

## Finance and Corporate Committee Agenda

**Date:** Wednesday, 24 April, 2019

**Time:** 9:00 am

**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

**Elected Members:** Cr Shelley Deeming (Chairperson)  
Her Worship the Mayor Sheryl Mai  
Cr Gavin Benney  
Cr Crichton Christie  
Cr Vince Cocurullo  
Cr Tricia Cutforth  
Cr Sue Glen  
Cr Phil Halse  
Cr Cherry Hermon  
Cr Greg Innes  
Cr Greg Martin  
Cr Sharon Morgan  
Cr Anna Murphy

For any queries regarding this meeting please contact  
the Whangarei District Council on (09) 430-4200.

<b>1. Declarations of Interest</b>	
<b>2. Apologies</b>	
<b>3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting</b>	
3.1 Minutes Finance and Corporate Committee Meeting 28 March 2019	3
<b>4. Information Reports</b>	
4.1 Financial Report for the 9 months ending 31 March 2019	7
4.2 Corporate Capital Projects Report for the month ending 31 March 2019	25
4.3 Finance and Corporate - Contracts Approved Under Delegated Authority - September 2018 to March 2019	29
4.4 Whangarei District Council 2019 Credit Rating Report	37
4.5 Operational Report – Finance and Corporate – April 2019	49
<b>5. Public Excluded Business</b>	
<b>6. Closure of Meeting</b>	

# Finance and Corporate Committee – Terms of Reference

## Membership

**Chairperson:** Councillor Shelley Deeming

**Members:** Her Worship the Mayor Sheryl Mai  
Councillors Stu Bell (Resigned 1 April 2019), Gavin Benney, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Sue Glen, Phil Halse, Cherry Hermon, Greg Innes, Greg Martin, Sharon Morgan, Anna Murphy

**Meetings:** Monthly

**Quorum:** 7

## Purpose:

To oversee Council and CCO's financial management and performance, including operation of the administrative and internal support functions of council.

## Key responsibilities include:

- Progress towards achievement of the council's financial objectives as set out in the Long Term Plan.
- Preparation for recommendation to council:
  - Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP)
  - Financial policy related to the LTP and AP
  - Setting of rates
  - Preparation of the consultation document and supporting information, and the consultation process for the LTP and AP
  - Annual Report
- Financial/Planning and Control
  - Corporate accounting services
  - Treasury – debt and interest risk management
  - Procurement
- CCO Monitoring and Performance
  - Monitoring the financial and non-financial performance targets, key performance indicators and other measures of each Council Controlled Organisation (CCO) to inform the committee's judgement about the performance of each organisation.
  - Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs.
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews as required under section 17A of the Local Government Act 2002

- Shared Services – investigate opportunities for Shared Services for recommendation to council.

## **Delegations**

- (i) All powers necessary to perform the committee's responsibilities, including, but not limited to:
  - (a) the approval of expenditure of less than \$5 million plus GST.
  - (b) approval of a submission to an external body.
  - (c) establishment of working parties or steering groups.
  - (d) power to establish subcommittees and to delegate their powers to that subcommittee.
  - (e) the power to adopt the Special Consultative Procedure provided for in Section 83 to 88 of the LGA in respect of matters under its jurisdiction (this allows for setting of fees and bylaw making processes up to but not including adoption).
  - (f) the power to delegate any of its powers to any joint committee established for any relevant purpose under clause 32, Schedule 7 of the Local Government Act 2002

## Finance and Corporate Committee Meeting Minutes

**Date:** Thursday, 28 March, 2019  
**Time:** 9:00 a.m.  
**Location:** Council Chamber  
 Forum North, Rust Avenue  
 Whangarei

**In Attendance** Cr Shelley Deeming (Chairperson)  
 Her Worship the Mayor Sheryl Mai  
 Cr Stu Bell  
 Cr Gavin Benney  
 Cr Crichton Christie  
 Cr Vince Cocurullo  
 Cr Tricia Cutforth  
 Cr Sue Glen  
 Cr Phil Halse  
 Cr Cherry Hermon  
 Cr Greg Innes  
 Cr Greg Martin  
 Cr Sharon Morgan  
 Cr Anna Murphy

**Also Present** Thomas Biss – Whangarei Art Museum  
 Trust

**Scribe** Jennie Thomas (Democracy Adviser)

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### 1. Declarations of Interest

Item 4.4 - Northland Regional Landfill Limited Partnership - Draft Statement of Intent 2019-20.

### 2. Apologies

There were no apologies.

**3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting**

**3.1 Minutes Finance and Corporate Committee Meeting 28 February 2019**

**Moved By** Cr Greg Innes

**Seconded By** Cr Sue Glen

That the minutes of the Finance and Corporate Committee meeting held on Thursday, 28 February 2019, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

**Carried**

**4. Information Reports**

**4.1 Financial Report for the 8 months ending 28 February 2019**

**Moved By** Cr Cherry Hermon

**Seconded By** Cr Greg Martin

That the Finance and Corporate Committee notes the operating results for the eight months ending 28 February 2019.

**Carried**

**4.2 Corporate Capital Projects Report for the month ending 28 February 2019**

**Moved By** Her Worship the Mayor

**Seconded By** Cr Anna Murphy

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 28 February 2019.

**Carried**

**4.3 Whangarei Art Museum Trust - Draft Statement of Intent 2019-20**

**Moved By** Cr Phil Halse

**Seconded By** Cr Cherry Hermon

That the Finance and Corporate Committee notes and provides feedback on the Whangarei Art Museum Trust Draft Statement of Intent 2019-20.

**Carried**

#### **4.4 Northland Regional Landfill Limited Partnership - Draft Statement of Intent 2019-20**

Item 4.4.1 – Subsequently to the agenda being circulated additional information on item 4.4 was distributed separately, but within the timeframes specified in LGOIMA.

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Crichton Christie

That the Finance and Corporate Committee notes and provides feedback on Northland Regional Landfill Limited Partnership Draft Statement of Intent 2019-20.

**Carried**

*Cr Murphy requested her vote against be recorded.*

*Declarations of Interest: Cr Martin as Council's appointed Director to Whangarei Waste Limited.*

*Crs Deeming and Halse as Council's appointed members of the Advisory Committee.*

#### **4.5 Local Government Funding Agency - Draft Statement of Intent 2019-20**

**Moved By** Cr Greg Innes

**Seconded By** Cr Sue Glen

That the Finance and Corporate Committee notes and provides feedback on the Local Government Funding Agency Draft Statement of Intent 2019-20.

**Carried**

#### **4.6 Local Government Funding Agency - Half Yearly Report to 31 December 2018**

**Moved By** Cr Sue Glen

**Seconded By** Her Worship the Mayor

That the Finance and Corporate Committee notes the Local Government Funding Agency half yearly report to 31 December 2018.

**Carried**

**4.7 Operational Report - Finance and Corporate - March 2019**

**Moved By** Cr Sue Glen

**Seconded By** Cr Greg Innes

That the Finance and Corporate Committee notes the operational report for March 2019.

**Carried**

**5. Public Excluded Business**

There was no business conducted in public excluded.

**6. Closure of Meeting**

The meeting concluded at 10.00am

Confirmed this 24<sup>th</sup> day of April 2019

Councillor Shelley Deeming (Chairperson)



## 4.1 Financial Report for the 9 months ending 31 March 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 24 April 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide the operating result for the nine months ending 31 March 2019.

### 2 Recommendation

That the Finance and Corporate Committee notes the operating results for the nine months ending 31 March 2019.

### 3 Background

#### 3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$22.9 million, compared to a budgeted surplus of \$12.5 million, resulting in a favourable variance of \$10.4 million.

The forecast net surplus for the financial year ending 30 June 2019 is \$26.6 million compared with a budgeted surplus of \$14.8 million, resulting in a favourable variance of \$11.8 million. These results are based on forecast figures provided by budget managers in March 2019.

#### 3.2 Capital Project Expenditure

The Capital Projects expenditure as at 31 March 2019 is currently \$12.4 million less than budget. At this point, Council is forecasting to spend a total of \$65.8 million against the \$95.3 million budget, with a forecast carry forward of \$27.7 million. The \$27.2 million carry forward is a conservative forecast, with final carry forwards expected to be higher than current projections. A further forecast will be provided next month.

The major carry forwards are:

- |   |        |
|---|--------|
| • Civic Centre                          | \$9.6m |
| • Whau Valley New Water Treatment Plant | \$4.3m |
| • Coastal Structure Renewals            | \$1.6m |

• Pohe Island Development	\$1.3m
• LED Streetlight Upgrades	\$1.0m
• Parihaka Transmission Mast Upgrade	\$0.9m
• Web and Intranet	\$0.8m
• CiA Upgrade	\$0.8m
• Recycling Bins Purchase	\$0.7m
• Sports and Recreation LoS (Pohe Island Development)	\$0.7m

### 3.3 External Net Debt and Treasury

Total net external debt at the end of March 2019 was \$105.2m compared to year to date budgeted net debt of \$134.9m, resulting in net debt being \$29.7m under budget.

This favourable variance is due to assumptions made regarding the opening net debt balance of the 2018-28 Long Term Plan, the favourable operating surplus (see section 3.1), and the year to date favourable variance in capital expenditure (see section 3.2).

As at 31 March 2019 cash and term deposits held of \$36.8m was comprised of:

- \$10.0 million of term deposits relating to prefunding undertaken
- \$10.0 million of term deposits relating to short term borrowings not yet required
- \$14.0 million of term deposits relating to excess cash not currently required
- \$2.8 million cash on hand

Council is currently receiving slightly higher interest rates than the borrowing rate on a portion of these deposits.

The Property Reinvestment Reserve – Available for Reinvestment has gone into deficit this month due to the timing of a property sale. The Kioreroa Road sale will clear this deficit in April.

### 3.4 Economic Outlook

The Reserve Bank of New Zealand kept the Official Cash Rate (OCR) at 1.75%, however the more likely direction of the next OCR is down and this could be as early as May 2019, reducing to a new low of 1.25% by the end of 2019.

Cutting the OCR will seem reasonable to the new Monetary Policy Committee with inflation struggling to reach 2%.

Long term rates followed global interest rate markets, these are sitting on 15 month lows, with the NZ 10-year swap rate falling from 2.43% to 2.08%.

## 4 Accounts receivable and arrears

Total arrears as at 31 March 2019 was \$3.6 million compared to \$4.0 million in the previous year.

## **5 Significance and engagement**

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

## **6 Attachments**

- 1 Monthly key indicators
- 2 Monthly activity summary
- 3 Monthly income statement
- 4 Quarterly cashflow statement
- 5 Quarterly balance sheet
- 6 Capital projects expenditure – graphs
- 7 Treasury report



**MONTHLY KEY INDICATORS**  
**MARCH 2019**



	YTD to March 2019					Full Year Forecast			
	Actual	Revised Budget	Variance	YTD	YTD Trend	Full Year Forecast	Revised Budget	Variance	YTD
	YTD \$ m	YTD \$ m	YTD \$ m	Indicator	Current / previous month	2018-19 \$ m	2018-19 \$ m	2018-19 \$ m	Indicator
<b>OPERATING</b>									
Total Rates	71.8	72.2	(0.4)	●		97.4	97.3	0.1	●
Development Contributions	7.5	3.5	4.0	●		9.4	4.6	4.8	●
Subsidies and Grants	16.8	19.5	(2.7)	●		27.3	25.8	1.5	●
User Fees	10.7	10.5	0.2	●		14.0	14.1	(0.1)	●
Total Operating Income	115.3	112.2	3.1	●	↑	160.0	151.9	8.1	●
Personnel Costs	19.6	22.6	3.0	●		27.8	29.8	2.0	●
Other Operating Expenditure	41.1	42.8	1.7	●		63.8	60.7	(3.1)	●
Total Operating Expenditure	95.4	99.2	3.8	●	↑	138.4	135.9	(2.5)	●
Surplus/(Deficit) from Operations	19.9	13.0	6.9	●	↑	21.6	16.1	5.5	●
Total Surplus/(Deficit)	22.9	12.5	10.4	●	↑	26.6	14.8	11.8	●
<b>EXTERNAL DEBT FUNDING</b>									
External Net Debt	105.2	134.9	29.7	●					
Net Interest on debt	4.4	4.8	(0.4)	●		6.2	6.5	0.3	●

KEY	
●	Favourable to budget
●	Unfavourable, but within 5% of budget
●	Unfavourable, over 5% of budget
↑	Favourable to previous month
↓	Unfavourable to previous month

**Key Contributors to Unfavourable Variances**

- Environment Court appeals
- Electricity
- SNA PC project District Plan

**Note:** The above information includes excerpts taken from the Monthly Income Statement. The shaded lines above represent key totals from the Monthly Income Statement but are not totals of the lines above.



