

## Finance and Corporate Committee Agenda

**Date:** Thursday, 30 May, 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>	
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# 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:** Wednesday, 24 April, 2019  
**Time:** 9:00 a.m.  
**Location:** Council Chamber  
 Forum North, Rust Avenue  
 Whangarei

<b>In Attendance</b>	<b>Cr Shelley Deeming (Chairperson)</b> <b>Her Worship the Mayor Sheryl Mai</b> <b>Cr Crichton Christie</b> <b>Cr Vince Cocurullo</b> <b>Cr Tricia Cutforth</b> <b>Cr Sue Glen</b> <b>Cr Phil Halse</b> <b>Cr Cherry Hermon</b> <b>Cr Greg Martin</b> <b>Cr Sharon Morgan</b> <b>Cr Anna Murphy</b>
<b>Not in Attendance</b>	<b>Cr Gavin Benney</b> <b>Cr Greg Innes</b>
<b>Scribe</b>	<b>Jennie Thomas (Democracy Adviser)</b>

Cr Shelley Deeming acknowledged Alan Adcock's recent prestigious award to an Overseas Manager Exchange to Queensland, Australia by SOLGM. Alan's significant contribution to Local Government was recognised.

### 1. **Declarations of Interest**

There were no declarations of interest.

### 2. **Apologies**

Cr Greg Innes (absent), Cr Gavin Benney (leave of absence) and Cr Anna Murphy for lateness.

**Moved By** Cr Tricia Cutforth

**Seconded By** Cr Vince Cocurullo

That the apologies be sustained.

**Carried**

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

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

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Sharon Morgan

That the minutes of the Finance and Corporate Committee meeting held on Thursday, 28 March, 2019, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting, subject to, refer Item 4.4 Northland Regional Landfill Limited Partnership – Draft Statement of Intent 2019 - 20, the recording of the declaration of interest of Councillor Christie, not Councillor Halse, as Council appointed member of the Advisory Committee.

**Carried**

**4. Information Reports**

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

**Moved By** Cr Sue Glen

**Seconded By** Cr Vince Cocurullo

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

**Carried**

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

**Moved By** Cr Sharon Morgan

**Seconded By** Cr Tricia Cutforth

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

**Carried**

**4.3 Finance and Corporate - Contracts Approved Under Delegated Authority - September 2018 to March 2019**

**Moved By** Her Worship the Mayor Sheryl Mai

**Seconded By** Cr Sue Glen

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

**Carried**

*Cr Murphy arrived at 9.19am during discussions on item 4.3.*

*Cr Hermon left the meeting at 9.22am and returned at 9.24am during discussions on item 4.3.*

#### **4.4 Whangarei District Council 2019 Credit Rating Report**

**Moved By** Cr Shelley Deeming (Chairperson)

**Seconded By** Cr Tricia Cutforth

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

**Carried**

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

**Moved By** Cr Greg Martin

**Seconded By** Cr Sue Glen

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

**Carried**

### **5. Public Excluded Business**

There was no business conducted in public excluded.

### **6. Closure of Meeting**

The meeting concluded at 10.03am

Confirmed this 30<sup>th</sup> day of May 2019

Councillor Shelley Deeming (Chairperson)





## 4.1 Reserve Account Review

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 30 May 2019  
**Reporting officer:** Delyse Henwood, Finance Manager  
 Karen Giles, Project Accountant

### 1 Purpose

To review the selected reserve account balances listed below, and provide recommendations where appropriate.

- Fisherman's Levy Reserve (no dedicated bank account)
- Mayoral Disaster Relief Fund (funds held within the BNZ Client Trust fund)
- A H Reed Reserve (funds held within the BNZ Client Trust fund)
- Cemetery Reserve Fund (funds held within the BNZ Client Trust fund)
- Library Reserve Fund (funds held within the BNZ Client Trust fund).

### 2 Recommendations

That the Finance and Corporate Committee:

1. Approves:

- a. The allocation of the Fisherman's Levy Reserve to the Ice Road/Canopy Wharf improvements being undertaken during the 2019/20 financial year. Funds will be transferred from the reserve account when the relevant expenditure is incurred during the 2019/20 year with the reserve disestablished once all funds are expended.

**OR**

- b. The continuation of the Fisherman's Levy Reserve Fund (and interest accumulation), for future expenditure deemed to be consistent with the fund's purpose and intention.

2. Notes the continuation of the Mayoral Disaster Relief Fund with a current balance of \$10,754. These funds will continue to be held in a reserve account, and accumulate interest, for any future event/disaster that may befall the Whangarei District as deemed appropriate by Council.
3. Approves the disestablishment of the A H Reed Reserve (with a current balance of \$2,967) in the 2018/19 financial year. This action reflects the appropriate recognition of the historical use of the fund for its specified purpose, being the upgrade of the McKinnon Track. The cash balance held in the BNZ Client Trust Fund bank account will be transferred to Councils general BNZ account.

4. Approves the disestablishment of the Cemetery Reserve Fund (with a current balance of \$6,695) in the 2018/19 financial year. This action reflects the appropriate recognition of the use of the donations and bequests for their specified purpose, being a contribution towards the Family Burial Improvements completed this financial year. The cash balance held in the BNZ Client Trust Fund bank account will be transferred to Council's general BNZ account.
5. Approves the disestablishment of the Library Reserve Fund (with a current balance of \$4,006) in the 2018/19 financial year. This action reflects the appropriate recognition of the use of the funds against library expenditure incurred this financial year. The cash balance held in the BNZ Client Trust Fund bank account will be transferred to Council's general BNZ account.

### 3 Background

During the adoption of the 2017/18 Annual Report, elected members requested a review of reserve account balances. The Finance department had also identified the need for a review due to the historical context of some of the reserve balances.

Reserves are created when Council has a need to set aside funds for a specific purpose. The accounting entry to create a reserve is to debit (reduce) retaining earnings on the balance sheet, and credit (increase) the same amount to the reserve account. When the activity for which the reserve was created has been completed, the entry should be reversed, by moving the balance back into retained earnings.

Some of Council's reserves are cash-backed, meaning the cash is held in a separate bank account. Others are simply an accounting entry used to isolate an amount for a specific purpose. Many of the reserve accounts reviewed were created several years ago. Below is summary of the various reserves purpose and intention at inception.

#### **Fisherman's Levy Reserve (refer attachment items 1a & 1b)**

This reserve account was established in 1993/94, and was a charge applied to Commercial Fishermen using council facilities for off-loading their catch (refer attachment item 1a for further explanation).

The funds have accumulated interest since establishment with no expenditure off-set, resulting in an accumulated balance of \$114,763. This reserve is managed through internal accounting treatment, and not represented through a specific bank account.

The Fisherman's Levy Reserve Fund holds funds 'for the specific purpose of funding maintenance and upgrading of marine facilities for use by commercial fishing vessels'.

A memo dated December 1995 (refer attachment item 1b) recommended that the monies "be used to meet the costs of the Lower wharf 'if and when' this proceeds". Staff understand from internal enquiry, that although the lower wharf work was eventually completed the area was no longer available for use by the Commercial fisherman.

Infrastructure Planning and Capital Works are currently planning for an upgrade of the wooden wharf nearest the canopy bridge. Their work involves rerouting the 'ice road' for wharf access as part of the New Town Basin Park (Carpark to Park) project. This particular project appears to be consistent with the fund's original purpose and intention.

### **Mayoral Disaster Relief Fund (refer attachment items 2a - 2d)**

The Mayoral Disaster relief fund was originally set up as an individual Trust (CCO). This was formed to “administer the allocation of donated funds” to those in need following two severe storm events in the Whangarei District in March and July 2007. According to the report dated 12 May 2011, compiled by the then Communication Manager; surplus funds remained in the account because the total amount requested by people who met the “domestic hardship criteria” was less than the funds donated. The balance as at 2011 was \$6,464.31

The Mayoral Disaster relief CCO was, by resolution, wound up (2011) and removed from Charities Register in May 2012. According to recorded minutes, the Disaster relief committee made this decision due to low funds balance which they noted “would soon be expended through annual audit costs”.

The resolution required that the funds passed to WDC be set aside in a separate ledger as seed funding for any future disaster that might befall Whangarei District. The resolution also required that the funds be ‘ring-fenced’ in order to accrue interest and to avoid use for other purposes.

In July 2014, the Whangarei region suffered a further storm event and subsequently a recommendation was made to Council for the re-establishment of a Mayoral Relief Fund “as a reserve to assist Whangarei District residents who have suffered hardship as a result of the damage”. Central Government donated \$100k to the region, of which WDC took \$10k with the rest going to the Far North District Council, the residents of who, it was acknowledged, had suffered more severely. WDC Councilors made a resolution to match the Central Government contribution of \$10k, less tax.

Various donations and payments were made from this reserve, leaving a remaining balance of \$10,425 at June 2015. Since then, there have been no further transactions within the reserve account, other than accumulating interest.

### **A H Reed Reserve**

This reserve was established in 1997/98, with donations including a significant one by the Whangarei Native Forest & Bird Society – for purpose of an upgrade of Alexander Track and study of an alternate waterfall route. This was accompanied by a donation of native trees from Wally Betteridge. The bank account funds grew from \$6k at year end 1998 to \$17k at year end 2002.

In 2000 Council approved funding of \$150k to complete the construction of the aerial walkway. The track and boardwalk were completed around 2001-2003 and the bulk of funds were drawn from the account at that time, leaving a \$1k balance.

In 2004 a further donation of cash was received from Wally Betteridge – with requirements this be used for “improvement to walkway and planting of trees”. No further charges have been applied against the fund and as at March 2019 the balance of the reserve account is approximately \$2.9k (including accumulated interest).

A review of council records, (including review of archives, annual reports and interrogation of accounting systems) confirms that there have been purchases of trees over the past 20+ years, however the particular locations of where these have been planted are not specified.

Improvements and maintenance of AH Reed Kauri Park are ongoing within WDC operations as part of the BAU programme of works undertaken by the Parks & Recreation services.

The Parks Department has confirmed work within the AH Reed Park completed in the last few years included an upgrade of the McKinnon Track. This project is considered to be an appropriate use of this reserve.

### **Cemetery Reserve Account**

Funds within this account are bequests “held for specific purpose of Cemetery”. The reserve has been in existence from 1990 with movements in the form of increases solely attributed to interest earnings.

The current value of funds within the account, including accrued interest, is \$6,695.

Recent work completed within the cemetery includes a Family burial areas. This is considered to be an appropriate use of the funds.

### **Library Reserve Account**

This reserve commenced prior to 1990 for the specific purpose of Library.

The current value of Library Trust funds is \$4006.77, as at March 2019.

The Library Department has incurred expenditure in the current year considered to be appropriate to apply these funds against.

*N.B. There is also a separate Library Trust fund for C & M Leonard, with funds included in the BNZ Client Funds account – that reserve fund will remain in place and is unaffected by the disestablishment of this fund.*

## **4 Discussion**

### **Financial/budget considerations**

The individual reserve balances have a relatively low financial value, with the largest being the Fisherman’s Reserve funds. An interim provision has been made to include the expenditure of the Fisherman’s Levy expenditure in the 2019/20 Annual 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 Attachments**

Reserve accounts historical information

## Reserve Accounts Historical Information

### Fisherman's Levy Reserve

Item 1a: Internal WDC Memo 1995

WHANGAREI DISTRICT COUNCIL

|  
**Memo to:** MANAGEMENT ACCOUNTANT  
**From:** COMMERCIAL ENTERPRISES MANAGER  
**Subject:** TRANSFER OF SPECIAL FUNDS  
**Date:** 27 December 1995 **Ref:** C7/ 1/ 3

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At the 19 December 1995 Community Enterprises meeting, it was resolved that the money held in the Dredging Fund Reserve be transferred to the Whangarei Marina Management Trust and that the money held in the Fishermans Levy Fund Reserve be used to meet the costs of the Marina Office and Restaurant.

