donations	\$ 750.00
Posters	\$ 600.00
Corflutes at Manu locations/pools	\$ 750.00
Media Partner Contribution	\$ 5,000.00
Social Media Management	\$ 1,500.00
Paid Social Media - Media Budget	\$ 1,250.00

Public Relations	\$ 2,000.00
Total Marketing and Media Costs	\$ 15,600.00
Total Costs for ZWMC Hamilton	\$72,300.00
Total Forecasted Surplus for ZWMC Hamilton	\$5,200.00
	





## HAMILTON SUPER QUALIFIER

### SPONSORSHIP PROPOSAL PACKAGE

The rights and benefits we can offer you are listed below. We would be happy to discuss and negotiate the inclusion of any additional customised benefits you seek.

LICENSE TO USE EVENT BRAND
License to use WMC event logo(s), images and/or trademark(s) for the Council promotion, advertising, or other leverage activities with prior permission.
BRAND PROFILE
Hamilton City Council brand inclusion across event website linking to your website
Hamilton City Council brand inclusion across outdoor media promoting the Hamilton Super Qualification event
Hamilton City Council brand inclusion on the event big screen/s at the Hamilton Super Qualification event
Hamilton City Council brand mentions in radio promotion for the Hamilton Super Qualification event
Hamilton City Council brand inclusion in any print advertisements for Hamilton Super Qualification event
Opportunity for Hamilton City Council to place signage at the Hamilton Super Qualification event. i.e., flags, banners.
Hamilton City Council brand inclusion on event posters promoting the Hamilton Super Qualification event
Hamilton City Council profiled in any content shows produced of the Hamilton Super Qualification event
Hamilton City Council being acknowledged in the news and press/media releases(s).
PROMOTION / ACTIVATION
Allocation of posts promoting your leverage program/key messages through the ZWMC social media activities.
Allocation of features promoting your leverage program/key messages through the ZWMC e-newsletter.
Allocation of features/ad tiles promoting your leverage program/key messages through the ZWMC website.
Hamilton City Council key messages/leverage program on onsite big screens at the Hamilton Super Qualification event
Hamilton City Council scripted announcements voiced by the MC at the Hamilton Super Qualification event
Premium space for onsite activation at the Hamilton Super Qualification event
Right to run social media activities at the Hamilton Super Qualification event
PROVISION OF CONTENT



Provision of professional photos, video, and event wrap post event.
Provision of content for your social media accounts during the event
<b>ENGAGING STAFF, STAKEHOLDERS AND RATEPAYERS</b>
Allocation of VIP seats/space at the Hamilton Super Qualification event with opportunity to host Council staff, stakeholders, and/or prize winners on site at your cost.
Allocation of complimentary Hamilton Super Qualification event spots/entries for any willing staff/stakeholders/prize winners.
Opportunity to run an exclusive staff /prize winner Manu session at the Hamilton Super Qualification event
<b>SOCIAL BENEFITS FOR HAMILTON</b>
Play a significant role in improving water safety outcomes in Hamilton by reaching and directly engaging with a significant number of Waikato River users.
Positively contribute to the Waikato River Safety Project (Manu with Mana).
Increase Maatauranga Māori (Māori Knowledge) to inform approaches to water safety.
Positively contribute to resident physical and mental wellbeing through active Manu play.
Inspire the youth of Hamilton.



## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Public Excluded Minutes 9 May 2024	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987 )	Section 48(1)(a)
C2. Strategic Property Update - August 2024		
C3. Strategic Issues Update		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out negotiations to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)