# MONTHLY ACTIVITY SUMMARY MARCH 2019



	YTD to March 2019					Full Year Forecast			
	Actual Surplus/ (Deficit) \$m	Revised Budget Surplus/ (Deficit) \$m	Variance Surplus/ (Deficit) \$m	YTD Indicator	YTD Trend Current / previous month	Full Year Forecast Surplus/ (Deficit) \$m	Revised Budget Surplus/ (Deficit) \$m	Variance Surplus/ (Deficit) \$m	Full Year Indicator
<b>Surplus/(deficit) from operations</b>	19.9	13.0	6.9	●	↑	21.6	16.1	5.5	●
<b>Transportation</b>	(4.0)	(3.1)	(0.9)	●	↑	(7.8)	(7.7)	(0.1)	●
<b>Water</b>	4.9	3.8	1.1	●	↓	4.2	2.1	2.1	●
<b>Solid Waste</b>	2.6	2.3	0.3	●	↑	2.6	2.6	0.0	●
<b>Waste Water</b>	8.7	7.9	0.8	●	↑	9.3	8.5	0.8	●
<b>Storm Water</b>	(2.6)	(2.7)	0.1	●	↓	(4.6)	(4.7)	0.1	●
<b>Flood Protection</b>	0.3	0.2	0.1	●	↑	0.1	0.1	0.0	●
<b>Community Facilities</b>	(16.2)	(18.9)	2.7	●	↑	(35.0)	(35.9)	0.9	●
<b>Governance &amp; Strategy</b>	0.2	(0.4)	0.6	●	↑	(1.1)	(0.9)	(0.2)	●
<b>Planning &amp; Regulatory</b>	(0.2)	(1.5)	1.3	●	↑	(7.3)	(8.3)	1.0	●
<b>Support Services</b>	26.3	25.3	1.0	●	↑	61.3	60.2	1.1	●

## KEY:



Favourable to budget



Unfavourable, but within 5% of budget



Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month

**Note:** The above information is at Council Operations level and excludes non-cash adjustments





## MONTHLY INCOME STATEMENT

### 31 MARCH 2019

Council Summary	Actual	Revised Budget	Forecast	Revised Budget	Variance*
	YTD \$000	YTD \$000	2018-19 \$000	2018-19 \$000	2018-19 \$000
<b>Operating income</b>					
Rates	71,826	72,234	97,392	97,322	70
Development and other contributions	7,460	3,480	9,447	4,640	4,807
Subsidies and grants***	16,772	19,492	27,289	25,762	1,527
Fees and charges	10,689	10,502	14,019	14,144	(125)
Interest revenue	1,187	37	1,366	53	1,313
Other revenue	7,363	6,497	10,464	10,013	451
<b>Total operating income</b>	<b>115,298</b>	<b>112,243</b>	<b>159,977</b>	<b>151,934</b>	<b>8,043</b>
<b>Operating expenditure</b>					
Other expenditure	41,138	42,775	63,755	60,731	(3,024)
Depreciation and amortisation	29,025	29,040	39,283	38,720	(563)
Finance costs	5,625	4,812	7,592	6,609	(983)
Personnel costs	19,583	22,583	27,759	29,806	2,048
<b>Total operating expenditure</b>	<b>95,371</b>	<b>99,210</b>	<b>138,388</b>	<b>135,867</b>	<b>(2,522)</b>
<b>Surplus/(deficit) from operations</b>	<b>19,926</b>	<b>13,033</b>	<b>21,589</b>	<b>16,068</b>	<b>5,521</b>
<b>Plus non-cash income adjustments</b>					
Vested assets income	7,376	2,250	10,036	3,000	7,036
Gain on disposal of assets	74	-	135	-	135
<b>Total non-cash income adjustments</b>	<b>7,449</b>	<b>2,250</b>	<b>10,171</b>	<b>3,000</b>	<b>7,171</b>
<b>Less non-cash expenditure adjustments</b>					
OPEX on capital projects**	1,304	2,773	2,026	4,275	2,249
Loss on disposal of assets	3,143	-	3,143	-	(3,143)
<b>Total non-cash expenditure adjustments</b>	<b>4,447</b>	<b>2,773</b>	<b>5,169</b>	<b>4,275</b>	<b>(894)</b>
<b>Total non-cash adjustment</b>	<b>3,002</b>	<b>(523)</b>	<b>5,001</b>	<b>(1,275)</b>	<b>6,277</b>
<b>Total surplus/(deficit)</b>	<b>22,928</b>	<b>12,510</b>	<b>26,590</b>	<b>14,792</b>	<b>11,798</b>

\* Favourable variances are recorded as positive amounts (unfavourable variances as negative amounts)

\*\* This expenditure is included within the Capital Projects Report

\*\*\* The 2018/19 budget has been revised to reflect the Kamo Cycleway and Porowini-Maunu intersection projects brought forward approved at the 25 October 2018 Council Meeting



**QUARTERLY CASH FLOW STATEMENT**  
**YTD TO MARCH 2019**

	Actual 2018-19	Actual 2017-18	Annual Plan 2018-19
<b>Council Summary</b>	<b>YTD</b>	<b>YTD</b>	<b>Full Year</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Cash flows from operating activities</b>			
Rates (inc metered water)	74,764	71,675	96,625
Grants & Subsidies received	12,556	11,283	22,373
Other income	30,180	24,942	27,155
Interest & dividends received from investments	1,729	1,870	590
Payments to suppliers and employees	(68,891)	(61,936)	(94,345)
Interest paid	(5,562)	(5,902)	(6,609)
<b>Net cash (to) / from operating activities</b>	<b>44,776</b>	<b>41,932</b>	<b>45,789</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	1,725	279	-
Maturity of investments and loans	176	20,320	-
Purchase and development of fixed assets	(39,491)	(32,001)	(58,763)
Purchase of investments and loans provided	-	-	-
<b>Net cash flows (to) / from investing activities</b>	<b>(37,590)</b>	<b>(11,402)</b>	<b>(58,763)</b>
<b>Cash flows from financing activities</b>			
Loans raised	35,000	30,000	12,974
Loan repayments received	227	166	-
Repayment of public debt	(45,000)	(50,000)	-
Loans granted	(60)	-	-
<b>Net cash flows (to) / from financing activities</b>	<b>(9,833)</b>	<b>(19,834)</b>	<b>12,974</b>
<b>Net Cash Movement increase / (decrease)</b>	<b>(2,647)</b>	<b>10,696</b>	<b>-</b>
<b>Cash Reconciliation</b>			
Cash, cash equivalents and bank overdrafts at the beginning of the year	39,420	21,535	300
Cash, cash equivalents and bank overdrafts at the end of the period	36,773	32,231	300
<b>Net increase / (decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(2,647)</b>	<b>10,696</b>	<b>-</b>

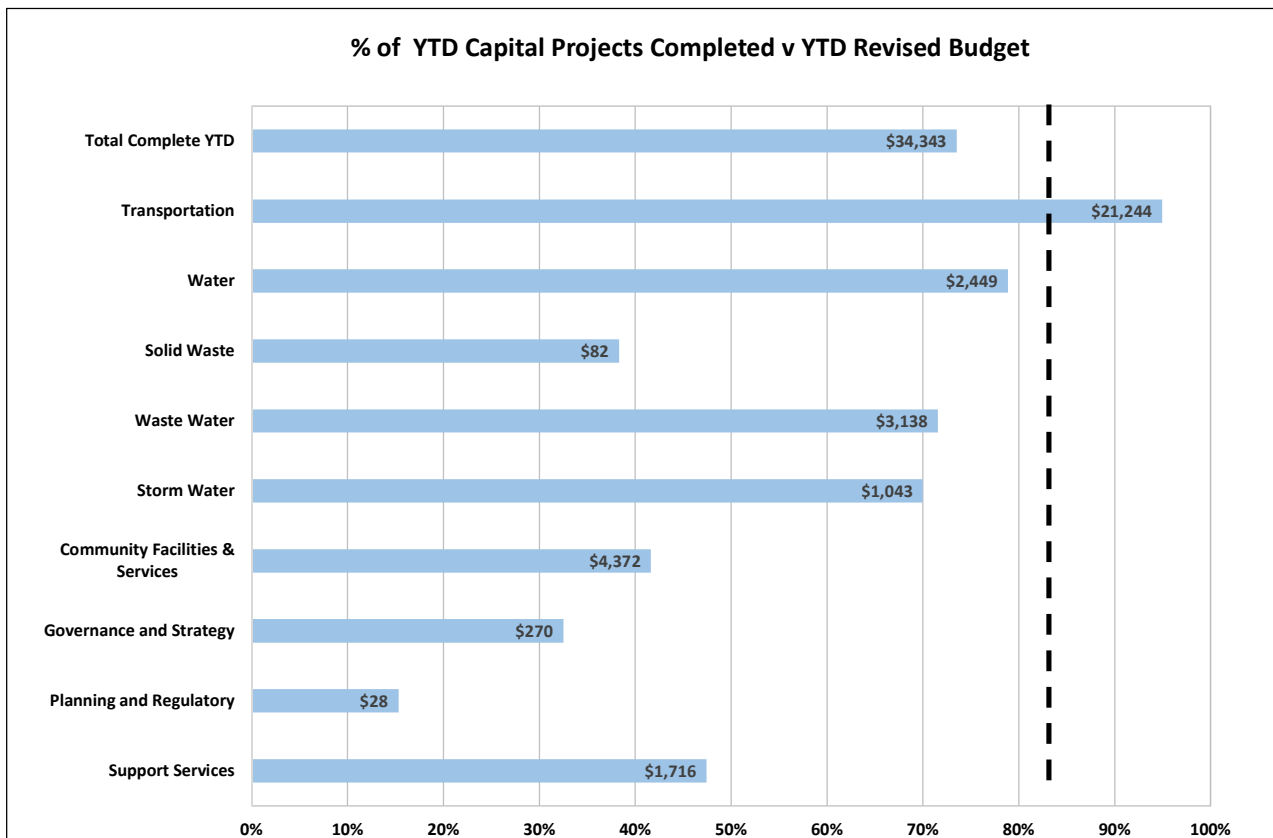
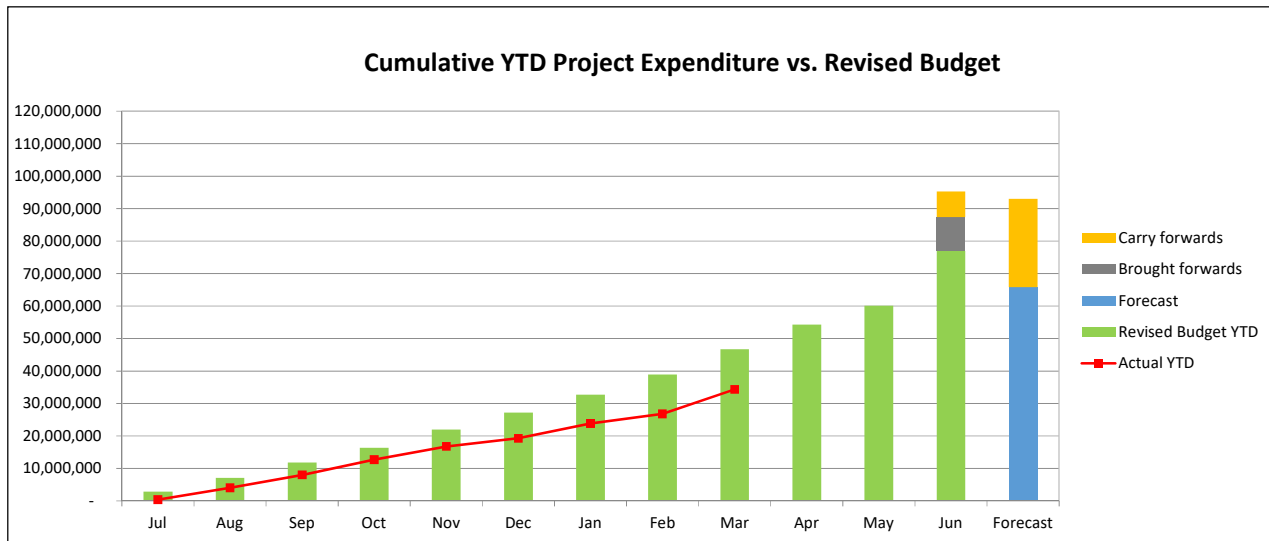