Please arrange to transfer the Dredging Fund to the Trust but ensure that it is tagged for meeting dredging costs only and note that the Fishermans Levy Fund be used to meet the costs of the Lower Wharf if and when this proceeds.

E Scott  
COMMERCIAL ENTERPRISES MANAGER

ES:EHT

Item 1b: Community Enterprises Manager report 1999



## Mayoral Disaster Relief

Item 2a: Recommendation: Minutes of a special meeting of the Mayoral Disaster Relief Fund Trust 10 May 2011

### Confirmation of minutes of Special Meeting held on 14 February 2011

The minutes were tabled and confirmed as a true and correct record of the meeting. Moved Cr Halse, seconded Cr Morgan.

### Purpose of meeting

At its last meeting the Trustees requested that Mrs Rose investigate options for winding up the Trust. Very little by way of funds remain in the accounts following distribution of donations to the Pike River Coalmine Mayoral Relief Fund and the Christchurch Earthquake Red Cross appeal, and the audit fees for the Trust under its present structure are in the vicinity of \$2,000 annually. This will be an ongoing cost to Council if the present structure is retained.

Investigations by our Finance Department and discussions with Audit NZ indicated that it is possible to wind up the Trust and set any remaining funds aside as seed funding for any future disaster that might befall Whangarei District. These funds can be 'ring-fenced' so they accrue interest and are not used for any other purpose.

If the Trust is wound up before the end of the current financial year (30 June 2011) audit fees will be payable only for the current financial year.

To set this in motion, the 10 May meeting was called. 75% of Trustees needed to vote in favour of winding up the Trust, then Council needed to accept a recommendation to this effect. A further meeting of the Trustees will need to be held to complete proceedings after the Council resolution has been passed.

Andrew Gurney will be overseas until 23 June, but has indicated his willingness to accept the proposal for winding up. The Trust Deed requires that 75% of Trustees agree, so if Crs Halse, Morgan and Mrs Rose all voted in favour of the recommendation as set out below, the winding up process could begin.

Item 2b: Agenda item full Council 25 May 2011 re winding up of WDC Mayoral Disaster Relief Fund Trust

### Recommendation 1:

That the Whangarei Mayoral Disaster Relief Fund Trust be wound up under clause 18 of the Trust Deed; and distribution of any surplus funds be made to Whangarei District Council to hold in a separate ledger for disaster relief.

Moved Cr Halse, seconded Cr Morgan. Passed unanimously.

Mrs Rose was instructed to prepare an agenda item for the 25 May meeting of full Council, requesting that Council approve the Trustees' decision that the Whangarei Mayoral Disaster Relief Fund Trust be wound up under clause 18 of the Trust Deed; and that distribution of any surplus funds be made to Whangarei District Council to hold in a separate ledger for disaster relief.

Item 2c: Council Consideration: Mayoral Relief Fund: Date 17/07/14 Agenda 4127, Minute 4129

### **Urgent business**

**Moved:** Her Worship the Mayor  
**Seconded:** Cr Innes

- "1. That in accordance with NZSO 3.7.5 council consider Item 1 – Mayoral Relief Fund at this meeting.
2. That the reason this item be considered at this meeting is to enable a mechanism for receiving and distributing funding to be established without further undue delay."

**CARRIED**

### **1. Mayoral Relief Fund**

Subsequent to the agenda item being circulated discussions with the Region Recovery Manager Northland CDEM proposed an alternative mechanism for the management of funds. The intent being that the District Recovery Manager administer and distribute the Fund.

**Moved:** Her Worship the Mayor  
**Seconded:** Cr Morgan

- "1. That Council re-establish a Mayoral Relief Fund as a reserve to assist Whangarei District residents who have suffered hardship as a result of damage caused by the July 2014 storm event and match the Central Government contribution to that fund (\$10,000 less tax if any).
2. That the Recover Manager be delegated to administer and distribute the Fund."

**CARRIED**



Item 2d: Statement of proposal: Mayoral relief fund V0.1 15 June 2014

Fund allows for individuals, community and local business to apply for up to \$1000 to assist in response to major (generally) weather emergencies. Refer Mayoral Relief Fund Application Guide 14/61721 for complete applicant information/criteria.

**Mayoral Relief Fund to help those most in need**

A Mayoral Relief Fund has been established to assist Whangarei District residents who have suffered hardship as a result of the July 2014 storm.

Earlier this week Civil Defence Minister Nikki Kaye visited Northland and pledged \$100,000 of Ministry of Civil Defence and Emergency Management funds to help meet the welfare needs of the region's households affected by the storm.

Whangarei Mayor Sheryl Mai said that the bulk of the \$100,000 allocation from Minister Kaye will go to the Far North where the immediate welfare needs are greater than ours.

"Whangarei's \$10,000 will be matched dollar for dollar by Council to boost the Fund's reach, although that may still fall short of the amount the District needs.

Whangarei Mayor Sheryl Mai said that our communities are amazingly resilient and have coped very well so far.

"We have had teams out this week assessing the welfare needs of those in the most affected areas and have found that most people are doing really well."

"This fund is designed to provide a helping hand to people who are suffering real hardship," she said.

People whose main place of residence is the Whangarei District will be able to apply to the Council for grants of up to \$1000 to repair homes, replace damaged property or meet costs incurred as a result of the storm.

Priority will be given to people who have been unable to get financial help from other agencies, including Work and Income and insurance companies. In some situations grants above \$1000 may be considered.

People struggling in the wake of last week's storm can apply to the fund by contacting Council on 0800 932 463.

People wishing to make donations to the fund can do so at Customer Services in Forum North or direct to the following bank account with the reference **Mayoral Relief Fund**: Whangarei District Council - BNZ 02-0492-00358315-000.

In the event of there being a surplus that we cannot allocate to people in need, any donation or contribution that is not allocated in response to the 2014 flood event will be held in a separate ledger for future disaster relief.

More information is available at Council service centres or at [www.wdc.govt.nz](http://www.wdc.govt.nz)

Farmers and growers can also seek assistance from the Rural Support Trust on 0800 787 254.



## 5.1 Financial Report for the 10 months ending 30 April 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 30 May 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide the operating result for the ten months ending 30 April 2019.

### 2 Recommendation

That the Finance and Corporate Committee notes the operating results for the ten months ending 30 April 2019.

### 3 Background

#### 3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$27.9 million, compared to a budgeted surplus of \$15.4 million, resulting in a favourable variance of \$12.5 million.

The forecast net surplus for the financial year ending 30 June 2019 is \$27.6 million compared with a budgeted surplus of \$14.8 million, resulting in a favourable variance of \$12.8 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 30 April 2019 is currently \$16.1 million less than budget. At this point, Council is forecasting to spend a total of \$65.6 million against the \$95.3 million budget, with a forecast carry forward of \$27.4 million. The \$27.4 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	\$6.3m
• Whau Valley New Water Treatment Plant	\$4.3m
• Coastal Structure Renewals	\$1.6m
• Roothing Minor Improvements to Network	\$1.4m

• Pohe Island Development	\$1.3m
• LED Streetlight Upgrades	\$1.2m
• Cycleways – Subsidised	\$1.2m
• Parihaka Transmission Mast Upgrade	\$0.9m
• Web and Intranet	\$0.8m
• Urban Intersection Upgrade	\$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 April 2019 was \$106.0m compared to year to date budgeted net debt of \$142.2m, resulting in net debt being \$36.2m 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 30 April 2019 cash and term deposits held of \$35.9m 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
- \$5.9 million cash on hand

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

### 3.4 Economic Outlook

As expected by many commentators, The Reserve Bank of New Zealand cut the Official Cash Rate (OCR) to 1.50% in early May, there is a good chance of another follow-up cut later this year.

Long term rates came under pressure late last week with global interest rate markets trending lower. Presently the NZ 10-year swap rate is trading at 2.148%, 4 basis points lower than at the start of last week.

## 4 Accounts receivable and arrears

Total arrears as at 30 April 2019 was \$4.1 million compared to \$3.9 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 Capital projects expenditure – graphs
- 5 Treasury report



**MONTHLY KEY INDICATORS**  
**APRIL 2019**



	YTD to April 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	80.9	80.8	0.1	●		97.4	97.3	0.1	●
Development Contributions	9.6	3.9	5.7	●		10.4	4.6	5.8	●
Subsidies and Grants	18.9	21.7	(2.8)	●		27.3	25.8	1.5	●
User Fees	11.6	11.7	(0.1)	●		14.0	14.1	(0.1)	●
Total Operating Income	130.5	125.5	5.0	●	↑	161.0	151.9	9.1	●
Personnel Costs	21.8	23.7	1.9	●		27.8	29.8	2.0	●
Other Operating Expenditure	45.8	47.9	2.1	●		63.8	60.7	(3.1)	●
Total Operating Expenditure	105.7	109.3	3.6	●	↑	138.4	135.9	(2.5)	●
Surplus/(Deficit) from Operations	24.8	16.1	8.7	●	↑	22.6	16.1	6.5	●
Total Surplus/(Deficit)	27.9	15.4	12.5	●	↑	27.6	14.8	12.8	●
<b>EXTERNAL DEBT FUNDING</b>									
External Net Debt	106.0	142.2	36.2	●					
Net Interest on debt	4.9	5.4	(0.5)	●		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**  
**Other Operating Expenditure (Forecasted):**

- Legal re Environment Court appeals
- Electricity re traffic services
- Maintenance re pavements & emergency works
- Payments to external contractors
- Annual software licences

**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 APRIL 2019



	YTD to April 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>	24.8	16.1	8.7	●	↑	22.6	16.1	6.5	●
<b>Transportation</b>	(3.8)	(3.2)	(0.6)	●	↑	(7.4)	(7.7)	0.3	●
<b>Water</b>	6.5	4.4	2.1	●	↑	4.6	2.1	2.5	●
<b>Solid Waste</b>	2.8	2.7	0.1	●	↓	2.6	2.6	0.0	●
<b>Waste Water</b>	10.0	8.6	1.4	●	↑	9.4	8.5	0.9	●
<b>Storm Water</b>	(2.8)	(3.0)	0.2	●	↑	(4.6)	(4.7)	0.1	●
<b>Flood Protection</b>	0.4	0.2	0.2	●	↑	0.1	0.1	0.0	●
<b>Community Facilities</b>	(17.5)	(20.6)	3.1	●	↑	(34.9)	(35.9)	1.0	●
<b>Governance &amp; Strategy</b>	0.4	(0.2)	0.6	●	↑	(1.1)	(0.9)	(0.2)	●
<b>Planning &amp; Regulatory</b>	(0.5)	(1.4)	0.9	●	↓	(7.3)	(8.3)	1.0	●
<b>Support Services</b>	29.4	28.6	0.8	●	↑	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

### 30 APRIL 2019

Council Summary	Actual	Revised Budget	Forecast	Revised Budget	Variance*
	YTD	YTD	2018-19	2018-19	2018-19
	\$000	\$000	\$000	\$000	\$000
<b>Operating income</b>					
Rates	80,870	80,776	97,392	97,322	70
Development and other contributions	9,614	3,867	10,447	4,640	5,807
Subsidies and grants***	18,915	21,695	27,289	25,762	1,527
Fees and charges	11,593	11,679	14,019	14,144	(125)
Interest revenue	1,274	41	1,366	53	1,313
Other revenue	8,239	7,397	10,464	10,013	451
<b>Total operating income</b>	<b>130,505</b>	<b>125,455</b>	<b>160,977</b>	<b>151,934</b>	<b>9,043</b>
<b>Operating expenditure</b>					
Other expenditure	45,784	47,912	63,755	60,731	(3,024)
Depreciation and amortisation	31,946	32,267	39,283	38,720	(563)
Finance costs	6,212	5,418	7,592	6,609	(983)
Personnel costs	21,753	23,748	27,759	29,806	2,048
<b>Total operating expenditure</b>	<b>105,695</b>	<b>109,345</b>	<b>138,388</b>	<b>135,867</b>	<b>(2,522)</b>
<b>Surplus/(deficit) from operations</b>	<b>24,810</b>	<b>16,109</b>	<b>22,589</b>	<b>16,068</b>	<b>6,521</b>
<b>Plus non-cash income adjustments</b>					
Vested assets income	7,379	2,500	10,036	3,000	7,036
Gain on disposal of assets	74	-	135	-	135
<b>Total non-cash income adjustments</b>	<b>7,452</b>	<b>2,500</b>	<b>10,171</b>	<b>3,000</b>	<b>7,171</b>
<b>Less non-cash expenditure adjustments</b>					
OPEX on capital projects**	1,481	3,181	2,026	4,275	2,249
Loss on disposal of assets	2,849	-	3,143	-	(3,143)
<b>Total non-cash expenditure adjustments</b>	<b>4,330</b>	<b>3,181</b>	<b>5,169</b>	<b>4,275</b>	<b>(894)</b>
<b>Total non-cash adjustment</b>	<b>3,123</b>	<b>(681)</b>	<b>5,001</b>	<b>(1,275)</b>	<b>6,277</b>
<b>Total surplus/(deficit)</b>	<b>27,933</b>	<b>15,429</b>	<b>27,590</b>	<b>14,792</b>	<b>12,798</b>

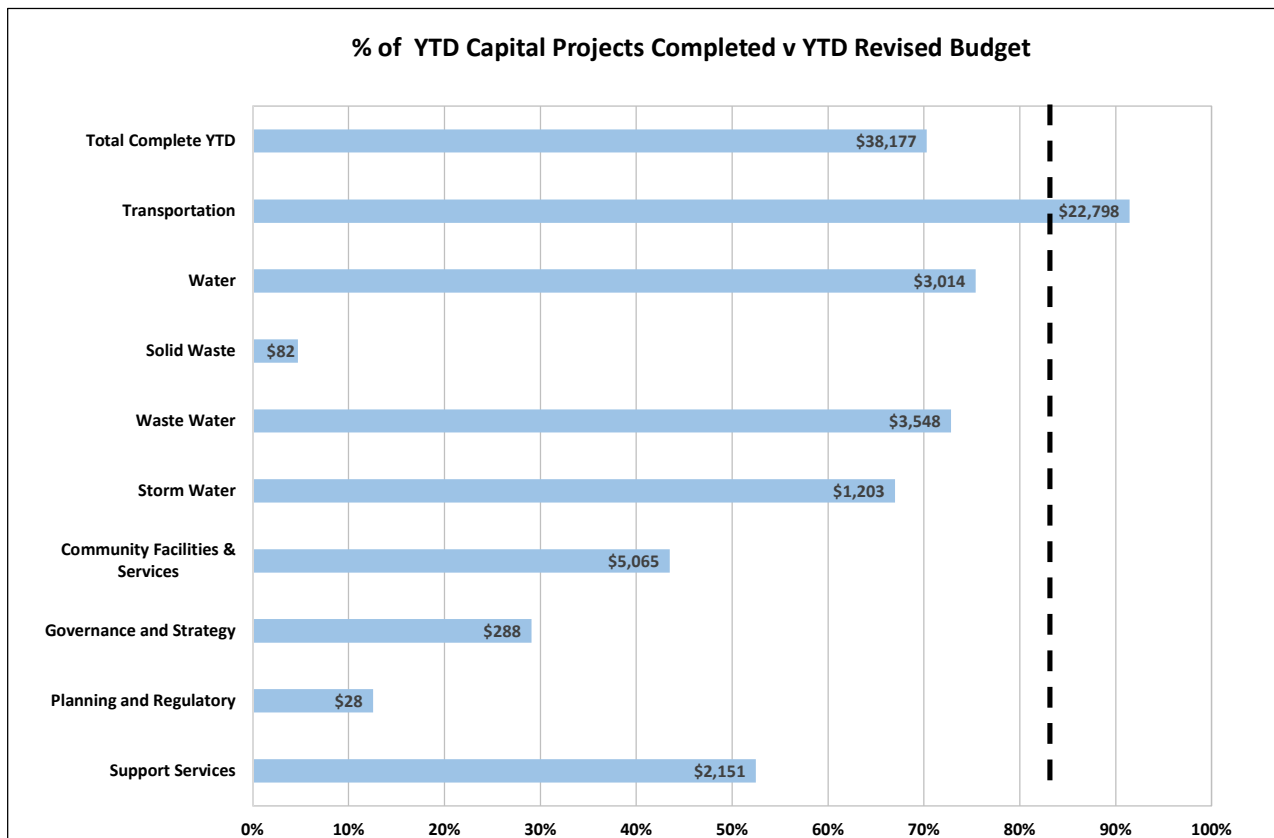
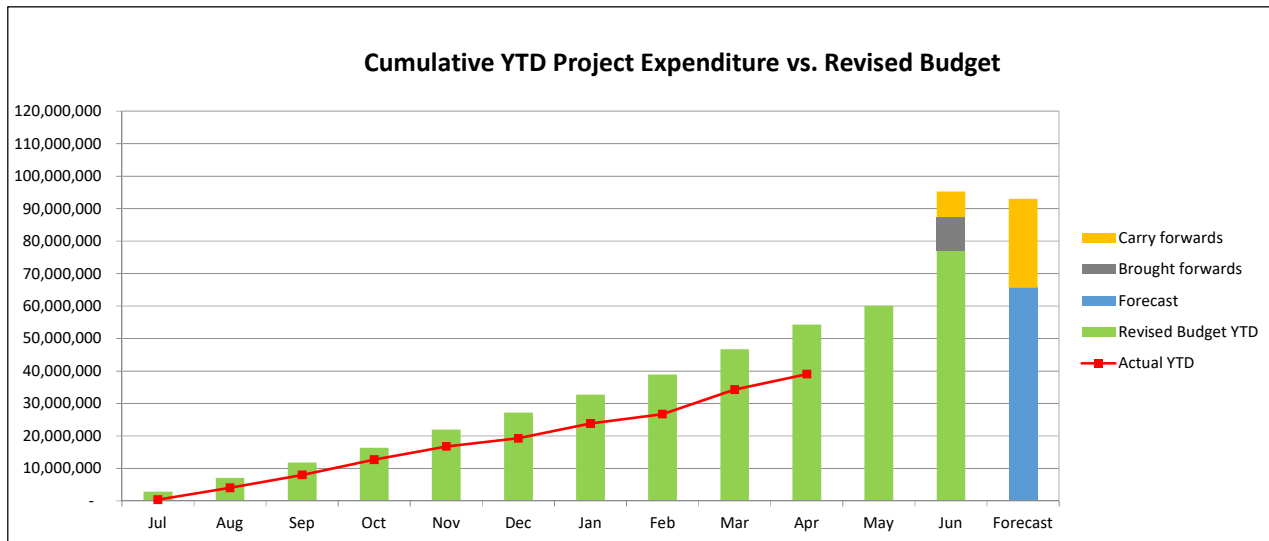
\* Favourable variances are recorded as positive amounts (unfavourable variances as negative amounts)

\*\* 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



## CAPITAL PROJECT EXPENDITURE AS AT 30 APRIL 2019





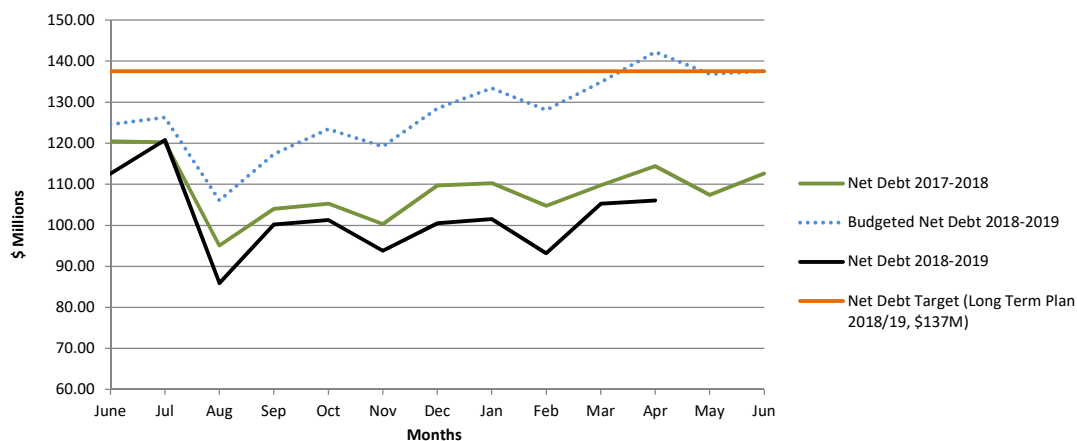
**TREASURY REPORT**  
**30 APRIL 2019**

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

Outlook: Positive

**DEBT SUMMARY:****As at 30 April 2019**

<b>External Debt</b>		
Opening public debt as at 1 April 2019		142,000,000
Plus loans raised during month	5,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(5,000,000)	
Net movement in external debt		-
<b>Total External Debt</b>		<b>142,000,000</b>
Less: Cash balances (excluding funds held on behalf)	5,925,379	
Term deposits (Funds held on deposit until required for project funding)	30,000,000	
Total cash and term deposits		35,925,379
<b>Total Net External Debt</b>		<b>106,074,622</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		30,000,000
1-3 Years		33,000,000
3-5 Years		28,000,000
Greater than 5 Years		51,000,000
<b>Total</b>		<b>142,000,000</b>

**NET EXTERNAL DEBT COMPARED TO BUDGET:**

<b>Internal Funding*</b>		
Community Development Funds		10,499,737
Property Reinvestment Reserve - Available for Reinvestment	804,264	
Property Reinvestment Reserve - Accumulated	29,264,252	
		30,068,515
Water Reserve		30,499,000
<b>Total</b>		<b>71,067,252</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.





## 5.2 Corporate Capital Projects Report for the month ending 30 April 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 30 May 2019  
**Reporting officer:** Alan Adcock (General Manager – Corporate/CFO)

### 1 Purpose

To provide the Corporate Capital Projects Report for the month ending 30 April 2019.

### 2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 30 April 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 30 April is \$2.0 million less than budget. Corporate is forecasting to spend a total of \$6.7 million against the \$16.2 million budget, with carry forwards of \$9.4 million.

The carry forwards primarily relate to the Civic Centre project (\$6.3million) which is likely to continue through to 2022 and ICT projects (\$2.5 million) that will span the 2019 and 2020 financial years.