## QUARTERLY BALANCE SHEET AS AT 31 MARCH 2019

Council Summary	Actual 2018-2019 YTD \$000	Annual Plan 2018-19 Full year \$000	Variance \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	36,773	300	36,473
Debtors and receivables	17,537	17,057	480
Other financial assets	272	607	(335)
Other current assets	570	822	(252)
<b>Total current assets</b>	<b>55,152</b>	<b>18,786</b>	<b>36,365</b>
<b>Non-current assets</b>			
Derivative financial instruments	7	10	(3)
Investment in CCO's and similar entities	10,173	11,589	(1,416)
Investment in other entities	3,113	2,924	189
Property, plant and equipment	1,585,834	1,610,830	(24,996)
Intangible assets	4,591	8,540	(3,949)
Forestry assets	891	787	104
Investment properties	53,965	55,919	(1,954)
<b>Total non-current assets</b>	<b>1,658,574</b>	<b>1,690,599</b>	<b>(32,024)</b>
<b>Total assets</b>	<b>1,713,726</b>	<b>1,709,385</b>	<b>4,341</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables and deferred revenue	21,847	21,615	232
Derivative financial instruments	304	283	21
Current borrowings	20,000	29,000	(9,000)
Employee benefits liabilities	2,347	2,478	(131)
Provisions	670	108	562
<b>Total current liabilities</b>	<b>45,168</b>	<b>53,484</b>	<b>(8,316)</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	11,881	11,233	648
Non-current borrowings	122,000	108,860	13,140
Employee benefits liabilities	352	399	(47)
Provisions	1,389	1,368	21
Payables and deferred revenue	101	156	(55)
<b>Total non-current liabilities</b>	<b>135,723</b>	<b>122,016</b>	<b>13,707</b>
<b>Total liabilities</b>	<b>180,891</b>	<b>175,500</b>	<b>5,391</b>
<b>Net assets</b>	<b>1,532,835</b>	<b>1,533,885</b>	<b>(1,050)</b>
<b>Equity</b>			
Retained earnings	924,600	896,165	28,435
Other reserves	69,282	71,933	(2,651)
Asset revaluation reserve	538,953	565,787	(26,834)
<b>Total equity attributable to Council</b>	<b>1,532,835</b>	<b>1,533,885</b>	<b>(1,050)</b>



### CAPITAL PROJECT EXPENDITURE AS AT 31 March 2019







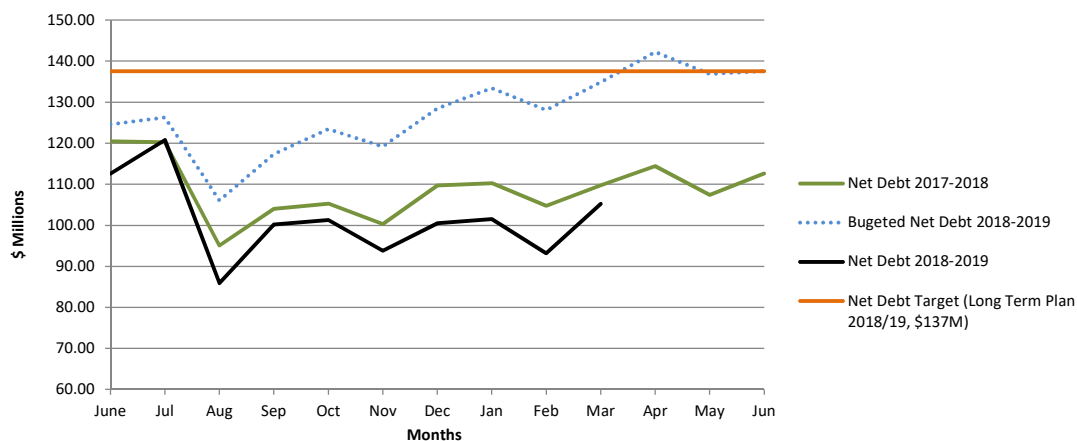
**TREASURY REPORT**  
**31 MARCH 2019**

**STANDARD AND POORS CREDIT RATING:****AA**

Outlook: Positive

**DEBT SUMMARY:****As at 31 March 2019**

<b>External Debt</b>		
Opening public debt as at 1 March 2019		
		152,000,000
Plus loans raised during month	5,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(15,000,000)	
Net movement in external debt		(10,000,000)
<b>Total External Debt</b>		<b>142,000,000</b>
Less: Cash balances (excluding funds held on behalf)	2,772,594	
Term deposits (Funds held on deposit until required for project funding)	34,000,000	
Total cash and term deposits		36,772,594
<b>Total Net External Debt</b>		<b>105,227,406</b>
<i>Note: Council also holds \$2.0m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.</i>		
<b>External debt is represented by:</b>		
Less than 1 Year		20,000,000
1-3 Years		33,000,000
3-5 Years		30,000,000
Greater than 5 Years		59,000,000
<b>Total</b>		<b>142,000,000</b>

**NET EXTERNAL DEBT COMPARED TO BUDGET:**

<b>Internal Funding*</b>		
Community Development Funds		
		10,476,030
Property Reinvestment Reserve - Available for Reinvestment	(2,629,710)	
Property Reinvestment Reserve - Accumulated	29,217,203	
		26,587,494
Water Reserve		30,621,000
<b>Total</b>		<b>67,684,523</b>

Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works.

Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit.

To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP).

These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

The Property Reinvestment Reserve is split to record funds that were used specifically for capital works in previous years; and a smaller amount representing recent unbudgeted sales where the funds received have offset external debt.

The only situation where our Net Debt would increase as a result of these Reserves is if major expenditure on Water Assets or property purchases is brought forward from the dates set out in the LTP/AP.



## 4.2 Corporate Capital Projects Report for the month ending 31 March 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 24 April 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide the Corporate Capital Projects Report for the month ending 31 March 2019.

### 2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 31 March 2019.

### 3 Background

This report provides an update on the Corporate Capital Projects expenditure to date compared with budget, as well as the forecast spend for the year and carry forwards against budget.

### 4 Discussion

The Capital Projects expenditure for Corporate as at 31 March is \$1.9 million less than budget. Corporate is forecasting to spend a total of \$3.3 million against the \$16.1 million budget, with carry forwards of \$12.8 million.

The carry forwards primarily relate to the Civic Centre project (\$9.6million) which is likely to continue through to 2021 and ICT projects (\$2.5 million) that will span the 2019 and 2020 financial years. Civic Centre cashflow projections will be altered next month to reflect recent decisions and the draft project plan.

### 5 Significance and engagement

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

### 6 Attachment

Corporate Capital Projects Report



## CORPORATE CAPITAL PROJECTS REPORT

AS AT 31 March 2019

(Figures include both Operating and Capital Expenditure)

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast \$000	Full Year Revised Budget \$000	Forecast (Underspent )/ Overspent \$000	Forecast Carry Forwards \$000	Total (Underspent )/ Overspent \$000
<b>Support Services</b>								
<i>Business Improvement</i>								
Business Improvement Projects	8	47	(39)	8	100	(92)	92	0
Workflow Systems Development	0	132	(132)	0	226	(226)	226	0
<b>Business Improvement Total</b>	<b>8</b>	<b>179</b>	<b>(171)</b>	<b>8</b>	<b>326</b>	<b>(318)</b>	<b>318</b>	<b>0</b>
<i>Business Support</i>								
Business Support Projects	0	0	0	0	102	(102)	102	0
Civic Buildings Renewals & Improvements	26	0	26	26	0	26	0	26
Civic Centre	73	5	68	295	9,968	(9,673)	9,673	(0)
Council Vehicle Replacements	45	165	(120)	236	235	1	0	1
Furniture Renewals	2	7	(6)	7	10	(3)	0	(3)
Information Centre Upgrade	0	126	(126)	0	126	(126)	126	0
Water Services Building Renewals	0	20	(20)	0	20	(20)	0	(20)
<b>Business Support Total</b>	<b>145</b>	<b>323</b>	<b>(177)</b>	<b>565</b>	<b>10,461</b>	<b>(9,896)</b>	<b>9,900</b>	<b>4</b>
<i>ICT</i>								
Accounts Payable Automation	24	23	1	35	23	12	0	12
Asset Management Software Upgrade	326	418	(92)	622	854	(232)	232	(0)
CiA Upgrade	324	639	(315)	708	1,480	(772)	772	(0)
Computer Tech for Building, Animal Control & Parking	0	70	(70)	114	124	(10)	10	0
Corporate Performance Management	103	184	(81)	128	435	(307)	307	0
Decision Support System Development	0	96	(96)	0	161	(161)	161	0
Digitisation of Records	456	615	(159)	599	899	(300)	300	0
IT Equipment New	23	29	(6)	39	51	(12)	8	(4)
IT Network Upgrades	0	30	(30)	15	33	(19)	0	(19)
LIDAR	0	128	(128)	128	128	0	0	0
Minor ICT Projects	20	60	(40)	65	82	(17)	0	(17)
Web & Intranet Development	245	818	(573)	289	1,127	(838)	762	(76)
<b>ICT Total</b>	<b>1,520</b>	<b>3,110</b>	<b>(1,589)</b>	<b>2,741</b>	<b>5,397</b>	<b>(2,656)</b>	<b>2,551</b>	<b>(104)</b>
<i>People &amp; Capability</i>								
Office Furniture	7	7	(0)	8	10	(2)	0	(2)
<b>People &amp; Capability Total</b>	<b>7</b>	<b>7</b>	<b>(0)</b>	<b>8</b>	<b>10</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>
<b>Support Services Total</b>	<b>1,681</b>	<b>3,619</b>	<b>(1,938)</b>	<b>3,322</b>	<b>16,194</b>	<b>(12,871)</b>	<b>12,770</b>	<b>(102)</b>
<b>Total</b>	<b>1,681</b>	<b>3,619</b>	<b>(1,938)</b>	<b>3,322</b>	<b>16,194</b>	<b>(12,871)</b>	<b>12,770</b>	<b>(102)</b>



## 4.3 Finance and Corporate – Contracts Approved Under Delegated Authority – September 2018 to March 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 24 April 2019  
**Reporting officer:** Heather Edmeades (Procurement Co-ordinator)

### 1 Purpose

For the Finance and Corporate Committee to note various contracts awarded under Chief Executive and General Manager delegated authority.

### 2 Recommendation

That the Finance and Corporate Committee note various contracts awarded under Chief Executive and General Manager delegated authority from September 2018 to March 2019.

### 3 Background

Table 1 (below) records contracts from Council functions that fall within the scope of the Finance and Corporate Committees Terms of Reference that have been awarded under Chief Executive and General Manager delegated authority since the latest Procurement Policy was adopted.

Attachment 1 provides a summary of the award process for each contract and a brief description of the goods or services purchased.

From next month, these reports will be included in the Corporate Group Operational Report.

#### **Corporate Group**

##### **Business Support**

CON18002 - Security and Related Services

##### **ICT**

PRO17055 – Asset and GIS Management Upgrade – Contract Project Management Services

#### **Strategy and Democracy Group**

##### **Democracy and Assurance**

CON17058 - Electoral Services Contract

#### **4 Significance and engagement**

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

#### **5 Attachments**

1. Summary of contracts approved under delegated authority – September 2018 to March 2019



## Summary of Contracts Approved Under Delegated Authority

This attachment provides a summary of the award process and works being undertaken for contracts awarded under Chief Executive and General Manager delegated authority.

### 1.0 Business Improvement

Nil to report

### 2.0 Business Support

CON18002  
 Security and Related Services

#### Background

Whangarei District Council (Council) reviewed the provision of the following security and related services:

- alarm monitoring and responses
- manned services
- cash in transit and related services

The services were previously provided as follows:

Alarm Monitoring Alarm Responses	United Security Caughey Dignon
Manned Services	Caughey Dignon
Cash in Transit	Armourguard: <ul style="list-style-type: none"> <li>• Revenue banking</li> <li>• Parking meter &amp; meter head clearance</li> </ul> Caughey Dignon <ul style="list-style-type: none"> <li>• Central City Carpark parking meter clearance</li> <li>• Ruakaka Service Centre banking</li> <li>• Ticketek banking</li> <li>• Library bankings</li> </ul>

The procurement process was a single stage Request for Proposal (RFP) open market process run in accordance with Council Procurement Policy. The Tender evaluation method was weighted attribute.