### 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

Corporate Capital Projects Report



**CORPORATE CAPITAL PROJECTS REPORT**  
**AS AT 30 APRIL 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	53	(45)	8	100	(92)	92	0
Workflow Systems Development	0	151	(151)	0	226	(226)	226	0
<b>Business Improvement Total</b>	<b>8</b>	<b>204</b>	<b>(197)</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	140	5	135	3,711	9,968	(6,257)	6,257	(0)
Council Vehicle Replacements	75	188	(113)	236	235	1	0	1
Furniture Renewals	2	8	(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>244</b>	<b>347</b>	<b>(103)</b>	<b>3,981</b>	<b>10,461</b>	<b>(6,480)</b>	<b>6,484</b>	<b>4</b>
<i>ICT</i>								
Accounts Payable Automation	24	23	1	35	23	12	0	12
Asset Management Software Upgrade	403	481	(78)	622	854	(232)	232	(0)
CiA Upgrade	370	819	(449)	708	1,480	(772)	772	(0)
Computer Tech for Building, Animal Control	0	80	(80)	114	124	(10)	10	0
Corporate Performance Management	103	201	(98)	128	435	(307)	307	0
Decision Support System Development	0	121	(121)	0	161	(161)	161	0
Digitisation of Records	527	682	(155)	599	899	(300)	300	0
IT Equipment New	100	34	67	39	51	(12)	8	(4)
IT Network Upgrades	0	31	(31)	15	33	(19)	0	(19)
LIDAR	0	128	(128)	128	128	0	0	0
Minor ICT Projects	23	82	(58)	65	82	(17)	0	(17)
Web & Intranet Development	307	862	(555)	289	1,127	(838)	762	(76)
<b>ICT Total</b>	<b>1,857</b>	<b>3,543</b>	<b>(1,686)</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	8	8	(1)	8	10	(2)	0	(2)
<b>People &amp; Capability Total</b>	<b>8</b>	<b>8</b>	<b>(1)</b>	<b>8</b>	<b>10</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>
<b>Support Services Total</b>	<b>2,116</b>	<b>4,102</b>	<b>(1,986)</b>	<b>6,738</b>	<b>16,194</b>	<b>(9,455)</b>	<b>9,354</b>	<b>(102)</b>
<b>Total</b>	<b>2,116</b>	<b>4,102</b>	<b>(1,986)</b>	<b>6,738</b>	<b>16,194</b>	<b>(9,455)</b>	<b>9,354</b>	<b>(102)</b>



## 5.3 Local Government Funding Agency – Quarterly Report to 31 March 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 30 May 2019  
**Reporting officer:** Tracey Schiebli (Manager Democracy and Assurance)

### 1 Purpose

To provide the quarterly report for the Local Government Funding Agency (LGFA) to 31 March 2019.

### 2 Recommendation

That the Finance and Corporate Committee notes the Local Government Funding Agency quarterly report to 31 March 2019.

### 3 Background

The LGFA is a Council Controlled Organisation (CCO) for the purposes of the Local Government Act 2002, in which Council has a shareholding.

The LGFA 2018/19 Statement of Intent requires the Company to produce a quarterly report to shareholders. The LGFA quarterly report for the period ending 31 March 2019, is attached.

Alan Adcock, General Manager – Corporate has a governance relationship with LGFA as Chair of the LGFA Shareholders' Council. This is a group of representatives from nine local authorities and Central Government who monitor LGFA performance and make recommendations to all shareholders (including Whangarei District Council) on relevant matters.

### 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

1. LGFA Quarterly Report to 31 March 2019



# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



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<b>D. Summary financial information (provisional and unaudited)</b>	<b>6</b>
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3. Enhancing the certainty of access to debt markets for PLAs, subject always to operating in accordance with sound business practice	10
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# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## A. March quarter issuance and highlights summary

Quarter	Total	Bespoke Maturity	2020	2021	2022	2023	2024	2025	2027	2033
Bonds issued \$m	<b>1140</b>	N/A	-	-	70	-	950	50	40	30
Term Loans to councils \$m	<b>778.9</b>	187.9	4.5		237	40	189	77	12	31.5
Term Loans to councils #	<b>57</b>	23	2		6	5	7	8	4	2

Year to date	Total	Bespoke Maturity	2020	2021	2022	2023	2024	2025	2027	2033
Bonds issued \$m	<b>2125</b>	N/A	-	30	340	-	950	310	220	275
Term Loans to councils \$m	<b>1828.9</b>	934.9	48.5	6.5	336.5	94	189	132	56	31.5
Term Loans to councils #	<b>178</b>	94	8	3	19	14	7	19	12	2

### Key points and highlights for the March quarter:

- The LGFA bond curve flattened and fell over the quarter with yields declining between 25 bps (2020s) and 59 bps (2033s). Over the past 12 months the yield on the 2020 LGFA bond has declined 55 bps while the 2027 LGFA bond yield has declined 117 bps closing near historic lows.
- LGFA issued a record \$1.140 billion of bonds during the quarter via one tender of \$190 million and a syndicated issue of \$950 million of a new April 2024 bond. The financial year to date (nine months) issuance of \$2.125 billion compares to the average annual issuance of \$1.4 billion. The average term of issuance during the quarter of 5.36 years was shorter than the previous quarter and shorter than the average term of 6.07 years for the prior 2017-18 year.
- LGFA margins to swap narrowed for all LGFA bond maturities by between 3 bps (2020s) and 21 bps (2033s) over the quarter. Improving global credit market sentiment, central banks reiterating the view that lower interest rates will remain for some time, reduced supply of NZ Government and other high-grade bonds and LGFA being placed on positive outlook by S&P Global Ratings helped spreads narrow. LGFA spreads to NZGB narrowed between 3 bps (2020s) and 14 bps (2033s) over the quarter.
- Long dated on-lending to council borrowers was a record \$778.9 million including \$187.9 million of bespoke maturity loans (24% of total lending) during the quarter. The average term of on-lending during the quarter at 6.72 years was slightly shorter than the 7.04 years for the prior year.
- LGFA has market share of 83.0% of total council borrowing for the rolling twelve-month period to March 2019 (up 2.8% from December 2018). We estimate that we provided 93.4% of council borrowing during the March 2019 quarter.
- Short-term lending to councils remains well supported by councils with loans outstanding of \$495 million as at 31 March 2019. This was a decrease of \$37 million over the quarter and the number of councils using this product decreased by one to thirty.
- LGFA Net Operating Gain (unaudited) for the nine-month period was \$9.24 million or \$88k above budget with Net Interest Income \$25k below budget and expenses \$113k below budget.
- Two new councils have joined LGFA over the quarter (West Coast and Hawkes Bay Regional Councils), increasing the number of councils over the past nine months by seven to sixty-three councils. There are fifty-one council guarantors as at 25 April 2019. We are expecting a further two councils to join over the next twelve months.



## Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



### B. LGFA bond tenders during quarter

LGFA held one bond tender and one syndication during the quarter.

Tender 62: 12 February 2019

\$190 million

Tender 62	Apr-22	Apr-25	Apr-27	Apr-33	<p>Tender 62 achieved a very strong outcome with good demand for the four bond maturities offered as illustrated by (i) higher bid coverage ratios than average (ii) tighter spreads to both swap and NZGB compared to previous tenders (iii) bids at or through secondary market levels and (iv) stronger post tender market.</p> <p>Bank balance sheets, offshore investors and domestic institutions were all buyers and traders had sold inventory in the secondary market leading up to the tender. The change in market sentiment towards the RBNZ, the LGFA credit rating being placed on positive outlook by S&amp;P and some pre-buying ahead of the March 2019 liquidity event for the NZ market combined to boost sentiment. There was also a smaller than usual amount of high-grade issuance in NZD in the prior six-week period.</p> <p>Issuance yields were at historic lows.</p> <p>The tender size of \$190 million was above average (\$163 million) and the average maturity of the LGFA bonds issued was 6.75 years compared to the year to date average of 7.66 years.</p> <p>Price support was strong for all maturities with successful bids around 1 bps through prevailing secondary market levels.</p> <p>While we issued \$190 million of LGFA bonds we on-lent \$234 million to ten councils with an average term of lending at 6.33 years, slightly below average.</p>
Total amount offered \$m	70	50	40	30	
Total amount allocated \$m	70	50	40	30	
Total number bids received	16	21	20	19	
Total amount of bids received \$m	170	267	180	125	
Total number of successful bids	4	8	3	4	
Highest accepted yield %	2.075	2.520	2.820	3.455	
Lowest yield accepted %	2.065	2.500	2.820	3.440	
Highest yield rejected %	2.120	2.580	2.870	3.570	
Lowest yield rejected %	2.075	2.520	2.820	3.455	
Weighted average accepted yield %	2.073	2.511	2.820	3.448	
Weighted average rejected yield %	2.091	2.529	2.838	3.471	
Coverage ratio	2.43	5.34	4.50	4.17	
NZGB spread at issue bps	46.00	74.00	89.00	116.00	
Swap spread at issue bps	23.75	44.30	57.00	84.00	
Swap spread: AA council bps	35.25	56	73.25	96	
Swap spread: AA-council bps	40.25	61	78.25	101	
Swap spread: A+ council bps	45.25	66	83.25	106	
Swap spread: unrated council bps	47.5	55.25	79	88	

# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## March 2019 Syndication:

After issuing \$11.3 billion of bonds via sixty-two tenders since we first commenced borrowing in February 2012, we decided in March 2019 to undertake a syndication of bonds. A syndication is where the issuance yield (and issuance spread to swap and NZGB) is set after consultation with investors and banks rather than in a tender where the issuance yield is set by auction.

The syndication provides greater certainty for both investors and borrower regarding volume and issuance yield. A syndication also works well for the inaugural issuance of a new bond maturity as it achieves greater volume and therefore improved and immediate liquidity compared to issuing smaller amounts via tenders.

We issued \$1 billion (including \$50 million of treasury stock) of a 15 April 2024 maturity via a syndicate of two banks that settled on 15 March 2019. The choice of the April 2024 maturity was to reduce our net lending exposure (from bespoke council loans) in the 2024 year and to make the syndication as widely appealing as possible to investors through a five-year maturity.

The issuance margin of 34 bps over swap and 64 bps over NZGB were at the prevailing interpolated mid spread and the issuance yield of 2.32% reflected the historic low levels of prevailing interest rates.

## C. Key performance indicators

We have met three KPIs and almost met the fourth KPI as at the end of the March 2019 quarter.

Issuance and operating expenses (excluding AIL) are above budget by approximately \$167k for the nine-month period to 31 March 2019. Higher legal and NZX listing costs associated with larger bond issuance than forecast (due to higher council lending than forecast) have contributed to these costs exceeding budget. Net Operating Gain is however above budget by \$88k.

We changed our base lending margin for long dated lending to a standard 10 bps margin regardless of the borrowing term from 1 July 2018. This ensures that we meet the average base margin target of 10 bps when we combine it with our short-dated lending e.g. in the March quarter the average margin was 10 bps across the combined lending portfolio.

We have slightly improved our estimated interest cost savings for council borrowing through LGFA compared to councils borrowing in their own name compared to the levels at the start of the financial year. This objective remains difficult to achieve as the spread between what councils borrow at over LGFA borrowing cost will naturally narrow as the borrowing term approaches maturity.

Our volume of council lending is above the SOI forecast by almost \$1 billion due to both the larger amount of short-term lending and Auckland Council resuming borrowing through LGFA. The loan book is less than the level at December 2018 due to the \$1.2 billion repayment of council loans in March 2019.

# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



Measure		Prior full year to June 2018	Q1 30 Sept 2018	Q2 31 Dec 2018	Q3 31 Mar 2019	Q4 30 June 2019
Average base margin over cost of funds for short term and long-term lending	Target %		< 0.10%			
	Average actual %	0.105%	0.095% (0.10% for long term and 0.09% for short term) ✓	0.095% (0.10% for long term and 0.09% for short term) ✓	0.10% (0.10% for long term and 0.104% for short term) ✓	
Estimated interest cost savings to AA rated councils	Target Improvement on prior year as at each quarter		Q1 30 Sept 2018	Q2 31 Dec 2018	Q3 31 Mar 2019	Q4 30 June 2019
	2019 maturity At quarter end	11 bps	8 bps ✗	2 bps ✗	n/a	n/a
	2021 maturity At quarter end	19 bps	20 bps ✓	17 bps ✗	20 bps ✓	
	2025 maturity At quarter end	10 bps	20 bps ✓	15 bps ✓	14 bps ✓	
Issuance and operating expenses (excluding AIL) YTD	Target (\$)		\$1.42 m (YTD as at Q1)	\$2.84 m (YTD as at Q2)	\$4.16 m (YTD as at Q3)	\$5.67 m (FULL YEAR)
	Actual (\$)	\$5.16 m	\$1.36 m ✓	\$2.81 m ✓	\$4.33 m ✗	
Lending (short and long term) to participating councils	Target (\$)		\$8.378 b (YTD as at Q1)	\$8.818 b (YTD as at Q2)	\$7.898 b (YTD as at Q3)	\$8.105 b (FULL YEAR)
	Actual (\$)	\$7.927 b	\$8.641 b ✓	\$9.268 b ✓	\$8.812 b ✓	

# Quarterly Report

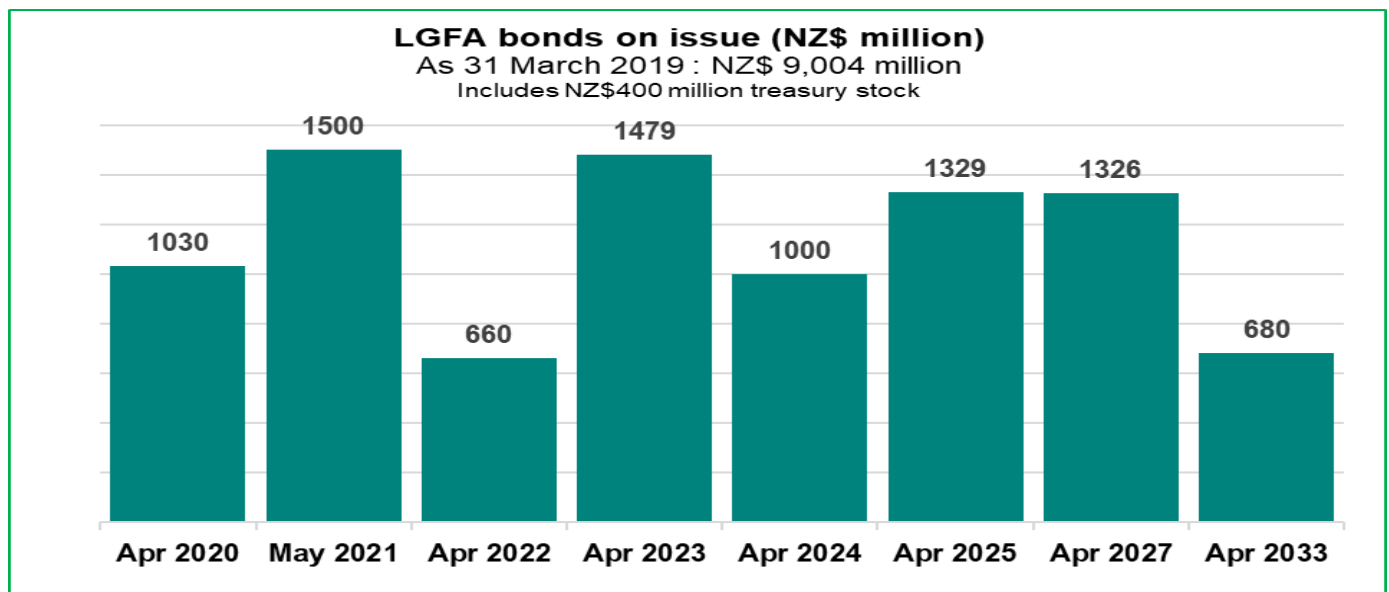
Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## D. Summary financial information (provisional and unaudited)

Financial Year (\$m)	YTD as at Q1	YTD as at Q2	YTD as at Q3	YTD as at Q4
Comprehensive income	30-Sep-18	31-Dec-18	31-Mar-19	30-June-19
Interest income	88.71	180.89	273.13	
Interest expense	83.43	171.12	258.56	
<b>Net interest revenue</b>	<b>5.29</b>	<b>9.77</b>	<b>14.57</b>	
Issuance and On-lending costs	0.57	1.17	1.90	
Approved issuer levy	0.19	0.89	1.00	
Operating expenses	0.79	1.64	2.43	
<b>Issuance and operating expenses</b>	<b>1.55</b>	<b>3.70</b>	<b>5.33</b>	
<b>Net Profit</b>	<b>3.74</b>	<b>6.08</b>	<b>9.24</b>	

Financial position (\$m)	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Retained earnings + comprehensive income	41.74	44.05	47.24	
Total assets (nominal)	8,857.01	9,434.82	9,402.11	
Total LG loans (nominal)	8,631.65	9,276.43	8,811.97	
Total LGFA bills (nominal)	470.00	485.00	545.00	
Total LGFA bonds (nominal)	8,104.00	8,704.00	8,604.00	
Total borrower notes (nominal)	131.20	139.86	133.12	
Total equity	66.74	69.05	72.24	



# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## E. Quarterly compliance summary

Policy	Limit	Policy page ref	Continuous Compliance
One-month Liquidity Monitor	>120%	S1-1.1	Yes
Three Month Liquidity Monitor	>110%	S1-1.2	Yes
Twelve Month Liquidity Monitor	>110%	S1-1.3	Yes
Council Exposure (any 12-month period)	<10% of Balance Sheet	S1-1.5	Yes
Liquidity Buffer	>110%	S1-1.4	Yes
Partial Differential Hedge (PDH) Interest Rate Gap Report	\$40,000	S3-4.1	Yes
Value at Risk (VaR)	\$250,000	S3-4.2	Yes
Council Maturity (any 12-month period)	\$100m or 33% of LGFA borrowing	S1-1.6	Yes
Funding Largest Council Exposure	>100%	S1-1.7	Yes
Foreign Exchange Exposure	Nil	S7-3.1	Yes
NZDMO Facility Utilisation	Report monthly	S8-8.5	Yes
Counterparty Credit Limits	80% of Portfolio \$125m Counterparty (category 3)	S4	Yes
Auckland Council Exposure (proportion of total Council exposure)	<40%	S1-1.8	Yes
Balance Sheet Maturity Mismatch	<15% of Balance Sheet	S2-2.1	Yes
Financial Covenants	Various (as set out on p13)	S9	Yes
Authorising Treasury transactions	Two approvers, one signature	S8-8.4	Yes

### Details for compliance breaches over quarter.

There were no breaches over the quarter.

# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## F. Performance against SOI objectives and performance targets

### Primary objectives

#### 1. Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing

LGFA on-lending base margins are 10 bps for all terms between April 2020 and April 2033 following our change to a flat margin structure in June 2018. The base margin charge covers our operating costs and provides for our capital to grow in line with the growth in our balance sheet to maintain a capital buffer.

Our estimated annual savings to councils that are based upon the secondary market levels at 31 March 2019 of LGFA bonds compared to bonds issued by Auckland and Dunedin councils is between 14 bps and 20 bps depending upon the term of borrowing. The amount of savings has increased over the past quarter by an average of 2.5 bps and improved by 1 bps since June 2018. LGFA borrowing spreads have narrowed over the quarter by between 3 bps (2020s) and 21 bps (2033s) reflecting reduced supply of bonds by high grade issuers other than LGFA. While Auckland Council did not issue bonds during the quarter, Dunedin City Treasury did issue \$50 million of a seven-year maturity in March.

31-Mar-19	Savings to AA rated councils (bps)			
	Dunedin 2020	Dunedin 2021	Auckland 2022	Auckland 2025
AA rated councils' margin to swap (bps)	37	43	44	70
Less LGFA margin to swap (bps)	-7	-13	-20	-41
LGFA gross funding advantage (bps)	30	30	25	24
Less LGFA base margin (bps)	-10	-10	-10	-10
<b>Total savings (bps) *</b>	20	20	15	14

Note that from 30 June 2017 we removed the implied "LGFA effect" of 10 bps of additional savings in borrowing costs from the above analysis. The LGFA effect was the assessment of immediate savings to councils when LGFA first commenced lending to councils in February 2012.

Credit market sentiment was positive during the quarter with spreads narrowing to both swap and NZGB as Central Banks implied interest rates were going to remain low for an extended period and this helped global equity markets recover the prior quarter losses. Outright yields declined to near historic lows on the expectation that the RBNZ is unlikely to adjust interest rates until 2020. The interest rate curve flattened with yields on short dated LGFA bond yields (2020s) declining by 25 bps over the quarter while long dated LGFA bond yields (2033s) declined a staggering 73 bps. These moves were larger than experienced in global bond markets.

We closely monitor the Kauri market for ongoing supply and price action as this other high-grade issuance by "AAA" rated Supranational issuers such as the World Bank (IBRD), Nordic Investment Bank (NIB) and the

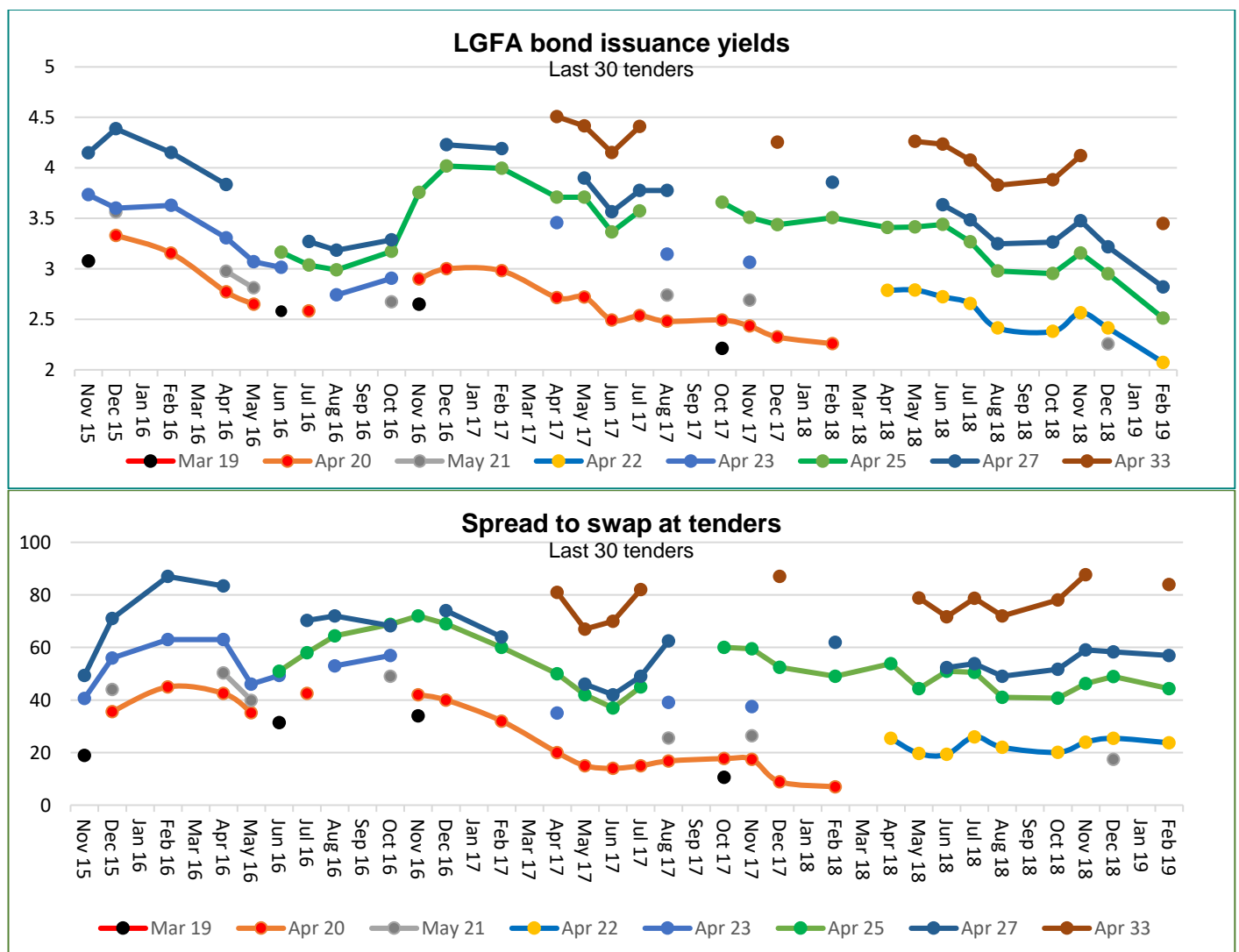
# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



Asian Development Bank (ADB) influence LGFA demand and pricing. These borrowers are our peer issuers in the NZD market and have the most influence on our pricing. The March quarter was another quiet period for Kauri issuance with only \$1.65 billion of issuance across four issues (compared to \$3.525 billion in the March 2018 quarter). Reduced offshore investor demand for NZD product as well as more attractive borrowing spreads for issuers in other markets has led to the fall in issuance activity. This has assisted LGFA to issue a greater volume.

LGFA bonds performed well over the quarter despite the large amount of issuance. Secondary market credit spreads narrowed between 3 bps and 21 bps to swap and between 4 bps and 18 bps to NZGB over the quarter. Over the past year, spreads to swap have narrowed between 1 bps (2020s) and 25 bps (2033s) and have narrowed on a spread to NZGB by between 3 bps (2033s) and 21 bps (2021s). The spread improvement has reflected a general improvement in global credit market sentiment and view that low interest rates will be entrenched in New Zealand for some time leading to an increase in demand for higher yielding investments.





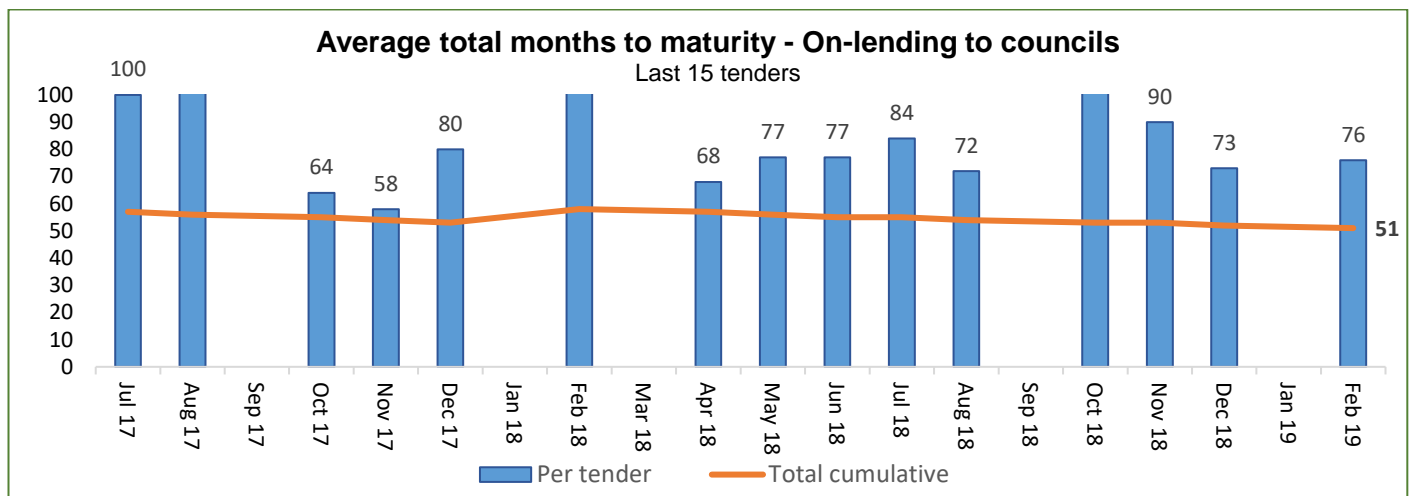
# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



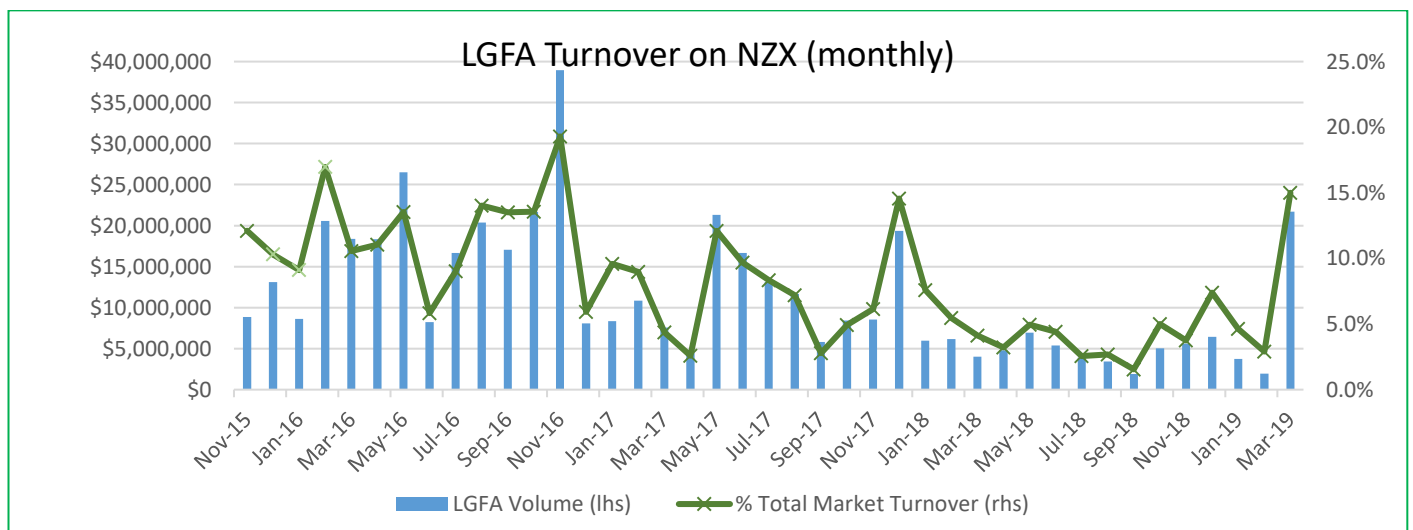
## 2. Making longer-term borrowings available to Participating Local Authorities

The average borrowing term (excluding short dated borrowing but including bespoke borrowing) for the March 2019 quarter by council members was 5.61 years and this was shorter than the 6.72 years average term for the prior quarter. The average term of 6.14 years for the current 2018-19 year to date is also shorter compared to the 7.04 average term for the 2017-18 year. The shortening in average borrowing term is explained by councils accessing the new April 2022 and April 2024 maturities.



## 3. Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice

LGFA bonds were listed on the NZX Debt Market in November 2015 and average turnover on the NZX Debt market has been \$11.5 million per month or 8.3% of the total turnover of the NZX Debt Market. Turnover has reduced as retail investors are more attracted to high term deposit rates. The spike in activity in March was due to retail investors rolling over their March 2019 LGFA bond holdings into other LGFA maturities.





# Quarterly Report

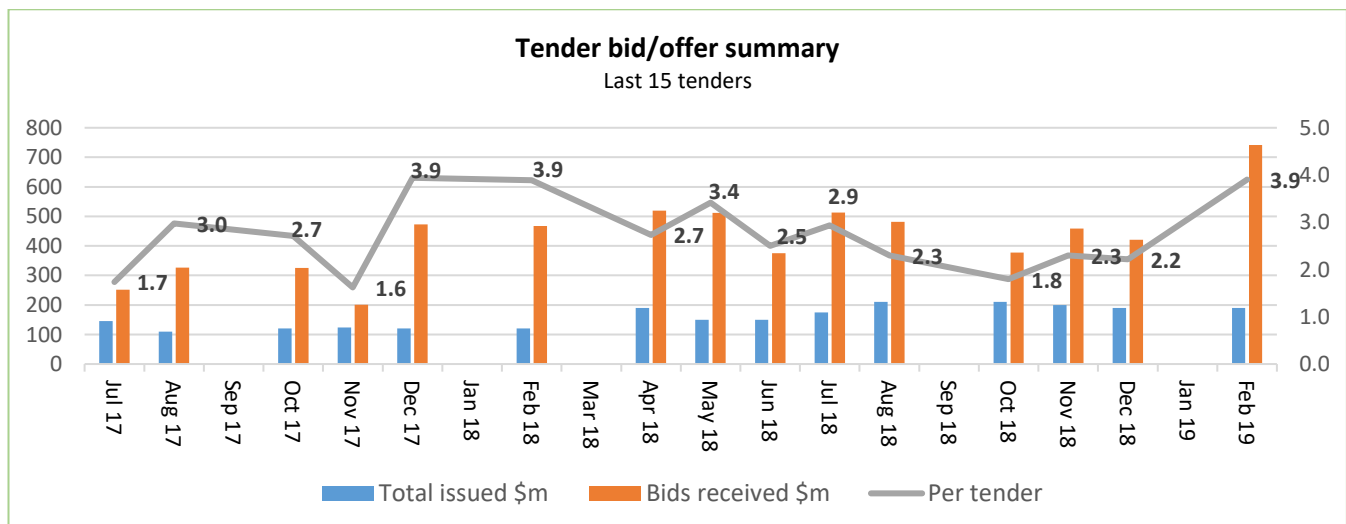
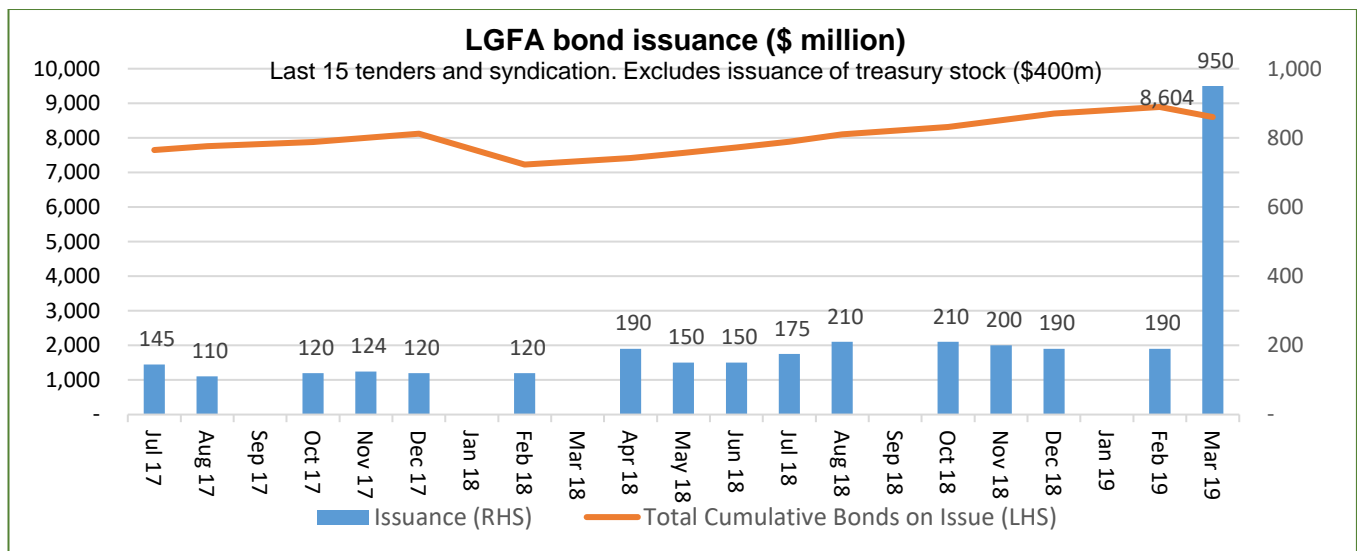
Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



LGFA started issuing LGFA Bills and short dated (less than 1 year) lending to councils in late 2015. As at March 2019 there were LGFA Bills of \$545 million on issue and short-term loans of \$492 million.