Service provision by the new supplier is being rolled out progressively early in 2019.

## Tender

We ran the RFP process and evaluated the proposals on paper. After that we shortlisted:

- Armourguard
- Caughey Dignon (Northern Districts Security - NDS)

and ran an interactive workshop with each of them to validate their written responses. These workshops were attended by the evaluation team, along with additional staff that are involved in various aspects of the contract as subject matter experts. These additional staff gave feedback to the evaluation team after the workshops.

Key points in regard to the process are:

- we ran a request for proposal (RFP) and evaluated the responses
- the evaluation criteria were signed off by the Project Sponsor
- this was a two envelope weighted attribute process so the evaluation team evaluated responses purely on quality before pricing was evaluated
- we then evaluated the pricing
- Conflict of interest declarations were updated at each stage of the process for the evaluation team.

Final recommendations approved by the Sponsor were:

- That the preferred supplier is Caughey Dignon (Northern Districts Security)
- That Council enters into a contract with Caughey Dignon

That the contract shall be for a period of [three (3) years plus two one year rights of renewal.

Scores from the respondents are set out below. The “One Stop Shop” score was based on the quality score from the evaluation of the other two areas. There are benefits to Council of having one supplier, especially in combining the Alarm Monitoring and Responses with Manned Services as there is a high level of interdependencies between the two services.

Pricing was evaluated separately and then included into the weighted attribute models shown below.

### Alarm Monitoring and Responses

- Methodology 23%
- Proven track record 20%
- Experience 18%
- Value for money 16%
- Reporting 14%
- One stop shop 9%

### Manned Services

- Resources 23%
- Proven track record 20%
- Experience 18%
- Reporting 16%
- Value for money 14%
- One stop shop 9%

### **Cash in Transit**

- Proven track record 27
- Experience 24%
- Resources 21%
- Value for money 19%
- One stop shop 9%

### **Pricing**

Armourguard's price was lower than Caughey Dignon's however due to the weighting of the evaluation criteria the quality scores achieved by Caughey Dignon mean they were recommended as the preferred supplier.

These quality scores are supported by Staff's direct experience with both suppliers. Caughey Dignon consistently perform above expectations and go the extra mile in carrying out tasks required of them. In addition, they support community initiatives (notably City Safe, which receives substantial additional services at no cost) and demonstrate that they have the wellbeing of the community at the forefront.

Referees were phoned, and all those spoken to had very positive comments about Caughey Dignon, their service and professionalism. There were no matters raised that were of concern, and the comments demonstrated that how they treat Council is how they treat all their clients.

In reviewing the prices with Caughey Dignon at the interactive workshop, they commented that they had priced for the worst-case scenario, and expected that actual costs would be lower. This was not unexpected, as they are not the incumbent, and Council was not able to provide exact details of some services in scope, particularly specifics around what alarm hardware we have.

Caughey Dignon also made an alternative price offer for consideration which provides a Living Wage pricing option. This presented Council with the choice of selecting either their standard pricing, or the Living Wage pricing. If we had selected the Living Wage pricing, then each of their staff is guaranteed to receive the living wage rate for those shifts. As Council does not have a policy on requiring suppliers to provide Living Wage conditions to their staff working on Council contracts, and due to the significant difference in cost this was not recommended.

### **Financial**

Budget for these services has previously been held in a number of cost centres, as the contracts have historically been arranged and managed by a number of different departments. In running this procurement process one of the overarching goals was to coordinate our activities strategically. As a result the budget will be transferred to Business Support and managed with one central contact person for both Council staff and the supplier.

The total amount available in 2019/20 financial year is \$603,000 which covers the full anticipated cost with a contingency of \$25,000 and an allowance of \$2,000 for secure document destruction (which is outside this contract, but the budget for which will sit in the same cost centre).

All figures quoted are exclusive of GST.

### **General Manager Approval**

That CON18002 for Security and Related Services was awarded to Caughey and Dignon Limited (Northern Districts Security) for the estimated annual sum of \$ 576,580 (excluding GST).

### 3.0 Communications

Nil to report
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### 4.0 Finance

Nil to report
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### 5.0 ICT

PRO17055 Asset and GIS Management Upgrade – Contract Project Management Services
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#### Background

After the sudden passing of the contract Project Manager for the Asset and GIS Management upgrade project, a replacement Project Manager needed to be contracted.

The ICT Manager and Specialist ICT Project Manager reviewed total of 8 CVs of candidates that could suit this role as well as an Offer of Service from Opus Consulting – a locally based consultancy specialising in Infrastructure Asset Management. The CVs were provided to the ICT department following the recruitment of a Project Manager for Business Improvement department.

Taking into consideration that this project needs to be completed by November 2019, to allow predictive modelling capabilities of the new system as input into the next LTP, it was thought prudent to review this list of CVs to see if a potential candidate could be identified, thus narrowing it down to one candidate and Opus Consulting. After the interview process with Mal Snaize (t/a IT Stuff) and meeting with representative from Opus Consulting, the panel unanimously decided that Mal Snaize was an ideal candidate to be contracted in the role of Project Manager.

The contract for services was signed 19 December 2018 with actual commencement of services on 9 January 2019.

#### Variation in Procedure to Council's Tendering and Purchasing Policy

Having compared Mal against the other candidates and noted his high suitability to this role, it is envisaged that a tender or RFP process would not provide any further benefits but would add further costs to the process. It was therefore recommended that this variation to the procurement process be approved in this instance.

A variation to the procurement policy was recommended by the Specialist ICT Project Manager and were approved by the ICT Manager, Corporate Group General Manager and Chief Executive in December 2018.

#### Financial

Budget for this contracted service sits within the project budget. The estimate budget for this agreement was \$120,000 as per the signed variation to procurement policy and is subject for confirmation via the project planning process.

All figures quoted are exclusive of GST.

### General Manager Approval

That PRO17055 - Contract Project Manager Services for the Asset and GIS project was awarded to Mal Snaize (trading as IT Stuff) for the estimated annual sum of \$ 120,00 (One Hundred and Twenty Thousand Dollars) excluding GST.

## 6.0 Revenue

Nil to report
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## 7.0 Democracy and Assurance

CON17058 Electoral Services Contract
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### Overview

In November 2018, the Chief Executive (CE) approved a recommendation for a Variation in Procedure to Council's Tendering and Purchasing Policy in relation to the Electoral Services Contract.

The CE approved the continued appointment of Dale Ofoske from Independent Election Services Limited as Council's Electoral Officer and to re-appoint Independent Election Services Limited to provide consultancy services for the 2019 triennial election and any other electoral services to 30 June 2020.

### Background

Whangarei District Council's contract with Independent Election Services Limited, and Dale Matthew Ofoske, for the 2016 Triennium expired on 30 June 2017. The contract value was \$262,500 plus GST, with \$131,250 plus GST being reimbursed to Council post-election from the Northland Regional Council and the Northland District Health Board for their share of the total cost.

The Local Electoral Act 2001 requires that Council has an electoral officer engaged at all times. The Act states that unless that electoral officer dies, resigns, is dismissed from office or becomes incapable of acting, that person remains in office until his or her successor comes into office. Therefore, the officer's appointment as the Electoral Officer remained notwithstanding that the contract for electoral services had expired.

A new contract was required to cover the period from 1 July 2017 to 30 June 2020, for the 2019 Election Triennium.

The new contract value was \$302,600 plus GST with the condition that 50% of this sum would be reimbursed to Council post-election, being the portion of costs due to Council from the Northland Regional Council and the Northland District Health Board.

The services required by the contract covered both electoral officer duties and general consultancy services for the running of the triennial election and any other election issues that may arise during the term of the contract, for example, by-elections, representation reviews.

The Procurement Policy requires that due to the value of this contract an advertised open tender process should be undertaken. Council has been using Dale Ofoske for at least the past three triennial elections.

There is only one other provider of election services in New Zealand, Electionnz.com which is based in Christchurch.

Preliminary work was undertaken in 2017 to determine the procurement method for these services. Through a workshop with key staff it became evident that there were aspects of this contract that suggested that the current contractor was more fit for purpose than the only other option, Electionnz.com. At that time staff were of the understanding that Electionnz.com did not provide representation review advice. This was critical as Council was about to undertake that review.

At that point work on the procurement process stopped to enable staff to reassess the process. Due to staff departures and the need to concentrate on the representation review, this procurement process has not progressed.

On review of the needs of Council for these services it was recommended that Council continues to use Dale Ofoske and Independent Election Services Limited (IES) to provide election services for the triennial election on 12 October 2019 and general election consultancy services to 30 June 2020.

The reasons for this were:

- Dale and IES have enormous knowledge of the history of the electoral issues of Whangarei District Council;
- IES is based in Auckland which provides the following benefits to Council:
  - Accessibility – Dale can be in Whangarei to discuss any issues with staff or elected members at short notice.
  - On election day, having the processing of the votes in Auckland means that it is easier to get the voting documents there on that day, and consequently we will get the results of the election earlier.
  - Dale and IES provide specific training for Council staff on election processes, and therefore it is easier and cheaper for staff to access this training.
- Dale is the electoral officer for all of the Northland councils as well as the Northland District Health Board. This has the following benefits:
  - The cost sharing memorandums of understanding are simpler due to not having multiple electoral officers.
  - The Councils can share the costs and logistics of delivering the voting papers on election day – this has historically been done by creating a vote train from the Far North, to Whangarei, picking up Kaipara District Council votes along the way for final delivery to the IES office in Auckland for processing.

Historically Dale and IES have provided specific election training for the Northland Councils – this creates cost savings as it is delivered at one of the Councils in Northland and it is more personal and specific to our Council.

## **Financial**

Election costs are included in the 2019-20 budget.

## **General Manager Approval**

The Variation from Policy was approved by the General Manager Strategy and Democracy, and the Chief Executive.

## 4.4 Whangarei District Council 2019 Credit Rating

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 24 April 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To inform Council of the updated credit rating from Standard and Poors.

### 2 Recommendation

That the Finance and Corporate Committee receives the 2019 Standard and Poors credit rating report and notes its contents.

### 3 Background

Whangarei District Council (WDC) uses the ratings agency Standard and Poors (S&P) to provide our credit rating, which allows LGFA, banks and other funders to determine the risks involved in lending to WDC and thus the interest rates our debt incurs. The better our credit rating, the less interest we are charged on debt. In addition, the credit rating process provides a hardnosed independent commercial assessment of WDC's financial position, financial policies and management capability. This serves to provide evidence to Elected Members and ratepayers of the state of WDC's financial position and strategy.

### 4 Discussion

#### **Whangarei District Council's Credit Rating AA (Positive)**

S&P have re-confirmed WDC's long term credit rating at AA with a "Positive" outlook (see Attachment 1). This is the highest credit rating WDC can receive at this time as WDC cannot be rated ahead of the NZ Government.

Strong, disciplined and consistent financial management has seen WDC lift its credit rating from AA- to AA in the three years since the current financial strategy was adopted in the 2015 – 2025 Long Term Plan. WDC is now one of just seven councils in New Zealand with this credit rating.

#### **WDC Credit Profile stronger than NZ Government**

In the commentary, S&P state that "the positive outlook reflects that on the New Zealand sovereign ... Although we assess Whangarei as having a stand-alone credit profile higher than the sovereign's, we cap our ratings on Whangarei at that of New Zealand's long-term

foreign-currency rating because, under our criteria, the council does not meet the conditions to be rated above the sovereign. We do not believe any New Zealand council could maintain stronger credit characteristics than the sovereign in a stress scenario.

We could raise our ratings on Whangarei within the next two years if we were to do the same for New Zealand, all else being equal.”

This is an exceptional result and is directly attributable to Council preparing and sticking to a robust financial strategy as outlined in the Draft 2019/20 Annual Plan.

### **Commentary**

S&P note that “our ratings on Whangarei reflect its robust financial management, high level of fiscal flexibility, and New Zealand's excellent institutional settings. We expect Whangarei to record modest after-capital deficits during the next few years as it rolls out an elevated program of capital expenditure. Its debt burden should remain roughly stable, however, because the council has already borrowed to prefund much of its upcoming spending. Whangarei's debt service coverage has improved, which is a function of its debt maturity profile and higher holdings of cash and cash equivalents.