LGFA documented an Australian Medium-Term Notes Programme in November 2017 to provide the ability to issue in currencies other than NZD. We have no immediate intention to use this programme, but it provides flexibility in case of the unlikely scenario of a significant market disrupting event in the future.

The only LGFA bond tender during the quarter received strong market support with an overall coverage ratio of 3.91x and support for each of the four maturities offered between 2.43x and 5.34x. We also issued a net amount of \$950 million of the new April 2024 bond to the investors and banks after receiving almost \$1.1 billion of bids. This is the largest amount issued of a single maturity by an issuer other than the New Zealand Government so was an important indicator of the growing depth of the New Zealand domestic debt capital markets and the role played by LGFA.



# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## 4. Offering more flexible lending terms to Participating Local Authorities

Bespoke lending continues to be a popular borrowing option for council members. During the quarter we lent \$376.9 million on a bespoke basis to sixteen councils comprising \$187.9 million into bespoke maturity dates and \$190 million into LGFA bond maturity dates but in between the normal tender dates. Bespoke lending comprised 48% of total term lending by LGFA to its members during the quarter.

Short term borrowing by councils has been well received with loan terms to date of between one month and 12 months on \$495 million of loans outstanding as at 31 March 2019 to thirty councils. This is a significant increase compared to June 2018 where we had lent \$244 million to nineteen councils and has led us to issue \$545 million of LGFA bills.

## 5. LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector.

LGFA had meetings with five councils during the March quarter (thirty-six for the nine-month period to March 2019) to discuss their financial performance and any developments with the underlying council operations. LGFA reviews council agendas and management reports on an ongoing basis for those councils on the LGFA borrower watch-list.

LGFA has commenced work on credit default assessment analysis of its member councils in preparation for adopting IFRS9 for accounting purposes.

LGFA management met representatives from Treasury, Trustees Executors, Productivity Commission and Morrison Low to discuss the local government sector.

## Additional objectives

## 6. Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy

LGFA's Net Operating Gain on an unaudited management account basis of \$9.237 million for the nine-month period to 31 March 2019 exceeded the SOI forecast of \$9.147 million by \$88k. The average cost of funds for the 2018-19 financial year to date is 2.73%. This is lower than the 3.14% for the prior 2017-18 financial year due to the lower outright level of interest rates. The LGFA Board has the sole discretion to set the dividend.

## 7. Provide at least 50% of aggregate long-term debt funding for Participating Local Authorities

LGFA estimates market share from the PwC Local Government Quarterly Debt Report and we have provided data to PwC for their upcoming March 2019 report. Our estimate of the LGFA market share of

## Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



total sector borrowing for the March 2019 quarter was 93.4% and for the year to March 2019 was 83.0%. Adjusting for Auckland Council borrowing in its own name our market share for the year to March 2019 was 87.7%. Our market share remains strong compared to our global peers.

As at 25 April 2019, there are sixty-four participating local authority members of LGFA and we estimate a further two councils could become members in the next twelve months.

### **8. Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses**

Expenses for the nine-month period on an unaudited, management basis were \$5.331 million which is \$113k below budget. This variance is the consequence of:

- Issuance and on-lending costs (excluding AIL) at \$1.904 million were \$185k above budget. Lower fees than budgeted relating to the NZDMO facility were offset by higher NZX costs and legal costs. A larger amount of bond issuance and short-term lending increased these costs relative to budget.
- Operating costs at \$2.427 million were \$18k below budget due to lower personnel and travel costs offset by additional legal costs relating to LGFA progressing its work on the ability to lend to CCOs.
- Approved Issuer Levy payments of \$1 million were less than our forecast of \$1.28 million by \$280k due to a lower level of LGFA bonds holdings by offshore investors relative to budget.

### **9. Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015**

LGFA has a Health and Safety staff committee and reporting on Health and Safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no Health and Safety incidents during the quarter.

### **10. Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency**

LGFA has an annual review process regarding our credit ratings from Standard and Poor's ("S&P") and Fitch Ratings ("Fitch") and meets with both agencies at least annually. Meetings were held in July 2018 with S&P and in September 2018 with Fitch.

On 4 February 2019, S&P placed our long-term credit rating on positive outlook, following their decision to place the long-term credit rating of the New Zealand Government on positive outlook the previous week.

On 18 November 2018, Fitch reaffirmed our long-term credit rating as AA+ and classified LGFA as a corporate mission, government related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government.

## Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



### 11. Achieve the financial forecasts

As at the end of the third quarter, Net Interest Income was estimated by management on an unaudited basis to be \$25k below budget while expenses are \$113k below budget. Net Operating Gain of \$9.24 million was \$88k above budget and \$63k (0.7%) below the Net Operating Gain for the equivalent prior period.

## Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019

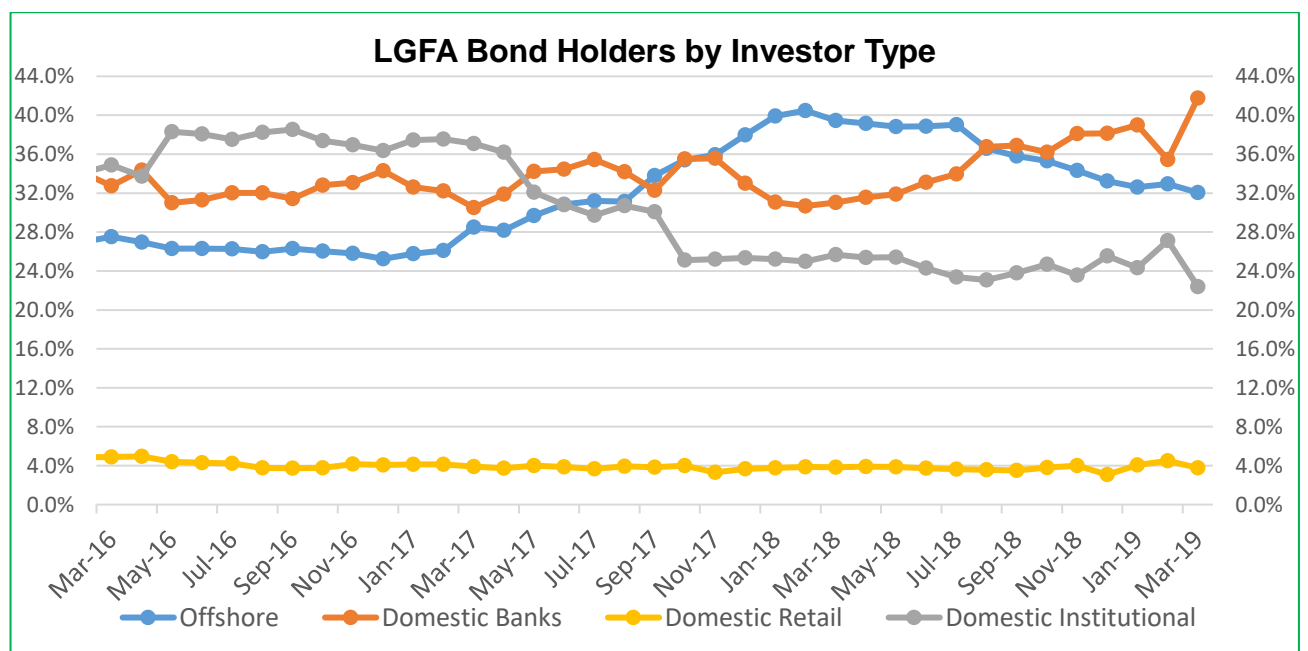


### G. Investor relations / outlook

Managing relations with our investor base is very important as the amount of LGFA bonds on issue has yet to peak and we require investors and banks to support our tender issuance. Our focus is on growing and diversifying the offshore investor group as these investors have the most growth potential given that we already receive strong support from the domestic banks and institutional investors.

The theme relating to changing investor composition that started late last year is continuing into the 2019 calendar. However, the changes are also heavily influenced by the maturity of the March 2019 LGFA bond and the recent 2024 LGFA bond syndication which was pitched at bank investors.

- Offshore investors reduced their holdings of LGFA bonds by \$129 million over the quarter (and by \$90 million over the past twelve months). The relative unattractiveness of NZ bond yields to other global markets has led to a decline in holdings of NZ Government Bonds (NZGB), Kauri bonds and LGFA bonds. While low interest rates are a positive for our council borrowers, it is more difficult to encourage offshore investors to buy LGFA bonds. They are estimated to hold \$2.77 billion (32% of outstandings) compared to \$2.9 billion (39.5% of outstandings) a year ago.
- Domestic institutional and retail investors reduced their holdings by \$244 million over the quarter (largely due to the March 2019 LGFA bond maturing) and were estimated to hold \$2.6 billion (26.2% of outstandings) compared to \$2.1 billion (29.5% of outstandings) a year ago.
- Domestic banks continue to increase their holdings with a rise of \$283 million over the quarter. This increased demand is in response to an outlook for reduced NZGB supply due to the strong fiscal position, reduced NZ Treasury Bill supply and a slowdown in bank lending. Bank holdings of \$3.6 billion (41.8% of outstandings) are at a record high and compare to \$2.25 billion (31% of outstandings) a year ago.