However, they also indicate that “we would revise our outlook on Whangarei to stable if we were to take a similar action on New Zealand or if Whangarei's own creditworthiness deteriorates substantially from our current expectations. The latter could occur if the council's after-capital deficits were to widen significantly and over a longer timeframe than we currently forecast, resulting in a sharp rise in debt. Such developments might also cause us to reassess our view of Whangarei's financial management.”

## **5 Conclusion**

Standard and Poors have assessed WDC credit worthiness in considerable detail and concluded that our credit rating is extremely strong and at the top tier of New Zealand councils.

This is an exceptional result and reinforces the decision to set a strong financial strategy and stick to it over the past three years while also planning to do so into the future.

## **6 Significance and engagement**

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

## **7 Attachment**

2019 Credit Rating Report



# RatingsDirect®

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## Research Update:

# Whangarei District Council 'AA/A-1+' Ratings Affirmed; Outlook Positive

### Primary Credit Analyst:

Martin J Foo, Melbourne + 61 3 9631 2016; [Martin.Foo@spglobal.com](mailto:Martin.Foo@spglobal.com)

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## Research Update:

# Whangarei District Council 'AA/A-1+' Ratings Affirmed; Outlook Positive

## Overview

- We expect Whangarei District Council's debt burden to remain roughly stable and its fiscal metrics to remain strong even as it rolls out an elevated program of capital expenditure.
- Whangarei's liquidity is improving. The ratings continue to be supported by the council's robust financial management, fiscal flexibility, and New Zealand's excellent institutional settings.
- We are affirming our 'AA/A-1+' issuer credit ratings on Whangarei. The outlook remains positive, reflecting the positive outlook on the New Zealand sovereign.
- We currently assess Whangarei's stand-alone credit profile to be higher than New Zealand's. However, we believe the council could not withstand a stress scenario better than the sovereign could, and so our ratings on the council remain constrained by our long-term foreign-currency rating on New Zealand.

## Rating Action

On April 9, 2019, S&P Global Ratings affirmed its 'AA' long-term foreign- and local-currency and 'A-1+' short-term issuer credit ratings on Whangarei District Council, a New Zealand local government. The outlook on the long-term ratings is positive.

## Outlook

The positive outlook on Whangarei reflects that on the New Zealand sovereign, because our ratings on Whangarei are constrained by our long-term foreign-currency rating on New Zealand. We could raise our ratings on Whangarei within the next two years if we were to do the same for New Zealand, all else being equal.

## Downside scenario

We would revise our outlook on Whangarei to stable if we were to take a similar action on New Zealand or if Whangarei's own creditworthiness deteriorates substantially from our current expectations. The latter could occur if the council's after-capital deficits were to widen significantly and

over a longer timeframe than we currently forecast, resulting in a sharp rise in debt. Such developments might also cause us to reassess our view of Whangarei's financial management.

## **Rationale**

Our ratings on Whangarei reflect its robust financial management, high level of fiscal flexibility, and New Zealand's excellent institutional settings. We expect Whangarei to record modest after-capital deficits during the next few years as it rolls out an elevated program of capital expenditure. Its debt burden should remain roughly stable, however, because the council has already borrowed to prefund much of its upcoming spending. Whangarei's debt service coverage has improved, which is a function of its debt maturity profile and higher holdings of cash and cash equivalents.

The positive outlook reflects that on the New Zealand sovereign (see "New Zealand Outlook Revised To Positive On Improving Fiscal Position; 'AA+' LC And 'AA' FC Ratings Affirmed," published Jan. 31, 2019). Although we assess Whangarei as having a stand-alone credit profile higher than the sovereign's, we cap our ratings on Whangarei at that of New Zealand's long-term foreign-currency rating because, under our criteria, the council does not meet the conditions to be rated above the sovereign. We do not believe any New Zealand council could maintain stronger credit characteristics than the sovereign in a stress scenario.

### **Ratings remain supported by robust financial management and New Zealand's excellent institutional framework**

Whangarei's fiscal processes are credible and well established, with the council preparing long-term plans every three years, annual plans in the intervening years, and audited annual reports, in line with New Zealand requirements. The council's treasury and risk-management policy sets prudent limits on external borrowing, liquidity, and interest-rate risks. Whangarei borrows only in local currency, in accordance with legislation. Like all New Zealand district councils, Whangarei is governed by an elected group of councilors, led by a mayor. The next local elections are scheduled for October 2019. Day-to-day management is delegated to a full-time chief executive.

We expect Whangarei's local economy to continue to perform soundly. The district had an average GDP per capita of about US\$32,000 between 2015 and 2017, according to figures from New Zealand's Ministry of Business, Innovation, and Employment. This is high by international standards, but a little lower than New Zealand's three-year average of around US\$41,100. The local economy is somewhat concentrated because it is reliant on manufacturing, which accounts for about 22% of district GDP. Whangarei is home to the only oil refinery in New Zealand and is a recognized boatbuilding and marine engineering hub. Its population in 2018 was about 91,400.

The institutional framework within which New Zealand local governments operate is a key factor supporting Whangarei's credit profile. We believe this framework is one of the strongest and most predictable globally. It promotes a robust management culture, fiscal discipline, and high levels of disclosure. We note that there are a number of reviews underway at Crown government level that have the potential to affect New Zealand councils, including a Productivity Commission inquiry into local government funding, but we consider it unlikely that these will lead to any major changes within our forecast horizon.

### **Liquidity is improving; fiscal metrics to weaken slightly due to higher capital expenditure**

We expect Whangarei to post modest after-capital deficits during the next few years because of its elevated capital works program. The council's draft budget calls for capital expenditure of NZ\$79.1 million in fiscal 2020 (i.e., the year ending June 30, 2020) and NZ\$88.7 million in fiscal 2021. Like many New Zealand councils, Whangarei typically under-delivers on its capital plans each year. As such, our base-case forecasts incorporate a 20% haircut to budgeted capital expenditure in fiscal 2020 and 2021, roughly in line with the council's historical execution. The largest impending projects are a new civic center, budgeted at NZ\$37 million, and a replacement of the Whau Valley water treatment plant, budgeted at NZ\$30 million, both of which the council expects to complete by the end of fiscal 2021.

Meanwhile, revenue from rates and council fees and charges should grow at a moderate pace. As a result, we expect Whangarei's after-capital deficits to average about 8%-9% of total revenues during the forecast horizon. Operating surpluses should remain robust, averaging about 23.6% of adjusted operating revenues during the five years from fiscal 2017 to 2021. Supporting our ratings on Whangarei is the council's very high level of budgetary flexibility. We estimate that about 94% of operating revenues are modifiable, which means they can be raised or lowered at the council's discretion.

Whangarei's tax-supported debt, as a proportion of operating revenues, should remain stable at around 114% through fiscal 2021, down from 122% at the end of fiscal 2018, despite the forecast after-capital deficits. This is because the council has already borrowed to fund much of its upcoming capital budget through the next two years.

We expect the council's debt-servicing needs during the next 12 months to March 2020 to comprise NZ\$10 million in maturing floating-rate notes; NZ\$10 million in maturing commercial paper, which is regularly rolled over; and about NZ\$6.3 million in interest expenses. We also expect the council to maintain an average of about NZ\$20.9 million in cash and cash equivalents plus access to an undrawn NZ\$30 million facility with Bank of New Zealand, a commercial bank. As a result, we estimate that Whangarei's free cash and available committed bank lines stand at about 194% of its debt-servicing needs for the next 12 months. This ratio has strengthened since last year, when it stood at 110%, partly due to the timing of bullet maturities.

We consider the council's access to external liquidity to be satisfactory. Apart from cash and term deposits, Whangarei does not hold other liquid financial assets. While New Zealand's capital markets are comparatively liquid, they lack depth, given their relatively small size. During the severe market dislocation of 2008 and 2009, some New Zealand councils had difficulty issuing unrated commercial paper. Similar to most of its domestic rated peers, Whangarei sources the majority of its external debt through the New Zealand Local Government Funding Agency (LGFA).

Whangarei's contingent liabilities are limited. Whangarei acts as guarantor to a number of small community and sporting organization bank loans totaling NZ\$250,000. The council also has various outstanding claims against it under the Weathertight Homes Resolution Service, for which it has allowed a contingency of NZ\$1.5 million. The council has a 50% interest in Whangarei District Airport (with the Crown owning the other 50%), which has no external debt. Like many of its domestic peers, Whangarei is a shareholder and joint-and-several guarantor of the LGFA's borrowings. We consider the likelihood that this guarantee will be activated in the near future to be remote.

## Key Statistics

Table 1

Whangarei District Council Key Statistics						
	--Year ended June 30--					
(mil. NZ\$)	2016	2017	2018BC	2019BC	2020BC	2021BC
<b>Selected Indicators</b>						
Operating revenues	113	123	126	126	132	138
Operating expenditures	82	89	95	101	102	104
Operating balance	31	33	30	25	30	34
Operating balance (% of operating revenues)	27.1	27.3	24.3	20.1	22.5	24.8
Capital revenues	18	23	22	21	22	18
Capital expenditures	43	41	46	59	63	67
Balance after capital accounts	6	16	7	(13)	(12)	(14)
Balance after capital accounts (% of total revenues)	5	11	4	(9)	(8)	(9)
Debt repaid	57	51	61	60	51	64
Gross borrowings	64	60	51	49	50	77
Balance after borrowings	13	25	(4)	(24)	(13)	(1)
Modifiable revenues (% of operating revenues)	94.4	93.8	93.0	94.7	94.7	94.6
Capital expenditures (% of total expenditures)	34.2	31.4	32.8	36.9	38.3	39.1
Tax-supported debt (outstanding at year-end)	154	164	153	143	143	157

Table 1

Whangarei District Council Key Statistics (cont.)						
	--Year ended June 30--					
(mil. NZ\$)	2016	2017	2018BC	2019BC	2020BC	2021BC
Tax-supported debt (% of consolidated operating revenues)	136.4	133.6	122.0	113.5	108.7	114.0
Interest (% of operating revenues)	7.4	6.3	6.2	5.0	4.8	5.0
Local GDP per capita (single units)	44,757	47,401	N/A	N/A	N/A	N/A

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. Base case reflects S&P Global Ratings' expectations of the most likely scenario. Downside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with a downgrade. Upside case represents some but not all aspects of S&P Global Ratings' scenarios that could be consistent with an upgrade. BC--Base case.

## Ratings Score Snapshot

Table 2

Ratings Score Snapshot	
Key Rating Factors	
Institutional framework	Extremely predictable and supportive
Economy	Average
Financial management	Very strong
Budgetary flexibility	Very strong
Budgetary performance	Strong
Liquidity	Strong
Debt burden	High
Contingent liabilities	Very low

S&P Global Ratings bases its ratings on local and regional governments on the eight main rating factors listed in the table above. Section A of S&P Global Ratings' "Methodology For Rating Non-U.S. Local And Regional Governments," published on June 30, 2014, summarizes how the eight factors are combined to derive the foreign currency rating on the government.

## Key Sovereign Statistics

Sovereign Risk Indicators. Interactive version available at <http://www.spratings.com/sri>.

## Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria | Governments | International Public Finance: Methodology: Rating Non-U.S. Local And Regional Governments Higher Than The Sovereign, Dec. 15, 2014
- Criteria - Governments - International Public Finance: Methodology For

Rating Non-U.S. Local And Regional Governments, June 30, 2014

- Criteria - Governments - International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs, Oct. 15, 2009
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Related Research

- Ratings History List: Asia-Pacific Local And Regional Government Ratings Since 1975, March 8, 2019
- Local Government Debt 2019: Global Debt Stock, Outside The U.S., To Exceed US\$11 Trillion By 2020, Feb. 26, 2019
- New Zealand Outlook Revised To Positive On Improving Fiscal Position; 'AA+' LC And 'AA' FC Ratings Affirmed, Jan. 31, 2019
- Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments, Nov. 12, 2018
- Default, Transition, And Recovery: 2017 Annual International Public Finance Default Study And Rating Transitions, June 11, 2018

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion.

The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria and Research').

## Ratings List

### Ratings Affirmed

Whangarei District Council

Issuer Credit Rating

AA/Positive/A-1+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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## **4.5 Operational Report – Finance and Corporate – April 2019**

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 28 April 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### **1 Purpose**

To provide a brief overview of work across services that the Finance and Corporate Committee is responsible for.

### **2 Recommendation**

That the Finance and Corporate Committee notes the operational report for April 2019.

### **3 Background**

The purpose of the Finance and Corporate Committee is to oversee Council and CCOs financial management and performance, including operation of the administrative and internal support functions of Council.

This report provides a brief overview of some of the operational highlights for April 2019 and provides some further comment on future planned activities.

### **4 Significance and engagement**

The decisions or matters of this agenda do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda publication on the website.

### **5 Attachment**

Operational Report – Finance and Corporate – April 2019



# Operational Report – Finance and Corporate – April 2019

## Information Communications Technology (ICT)

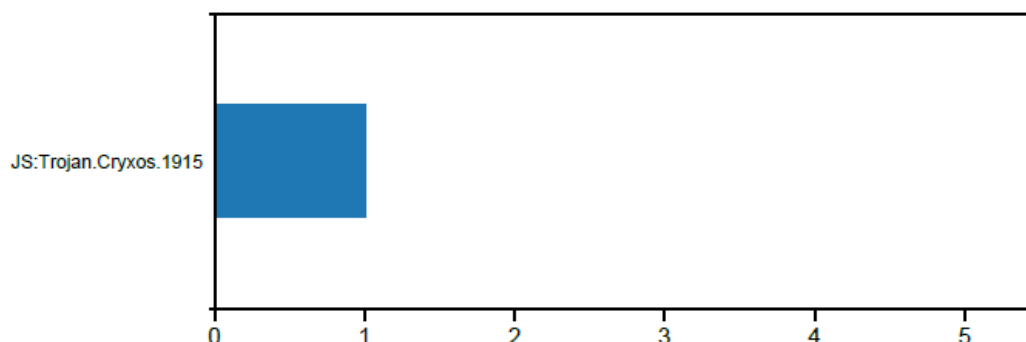
ICT Teams are supporting the organisation with business as usual (BAU) requests. Project work is not without challenges but overall progressing well.

### ICT Operations

We are finalising a revised preventative maintenance schedule (e.g. clean-up, replacement of routers and tasks etc.) to ensure our remaining ICT infrastructure is stable, reliable and suited for new and future initiatives. We also need to ensure we are appropriately resourced for minor works.

Operational activities include:

- Upgrading of our firewall and updating of the management software - completed
- Upgrading server antivirus
- Cyber training – 75% of staff have completed the training. Training links have been resent to staff that have not completed. The training and the training will also be offered to Elected Members.
- IT Hardware Audit – in progress
- Currently planning:
  - the next round of Windows feature upgrades for all desktop devices to be deployed in April/May
  - Northland Events Centre (NEC) – implementing a service level agreement (SLA) with NorthCloud
  - Providing Service Desk with appropriate access to provide Level 1 infrastructure support
  - Assisting with the Box Office Move
- Number of viruses blocked by our main firewall only – March.



Virus Name	Allowed Hits	Denied Hits	Hits (%)
JS:Trojan.Cryxos.1915	0	1	100.0
Total: 1	0	1	

- Viruses cleaned off desktop devices – March

Action	Count of occurrence User Computer name
Blocked	3
Cleaned by deleting	47
Connection terminated	6
Deleted	34
<b>Total</b>	<b>62</b>

- Attempts to accessing blocked URL's - 392
- Application and Desktop support – business as usual.
- Operational projects including ICT Project Manager:
  - Remediating critical Disaster Recovery (DR) recommendations – awaiting vendor to commit to date of change.
  - Box Office – Supporting Venue & Events in moving the Forum North Box Office to Te Manawa, The Hub and creation of a kiosk at Forum North to be open for when Ticketek events are on.

**Library updates** – Database refresh completed. Test upgrade underway, has been delayed due to lack of vendor availability.

**ICT DR Exercise** – Second annual exercise scheduled to begin in late August due to timing conflicts with the vendor archive changes, Finance and Revenue commitments.

**Device as a Service (DaaS)** – Draft Business Case being prepared.

## ICT Projects

In general, the Trilogy Phase 2 projects are progressing well although two of them needed some business analysis rework. Several initiatives have been requested of the ICT and Business Improvement departments by the rest of the business, therefore a prioritisation methodology is being worked on by the ICT, Business Improvement and Information Management teams so that every initiative can be validated and prioritised before work is scheduled. A prioritisation exercise is scheduled with the Strategic Leadership Team in mid-May, which will then inform how the Program of work will be affected.

- **Upgrade of Technology One Ci to CiAnywhere** – next software upgrade for Core Council system.
  - Property and Rating - Systems Analysts testing completed and fixes in progress. Also, first full data migration underway.
  - Some Human Resource modules have gone live already
  - Accounts Receivables Debtors successfully gone-live in March.
  - We are now on-track for Contracts go-live in April.
- **Corporate Performance Management** – Business Improvement department is working through analysis and requirements gathering phase. Good progress is being made.
- **Website Platform Redevelopment (Digital Platform)** – Review and re-development of our existing WDC websites.

- An independent consultant has submitted a report reviewing the plan for procuring and delivering the new web platform. Recommendations relating to content and hosting have also been made.
- **Asset Management and GIS upgrade/replacement** – review, upgrade and/or replacement of the existing Asset Management system including a GIS (Spatial System) upgrade (necessary due to the dependencies between the software products).
  - Project is currently making good progress with workshops with TechOne and the internal stakeholders. Training is being organised to provide the Asset Managers a first-hand view of the TechOne system so they can get an appreciation for design and functionality of the new system.
- **Digitisation of Property Files – Execution Phase**
  - Back scanning of files is 98% complete. Analysis has shown that most building applications are submitted from agencies and a small percentage from individuals. A deep dive analysis is being done to understand the impact of increasing the amount of electronic applications (method of delivery) compared to paper applications

### ***ICT Projects (Updates, Delays or Deferrals)***

**Telephony as a Service (TaaS)** – It was intended to upgrade the telephone, voicemail, video conferencing as part of Trilogy phase 2, but due to workload commitments within the organisation, this project was deferred to be re-evaluated for commencement July 2019.

**Data Warehouse** – A data repository for data that does not reside within an existing core application to be captured and/or reported. This project was also to be implemented within Trilogy Phase 2, but has been deferred until after the operational measures have been defined for the Corporate performance management project as this will also provide requirements for the data warehouse.

## **Finance**

### ***2018-19 Annual Report***

Planning for the 2018-19 Annual Report continues to progress both internally and through continued communication with Audit NZ. Interim audit is due to begin on 29 April 2019.

### ***2019-20 Annual Plan***

The Finance team have been comparing the draft 2019-20 operational budget with the March full year forecast to identify any anomalies. Operational changes that have an impact on budgets are also being collated. These will be highlighted in the Council briefing on 30 April.

## ***Audit New Zealand Annual Client Update***

WDC was invited to speak at Audit New Zealand's Annual Client Update in early April. The theme of the update was 'improving trust and confidence in the public sector'. We spoke of the re-engineering of our Annual Report and year end process, our relationship with Audit New Zealand, and our journey over the last five years. Our presentation was well received by the audience. This was a great experience and provided us the opportunity to reflect on the improvements Council has made and share our learnings.

## ***Finance Team Initiatives***

The Finance team are undertaking various improvement initiatives beginning with:

- Reviewing and streamlining our chart of accounts. This will increase accuracy of coding resulting in improved financial reporting and budgeting.
- Reviewing historical reserve balances.

## **Revenue**

### ***Land Rates***

There were 246 sales in March and sales are tracking at 98% of last year's activity. The team working on a forum with local solicitors in early May, to discuss how we can work better together, processing property sales.

There are more than 1,000 CRM's outstanding, these are the revaluation objections and other roll maintenance being processed by Opteon. Council's authorisation of objection maintenance will be delayed until after the Office of the Valuer General's audit which is scheduled for mid-April.

### ***Water Rates***

Water rates revenue in March is summarised below:

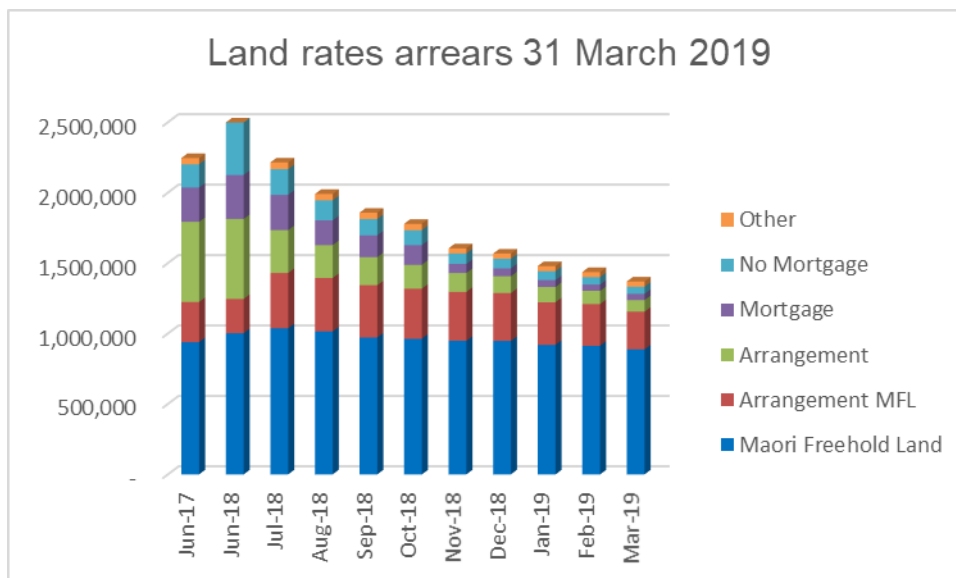
<b>Water Rates Summary - March 2019</b>							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	1,062,570	74,613	10,601	7,547	2,614	- 19,141	256,089
Transactions (Number)	5,223	5,180	280	144	351	20	1,373
Average (\$)	203.44					- 957.06	

## ***Collection and Recovery***

Land rate arrears at 31 March 2019 are:

- \$1,369,000 (February \$1,437,000)
- Māori Freehold Land comprises \$1,156,000 (February \$1,209,000) of arrears.





In February 1,800 arrears letters were sent and this reduced to 700 in March.

Water rates arrears are \$256,000 (1,373 debtors), with \$105,000 (729 debtors) being 90 days or more, with 17 of these owing more than \$1,000. This is 3% lower than last year in March.

## Business Improvement

The Business Improvement Department is heavily involved in a number of ICT Strategic Projects, high priority business initiatives, as well as having responsibility for delivering certain LTP specific Projects.

### *Project Management Initiative*

Description – To create a virtual cross-functional Project Management group to review, agree and implement a standard Project Management approach across the organisation including processes and system.

Timeframe – Completed by June 2020

Status – on track

Progress Made:

- Key stakeholder has reviewed and agreed to the concept paper.
- Preparing the change and communications for this project with the Operational Leadership Team (OLT).

Next Steps:

- OLT to review documentation. This will be preceded by a workshop with the OLT. Following final review, the project will commence.

## ***Continuous Improvement Idea Project (formerly Innovation Funnel Initiative)***

Description – This initiative is a system and process for capturing and processing innovative Improvement ideas so that in the future there is an agreed organisational process for funnelling, prioritising process and system improvement initiatives from ideas to fruition.

Timeframe – Completed by June 2020

Status – on track

Progress Made:

- Preparing the change and communications for this project with the OLT.

Next Steps:

- OLT to review documentation. This will be preceded by a workshop with the OLT. Following final review, the project will commence.

## ***Workflows Systems Development***

Description – the objective of this project is to identify and deliver efficiencies to Council processes. The project has been broken into two phases:

- 1) Identifying high value processes in Council that are candidates for workflow enhancement based on their risk, the amount of time/effort saved through automation, future impacts/links to strategic outcomes and the degree of complexity to support the automation. This body of work is incorporated within the Promapp Initiative.
- 2) identifying options for improving processes and implementing preferred options.

Timeframe – Completed by June 2019

Progress Made:

- The Promapp Initiative is now in planning phase, gaining understanding and acceptance of the approach prior to confirming a project plan and schedule.

Next Steps:

- Operational Leadership Team (OLT) to review documentation. This will be preceded by a workshop with the OLT. Following final review, the project will commence.

## ***Business Improvement Projects (Updates, Delays or Deferrals)***

Workflow Systems Development

Status – Delayed

Reasons:

Phase 1 will be delayed 6 months due to priorities of other projects impacting on resource availability for this project, along with the amount of planning required for the entire project.

Phase 2 will be delayed 24 months due to the dependency on the TechnologyOne CIA Upgrade Project to be implemented and bedded in before any automation activities can occur in the new TechnologyOne CIA environment.

## Business Support

### Information Management

#### Kete Review Project

Organisational wide workshops are being scheduled as the analysis of the environment is nearing completion. This initial workshops held earlier in the year have proved successful in creating engagement with the work ahead.

A full project plan is underway and the project team are particularly mindful of the capacity of the organisation with other projects, in particular Trilogy, in progress and in many cases utilising the same key business users.

High level timeline established as follows:

### Kete Post Go Live Review Project Timeline



**Analysis – Kete**  
Oct 2018 – Feb 2019



**Corrective Planning**  
Feb 2019 – Aug 2019



**Documentation Findings**  
October 2018 – March 2019



**Corrective Implementation**  
Aug 2019 – Feb 2020



**Workshops**  
Feb 2019 – Aug 2019



**Project Completed**  
March 2020

#### Records and Information Plan 2019 – 2020

Work has been delayed on finalisation of a timeline for the actions coming out of the plan and therefore has had a knock-on to the original date for signoff by Alan Adcock – Executive Sponsor. It is expected that signoff will now be completed by the end of April.

### Procurement

March has seen the release of the Electricity Supply Request for Proposal to the market. We continue to have several other smaller related projects working alongside this project, so energy has been an important focus again this month.

Following on from the publishing of the new Procurement Policy late last year, work on updating several key templates has been continuing to provide staff with the tools with which to facilitate projects in line with current policy. This month's focus has been on updating the Variation template, working on how the organisation reports on procurement and introducing a weekly Procurement Clinic, which gives staff an easy way to access advice on any aspect of procurement.

Other major work streams have included:

- The supply of books for the Library
- Section 17A Review – Regulatory Services
- Forum North smoke detection system – Venues & Events WHANGAREI
- Pensioner Housing Management – Community Services
- Security and Related Services – Civic Property team
- Review of NECT Floodlights project

General procurement support and advice continues to be available across the business.

## **Property Assets**

### **Property**

- Security Services Contract – Various issues being worked through by the new contractor, Northern districts Security. Local banks refusing to bank the amount of coin cleared from the machines so it must be taken to Auckland to bank. Working with the Roding Department on finding solutions.
- Tikipunga Library – Car park upgrade completed. Numerous emails received on usability of the space from the public.
- Forum North lift upgrade – Work ongoing and projected to be completed by end of April 2019.
- Walton Plaza – Ongoing work scheduled to resurface the Level 1 deck by the landlord.
- Town Basin – Incidents of intimidation and an assault on the security guard has prompted an email from the contractor, requesting that the patrols be done in pairs due to Health and Safety concerns. Working with the other stakeholders in finding a solution / budget to pay for it.
- Forum North - Repainting has been delayed due to the inclement weather. Scaffolding will be going staged to limit the disruption to the public. Painting is re-scheduled for mid-April, weather permitting. Signage will be refreshed at the same time.
- Ongoing work scheduled to try and consolidate all of the smaller contracts like Waste Management, Milk delivery, other smaller services by external contractors with the eye on cost savings through better coordination, aligned service standards and scale economies.

### **Vehicle Fleet**

- Various vehicles trialled by different departments to align with the vehicle purchasing policy of EV / Hybrid vehicles first. Industry and central government moving away from “EV only” and focusing more on low emission vehicles due to constraints with infrastructure and availability of vehicles being imported.

## **Business Support Projects (Updates, Delays or Deferrals)**

Project	Current Status	Comment
Kete Review	On Track	Workshops organisation wide underway
Emergency Evacuation Schemes for WDC owned buildings	Quotes received. Talking to Contractor to find best practice in rolling it out.	Working across the different Departments (Civic/ Commercial/Community) to roll out in a streamlined manner

## Communications

### *Digital Platform*

The Communications Department is highly active in supporting digital activities across the business. Key staff are assigned to Council's Digital Platform Project as either Project Team Members or Key Business Users.

### *Graphics and Communications*

We handled weekly Council News production together with general communications and marketing, content production, and design service requests from within Council.

Large design projects included:

- a redesign of the CitySafe logo
- a large illustration board for Otuihau
- new signs for the Customer Service Centre
- Our Korero branding updates
- a new H&S Employer handbook
- the April – May What's On brochure
- Festival of Motorsport
- Forum North external signs
- Speed Limit bylaw
- Warriors game
- Pocket Park award application
- Trading and events public places bylaw
- updates to freedom camping bylaw signs
- a new look for the joint Amrmourguard dog desexing campaign.
- collateral for the roll out of Organisational Strategy.

Communications team members have also worked on planning for Election 2019.

### *Annual Plan*

The entire Communications team have been involved in delivering the Annual Plan Communications Plan which involved:

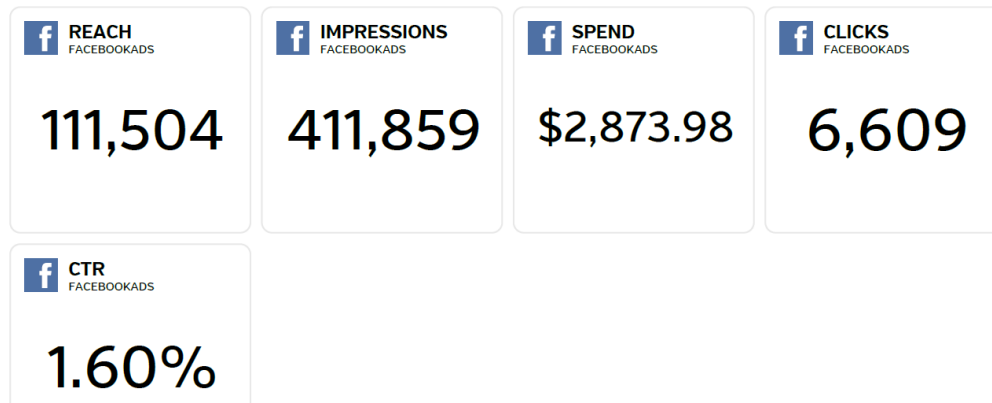
- writing content and designing the Consultation Document,
- Infographic of key projects,
- Shipping Container wrap,
- Community meeting collateral,
- Council News articles,
- website content,
- Facebook posts
- writing the script and coordinating production of the Annual Plan videos.

Our shift to a digital campaign based on four videos telling the visual story of what is planned for 2019-2020 has been very successful in reaching our community. After one week, the video posts had already been viewed by 47,796 people and the videos had been played to the end 12,735 times.

We paused the campaign for two weeks due to the Christchurch shootings as part of a general boycott of Facebook advertising. We restarted it for the final week with some impressive final stats:

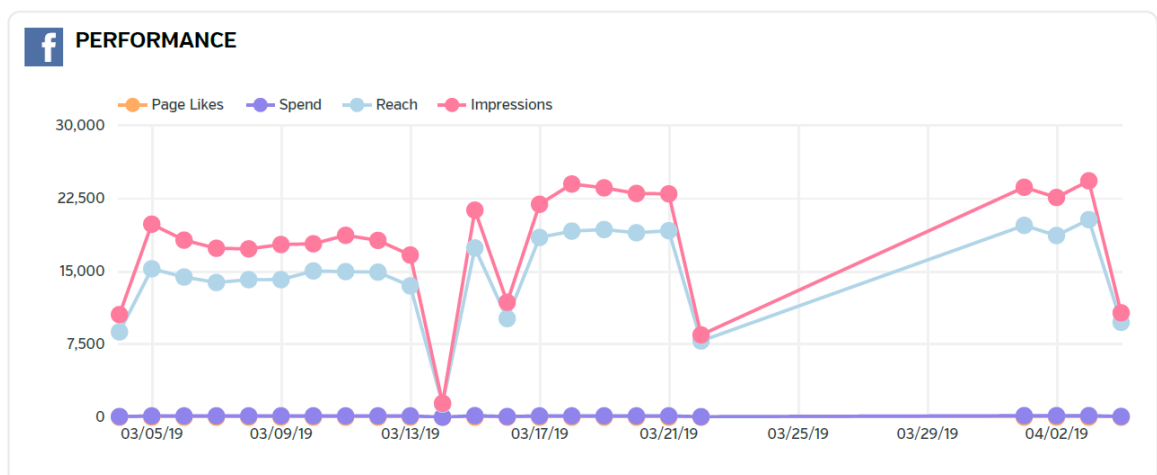
## Facebook Ads - Overview

03/04/2019 - 04/04/2019



Some main points from the above stats:

- We reached 111,504 unique viewers. That means 111,504 members of our District viewed at least one of the videos. A view is classed as a 3 second video view, so not to the very end but it means they do have to pause and watch some of it and not just scroll straight past.
- We served the ads 411,859 times. That means that of the 111,504 viewers, some saw the ads around 3 times. This could mean that they saw different videos too, i.e. the full video, water focus and roading focus for example.
- We received 6,609 clicks with a click through rate of 1.6% - this is huge! 6,609 people cared enough about the message to not only view the video and read the text but also spend the time to click through to the website to read more or make a submission. The click through rate (CTR) is really good, it isn't unusual for a campaign like this that we would see a CTR under 0.5%.
- The full video and the community facilities focus video were the most popular, roading and water didn't reach as many people but the target audiences on these were tighter.
- On the performance graph below a big jump can be seen between 21st March and 1st April, this is when we paused the campaign.



## ***Internal communications***

Internal Communications included compiling the monthly All Staff PowerPoint presentation and collaborating with various departments to produce banners and news stories for Kete.

## ***Mayoral communications***

We researched and wrote speeches for the Mayor and Deputy Mayor, plus crafted the fortnightly Whangarei Advocate column. We also managed communications for the Mayor's office including letters of complaint, congratulations, thanks, requests for mayoral media statements, articles for local publications and forewords for event publications.

## ***Media and public relations***

The following stories relating to Council were covered by local media in February:

- Councillor Bell resigns
- candidates' names to be listed in alphabetical order on voting papers
- Mayor signs local government leaders' climate change declaration
- homeless more visible in city since opening of day centre
- water restrictions in Whangarei District
- memorial service for Christchurch victims
- closing date for Annual Plan submissions
- proposal to ban right turn traffic from Tarewa Road onto State Highway 1
- dog droppings on Hatea Loop walkway
- bins for dog droppings wanted on Waimahanga track
- thank you to road works crew on Kiripaka Road resealing project
- Government to make call on shifting Auckland's port to Northland
- new rally season under way
- expression of interest sought from artists for public artwork at Town Basin
- WDC to broadcast live the National Remembrance Service for those slain in Christchurch
- Parua Bay transfer station to close
- notice of motion relating to Puriri Park housing development
- tsunami siren testing
- airport parking charges
- residents seek public notification of Puriri Park housing development
- rubbish disposal charges
- need for new theatre
- Auckland company awarded contract for new building
- poor state of Memorial Drive
- possibility of Northland rail re-opening
- Wright Road sealing
- march to honour those who died in Christchurch mosques
- PGF funding for Northland projects
- vehicle entrance to iSite being upgraded
- Fritter Festival pictures
- speed platforms to slow traffic in Keyte and Churchill Streets
- Bascule car park work begins
- Opteon begins reviewing valuations
- migrant community meet police following mosque shootings
- Daisley ordered to pay costs to WDC
- part of Hundertwasser floor poured.

- long grass and weeds in Kioreroa cemetery
- Whangarei businesses miss out on civic centre project
- compliments for work on Tikipunga library and children's park
- sale of park land in Puriri Park Road
- tsunami risk at RSA site
- nominations wanted for Civic Honours recipients
- 50th anniversary of Waipu Wildlife Refuge
- RSA precinct selected for new civic centre
- Northchamber strategic plan
- Kiripaka Road resurfacing
- highest ticket sales for Fritter Festival since event began
- light rail better than highway to link Whangarei and Auckland
- thanks to Cr Morgan for opening concert to mark 50 years of Northland branch of Registered Music Teachers
- time for WDC to declare position on Puriri Park housing debacle
- concern about bascule bridge closure causing delays for vehicles
- Parua Bay development
- transfer station charges
- Saturday parking infringements driving away CBD shoppers
- new civic centre
- chip sealing roads
- Annual Plan information on display in shipping container
- Beach Road closed for run
- Seaweed begins 4 March
- Sherwood Park basketball court extended
- call to ban sale of fireworks to public
- Warriors game chance to prove NEC suitable for other sporting fixtures
- voting system
- Te Matau a Pohe carpark
- plan change process
- resealing roads with metal chip

## Social Media

Highest Posts Reach on Facebook in March:

1. **Great things happening at Bascule Park** - Workers set up fences to let people safely detour around the site while the area is paved. Sixty-three new car parks and eight camper van parks will be going in, along with planting. The car park will be closed for two months. In the meantime the loop is still working as usual, just with a bit of a diversion past this area.  
**9,877 people reached. 1,904 engagement by either post clicks and/or comments/reactions/shares.**
2. **Temporary Road Closure - Tangowahine Valley Road Bridge Upgrade** – The closure is in the Kaipara District, but it will affect Northland Road users. The road will be closed from 6am on Monday 15 April and reopens Thursday 18 April 2019 at 12pm.  
**10,916 people reached. 1,673 engagement by either post clicks and/or comments/reactions/shares.**
3. **Giveaway time - Sustainability Strategy** – Giveaway time! To celebrate our new Sustainability Strategy we are giving away two free eco-friendly packs from Eko Hub.....  
**4,674 people reached. 577 engagement by either post clicks and/or comments/reactions/shares.**



Facebook page 'Likes' have been increasing organically and steadily for the month. Likes for March (as at 29 March 2019) = 6,825 (**100** more likes since 28 Feb 2019).

## **Website**

Website traffic continues to grow from last year, while following similar trends in days-of-week.

Customers are more actively engaging with more pages on our website. Mobile and tablet users show the most increases as more and more people use these devices to surf the internet and use our website.

## **Branding Refresh Update**

The Communications Team has continued to work with Big Fish to finalise the brand architecture of Council's stable of brands at a strategic level as well as finalising the brand book, brand guidelines and new publishing process. The first version of the brand book, new brand illustrations, brand architecture, and brand video are now complete. We are now finalising use of refreshed Love It Here! brand and how it fits with the parent Council brand.

The roll out of the new logo is progressing well with external signs, event branding and street flags our current focus.

The next step for this project is an internal Communications Plan to communicate the changes to staff with a May roll-out planned.

## **People and Capability**

### **Organisation Strategy**

Whanau groups have been meeting over the past month establishing expectations, setting up their plans for the coming months and getting to know each other better. Feedback from these cross functional groups has been very positive. The Bryde whanau raised just over \$1,000 from staff for Gumboot Day – the funds are to go towards helping our kids get free and timely counselling

### **Learning and Development**

*Accelerated Leadership Programme:* We have partnered with the Northland Regional Council again this year to offer the Accelerated Leadership Programme to our new and up and coming Leaders. The programme runs for 1 day per month over 5 months. It is highly interactive, practical, and designed to allow participants to discuss and debate the qualities and behaviours of great leaders, including how to be an authentic leader, make a difference in their role, and deliver results for their councils.

*Contracts and Service Level Agreements:* we will be running specialised workshops in this area this month for those staff who need to further develop their ability to work collaboratively with suppliers in a fast, simple and pragmatic way.

### **Legislative changes**

We have had a number of legislative changes that have affected our area recently including:

- Payday filing
- Domestic Violence Leave and flexible working

- Increase in minimum wage
- Meal and tea break provisions

## Recruitment

We are still having trouble recruiting Planners. This is a nationwide issue that has been exasperated by the fact that the number of graduates in Planning are at an all-time low.

## New Employees, Transfers, Vacant Positions and Leavers

New Employees/Transfers	Name	Start Date
Project Accountant	Karen Giles	4-Mar-19
Infrastructure Planner	Christine Niblock	11-Mar-19
Team Leader - Building Approvals & Compliance	Marc Donaldson*	11-Mar-19
CCO Project Coordinator	Joanne Tasker	11-Mar-19
Planner - District Plan	Taya Baxter*	18-Mar-19
Water Treatment Technician	Chris Joseph	25-Mar-19

Roles filled and waiting to start	Name	Start Date
Team Leader - Environmental Health	Fiona Eames*	1-Apr-19
Customer Relations Coordinator (Fixed Term)	Taylor Thomassen	1-Apr-19
RMA Approvals and Compliance Officer	Conor Bradley	8-Apr-19
Senior Planner	Lex Wright*	8-Apr-19
Manager – Communications	Jane Ashley	6-May-19
Distribution Technician - Water	Tim Gibbs	13-May-19

- \* Internal Applicant

Roles not yet filled	Status
Senior Projects Engineer - Pavements (NTA)	Hold
Roading Project Engineer	Hold
AV Technician	Hold
Support Assistant – Building Inspections	Hold
Systems Accountant	Reviewing/Hold
Team Leader - Major Event Planning & Admin	Reviewing
Team Leader - Development Engineering	Reviewing
Urban Designer/Graduate Strategic Planner	Closed
Team Leader - RMA Consents	Closed
Project Engineer / Project Manager - Infrastructure	Preferred Candidate
Manager - Business Support	Interviewing
Engineering Officer - Waste & Drainage	Interviewing
Wastewater Treatment Technician	Interviewing
Team Leader - Service Centres	Interviewing
Revenue Administrator (Fixed Term - 12 Months)	Interviewing
Manager - Waste & Drainage	Interviewing
Environmental Health Officer	Shortlisting
Librarian - Central & Outreach Services	Shortlisting
Senior Planner - RMA Consents	Shortlisting
Planner - RMA Consents	Shortlisting
Building Control Officer	Shortlisting
EA to GM Planning & Development	Shortlisting
Support Assistant - District Plan (Fixed Term/Part Time)	Shortlisting
Support Assistant - District Plan	Shortlisting
Data Warehouse Administrator	Shortlisting
Business Support Clerk	Shortlisting
Team Leader - Development Contributions	Shortlisting
Venues & Events Coordinator	Advertising
Senior Building Control Officer	Advertising
Building Control Officer	Advertising

<b>Leavers</b>	
Stefan Naude	Senior Compliance Adviser
Liz Madden	Venues & Events Coordinator
Kevin Richards	Senior Building Control Officer

## Democracy and Assurance

The Democracy Team supported eight Council and Committee meetings, one Council briefing and five Council Workshops. Fifty-five liquor licence applications were processed for determination by the Chair of the District Licensing Committee.

The Council meeting on 28 March was well attended by members of the public in support of speakers at the Public Forum session of the meeting. The Democracy Team, along with the Venues and Events team and Health and Safety representatives coordinated the accommodation of this large public contingent into the Expo Hall (Te Kotahitanga) at Forum North, where members of the public were able to view a livestream recording of the meeting.

### *Proposed changes to Local Government reorganisation process*

The Minister of Local Government has released a media statement setting out proposed changes to the Local Government reorganisation process.

<https://www.beehive.govt.nz/release/improvements-local-government>

The key changes include reinstatement of the requirement that requests can only be initiated by ten per cent of the electors of an affected area, and introduction of a new locally-led reorganisation process, where local authorities can investigate reorganisation proposals themselves.

Currently, any individual can request that the Local Government Commission investigate a proposal to reorganise or amalgamate a local authority.

This is the first stage of a programme to disestablish the Local Government Commission in its current form. Stage two will consider new ways of carrying out necessary ongoing functions, in partnership with local government.

These changes will be implemented through the Local Government Act 2002 Amendment Bill (No 2), currently awaiting committee of the whole House. Once enacted, all reorganisation requests, except for those already accepted by the LGC, will need to meet the new requirements for significant community support.

### *Elections 2019*

The 2019 triennial elections are due to be held on Saturday 12 October 2019. Council's Electoral Officer for the election is Dale Ofoske from Election Services. Planning for the Elections is well under way, with staff working under the guidance of Dale and his team. Election Protocols for staff will be released soon.

### *Official Information requests*

19 official information requests have been received by Council since the last operational report in March 2019. Council received 248 requests during 2018 and with 62 requests having been received during the year to date we are on track to receive a similar number during 2019. The following is a summary of the requests received during March/April 2019:

- Request for records of noise complaints associated with a specified address.
- Request for copy of council's BCA technical manual as it was between 2011 and 2013.
- Request for copy of written guidelines on responding to requests for information.
- Request for copies of consents granted by council for a specified property in the last 20 years including any associated management plans submitted.
- Various questions relating to a decision to allow the grazing of stock on road reserve on Pigs Head Road.
- Request for copy of legal opinion relating to dog prosecution matter.
- Request for information relating to decision to grant a specified resource consent in the context of a wider appeal to the Environment Court.
- Request for copy of an abatement notice and associated correspondence in relation to a specified address.
- Various questions relating to the imposition of Notices to Fix and an Infringement Notice in relation to a specified property.
- Request for contact details in relation to a specified address.
- Request for all correspondence between council staff and staff from the Ministry of Education and Housing New Zealand regarding land on Puriri Park Road.
- Request for all information regarding the creation of easements and resource consent documentation for a specified address.
- Request for copies of email correspondence regarding a building consent refund.
- Request for copy of 2016 Ruakaka sports ground feasibility study and any other feasibility studies on Astro Turf / Tiger Turf installations in the District.
- Various requests relating to a confidential report to council.
- Request for information associated with a specified address.
- Request for information associated with a dog attack.
- Request for historical ratepayer information associated with a specified address.
- Various questions about conditions relating to domestic cats in a resource consenting context.

## ***Audit and Risk***

The Council Controlled Organisation (CCO) Co-ordinator is now in place and they are beginning to work on the CCO Governance framework. This will improve how we work with our CCOs. This role does not change the key contact points across council for our CCO relationships.

Following the successful roll out of the delegation training there were over 100 queries raised. Staff are working through these one by one to ensure that we have appropriate responses or ensure formal delegation change requests are processed if any changes are identified. Any changes requests that are accepted will be notified to the Audit and Risk committee, and where required, be presented to Council for adoption.

The first internal audit for the calendar year is due to start on 8 April, this will review our adherence to policies around contract management. The report from this audit will be presented to the Audit & Risk Committee in June.

## ***Consultation and Engagement***

The consultation period for the 2019-20 Annual Plan finished on 4 April 2019. At the time of closing, 178 formal submissions had been received, with 61 submitters wishing to speak to their submission at a formal hearing scheduled for 16 April 2019.

Feedback received via public meetings, community events, advisory groups and social media has been themed by the Strategy team, along with the formal submissions, in preparation for Deliberations on 9 May 2019. The Communications section of this report highlights the visibility of Annual Plan collateral through social media.

## Māori Relationships

Recently the team with the new Northland Regional Council (NRC) Māori Manager Auriole Ruka, a brief introductory meeting to discuss Māori Collaboration with NRC. The new manager has agreed to host a wider regional hui with other Māori Relationship departments in Tai Tokerau.

The team also supported the Mayor with the International Students Whakatau to welcome international students to Whangarei.

In addition MfE are meeting with Te Huinga to korero about their aspiration relating to RMA associated matters for Māori, which will include commissioner training.

Ngati Kahu o Torongare kaumatua, along with Council staff ensured the relevant karakia were recited at the recent blessing at the site of the new Potter Park in Tikipunga. This cultural and spiritual process acknowledged the importance of this project. Hapū, staff and contractors represented their respective organisations.

Hapū were involved with karakia and adhering to cultural and spiritual process for the commencement of the Mackesy Track upgrade.



**RESOLUTION TO EXCLUDE THE PUBLIC**

That the public be excluded from the following parts of proceedings of this meeting.

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

1.	The making available of information would be likely to unreasonably prejudice the commercial position of persons who are the subject of the information. {Section 7(2)(c)}
2.	To enable the council (the committee) to carry on without prejudice or disadvantage commercial negotiations. {(Section 7(2)(i))}.
3.	To protect the privacy of natural persons. {Section 7(2)(a)}.
4.	Publicity prior to successful prosecution of the individuals named would be contrary to the laws of natural justice and may constitute contempt of court. {Section 48(1)(b)}.
5.	To protect information which is the subject to an obligation of confidence, the publication of such information would be likely to prejudice the supply of information from the same source and it is in the public interest that such information should continue to be supplied. {Section 7(2)(c)(i)}.
6.	In order to maintain legal professional privilege. {Section 2(g)}.
7.	To enable the council to carry on without prejudice or disadvantage, negotiations {Section 7(2)(i)}.

**Resolution to allow members of the public to remain**

If the council/committee wishes members of the public to remain during discussion of confidential items the following additional recommendation will need to be passed:

**Move/Second**

"That \_\_\_\_\_ be permitted to remain at this meeting, after the public has been excluded, because of his/her/their knowledge of Item \_\_\_\_\_.

This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because \_\_\_\_\_.

*Note:*

*Every resolution to exclude the public shall be put at a time when the meeting is open to the public.*