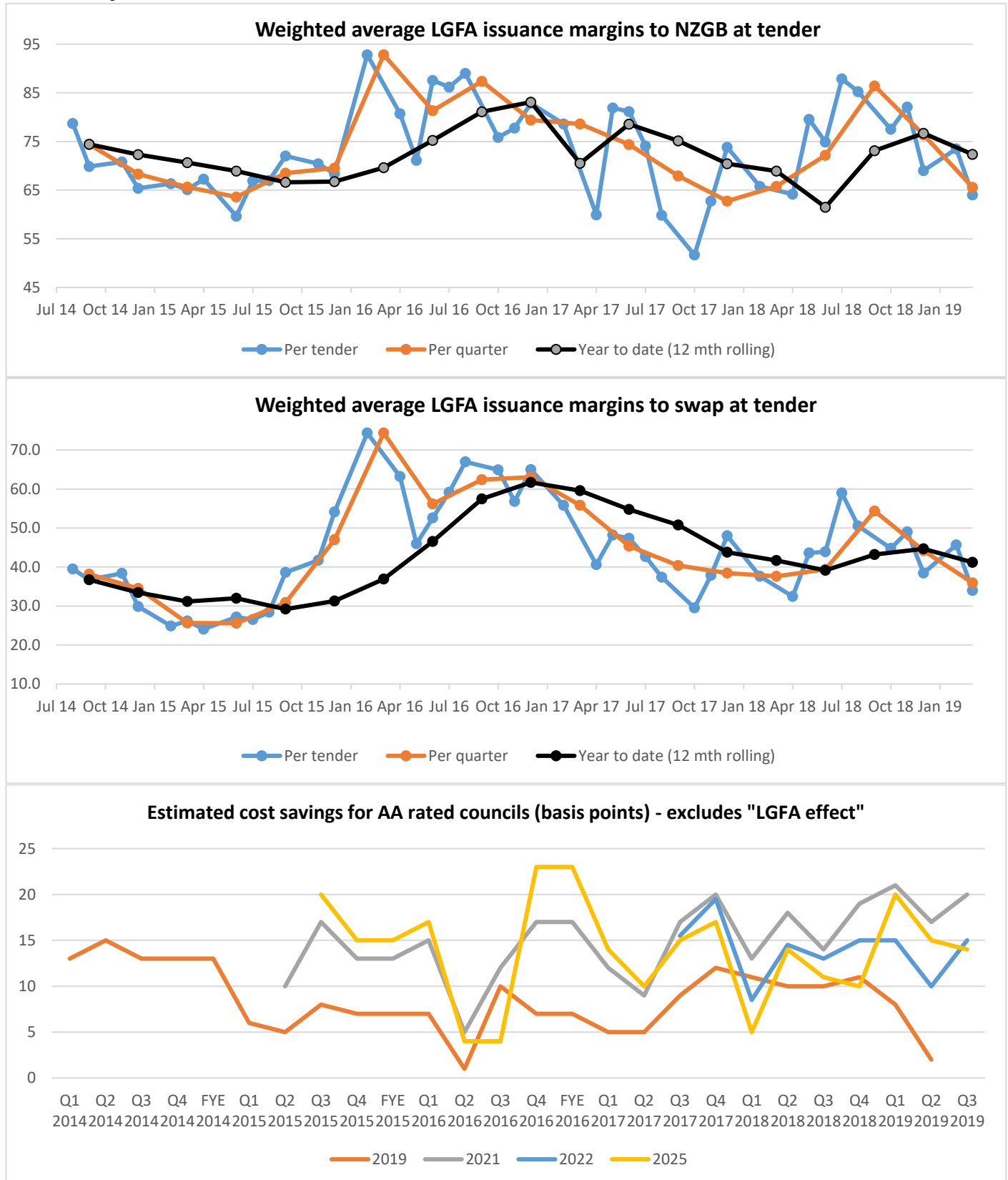


# Quarterly Report

Quarter 3: 2018 - 2019  
Period ended: 31 March 2019



## H. Key trends



## 5.4 Operational Report – Finance and Corporate – May 2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 30 May 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 May 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 May 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 – May 2019





# Operational Report – Finance and Corporate – May 2019

## Information Communications Technology (ICT)

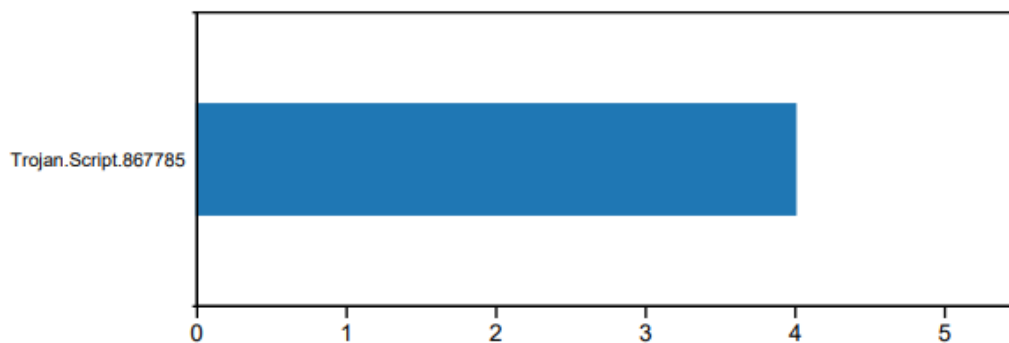
ICT Teams are supporting the organisation with business as usual (BAU) requests. Project work is not without challenges but overall progressing well.

### ICT Operations

An external review of the ICT Operations processes and procedures will commence soon. All non-critical minor works have been put on hold until the review has been completed. The outcome of this review is to recommend/highlight efficiencies as well as process improvements. Once the review is complete, a prioritised work program will also be developed.

Other operational activities include:

- Upgrading server antivirus – completed.
- Cyber training – the training links have been extended to Elected Members and will be re-sent to staff who have not completed it as yet as well as to their Department Managers.
- Currently planning:
  - the next round of Windows feature upgrades for all desktop devices to be deployed in April/May
  - Northland Events Centre (NEC) SLA with NorthCloud – on hold
  - Providing Service Desk with appropriate access to provide Level 1 infrastructure support
  - Replacement of end-of-service routers
- Number of viruses blocked by our main firewall only – April



Virus Name	Allowed Hits	Denied Hits	Hits (%)
Trojan.Script.867785	0	4	100.0
Total: 1	0	4	

- Viruses cleaned off desktop devices – April

Action	Count of occurrence User Computer name
Blocked	36
Cleaned by deleting	143
Cleaned	2
Connection terminated	59
Deleted	2
<b>Total</b>	<b>242</b>

- Attempts to accessing blocked URL's - 0
- Application and Desktop support – business as usual.
- Operational projects including ICT Project Manager:
  - Remediating critical Disaster Recovery (DR) recommendations – Testing of changes have been completed, minor fixes to be made and retesting.
  - Box Office – Ticketing move to The Hub is completed. Kiosk build is underway.

**Library updates** – Database upgrade completed.

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

**External Security Audit** – Given how important online security is in the digital age and data being the 'new oil' - we are looking to engage a professional agency specialising in online security to conduct a penetration test of our entire online presence. This is to ensure we have the appropriate security measures in place to protect the data that we hold as an organisation.

**Device as a Service (DaaS)** – Business Case presented for initial review.

## **ICT Projects**

Delivery of Trilogy Phase 2 projects continue to progress well. Good progress has also been made on the project that needed business analysis rework. The prioritisation methodology exercise that was planned for mid-May has been delayed by two weeks and is now scheduled for the end of May. This will largely determine the focus of analysis and delivery of the next set of projects and their timeline.

- **Upgrade of Technology One Ci to CiAnywhere – next software upgrade for Core Council system.**
  - Contracts management module has gone live in April.
  - Preparation underway for training and key business user testing, scheduled for May.
- **Corporate Performance Management** – Business Improvement department is continuing to work through analysis and requirements gathering phase. There has been significant input from the business and the recommendations are being awaited.

- **Website Platform Redevelopment (Digital Platform)** – Review and re-development of our existing WDC websites.
  - Based on the report submitted by an independent consultant review which has endorsed our initial thoughts on the need for a procurement process, the project manager is currently preparing the necessary documents to initiate procurement.
- **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).
  - Initial user experience training completed.
  - Configuration design nearing completion with sign-off expected by mid-June.
  - Update to Steering Committee saw approval of delivery and test completion November 2019 followed by training and go-live by end of February 2020.
- **Digitisation of Property Files** – Execution Phase
  - Back scanning of files is 98% complete – this is because we have discovered four pallets of files at Forum North that should have been part of the original back capture phase.
  - Team has started to plan the sizing of ‘gap closure’ as the records room at Forum North is coming up to full capacity.

## **ICT Project 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. Audit NZ have undertaken the interim audit and discussed their findings and areas of interest with us. No significant issues have been identified at this point in time. Audit NZ have requested additional information on key areas of interest.

Our accounting policy requires all revalued property, plant and equipment to be revalued at least every three years. Due to the upgrade of our Asset Management System, the 2018-19 Annual Report will include an asset revaluation one year ahead of our usual three yearly cycle. This is currently underway.

As in previous years our timeline is very tight. We will continue to work with Audit NZ and provide them with information ahead of the final audit where practical. The final audit will begin 26 August.

## 2019-20 Annual Plan

The 2019-20 budget and capital projects programme is currently being updated with the outcomes of the deliberations meeting and updated carry forwards. An elected members update is scheduled for 28 May to provide a preview of the Annual Plan prior to adoption.

### 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. An agenda item is included in the May Finance and Corporate Committee meeting.

## Revenue

### Land Rates

We hosted the local legal firms to discuss property transactions and how we can work together efficiently. The feedback was positive and the Revenue team benefited from this networking and knowledge transfer opportunity.

There were 310 property sales in April compared to 238 in April last year. Annual sales are tracking in line with last year.

### Water Rates

Water rates revenue in April is summarised below:

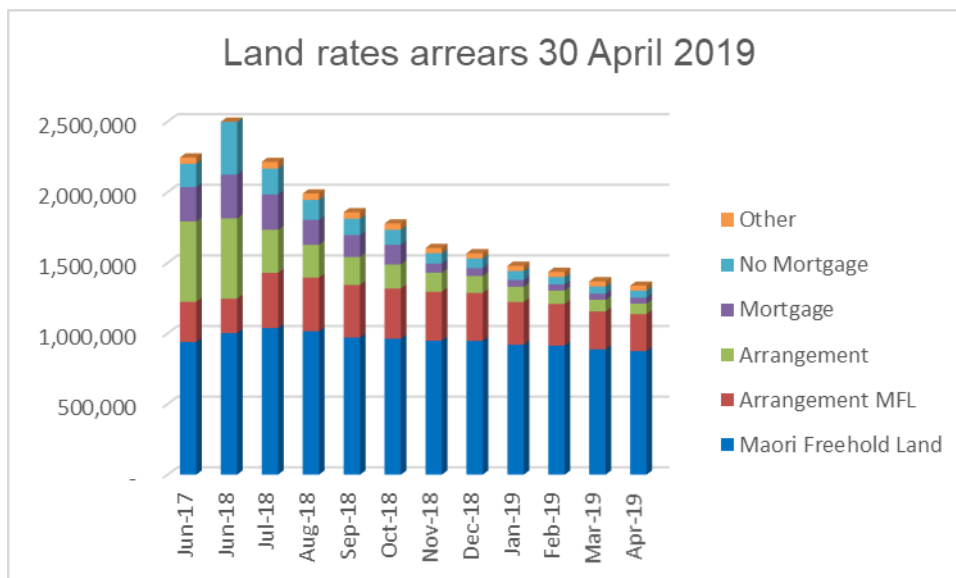
Water Rates Summary - April 2019							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	1,805,949	70,251	10,799	9,596	11,520	- 16,506	303,559
Transactions (Number)	4,934	4,914	322	184	573	21	1,536
Average (\$)	366.02					- 786.02	

Council-owned properties are invoiced for all metered water. The cost is approximately \$200,000 per annum.

### Collection and Recovery

Land rate arrears at 30 April 2019 are:

- \$1,338,000 (March \$1,369,000)
- Māori Freehold Land comprises \$1,137,000 (March \$1,156,000) of arrears.



We have identified four ratepayers owing more than \$5,000 for which we wish to commence legal proceedings. We expect to recover \$53,000. For one of the properties we will use the Abandoned land sale process as the owner is in liquidation. Northland Regional Council does not wish that we include their rates when recovering rates.

Water rates arrears are \$304,000 (1,536 debtors), with \$106,000 (714 debtors) being 90 days or more, with 15 of these owing more than \$1,000.

## Business Improvement

The Business Improvement Department is heavily involved in several 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).
- Presentation to OLT and documentation shared.

Next Steps:

- Project to commence June 2019.

## ***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.
- Presentation to OLT and documentation shared.
- Statement of Work requested from Information Leadership.
- Process and templates worked on.

Next Steps:

- Workshop with Information Leadership on requirements.

## ***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 – Was planned to be completed by June 2019 (see notes below on delay)

Progress Made:

- Presentation to OLT. Documentation shared.
- Initial outline of project schedule nearing completion.
- Communication plan and project documentation underway.
- Kick off workshop 20 May 2019.

Next Steps:

- Engaging with departments for Champion nominations and timing 20–31 May 2019
- First workshops mid - late June 2019.

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

### **Workflow Systems Development**

Status – Delayed

Reasons:

Phase 1 will be delayed six 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

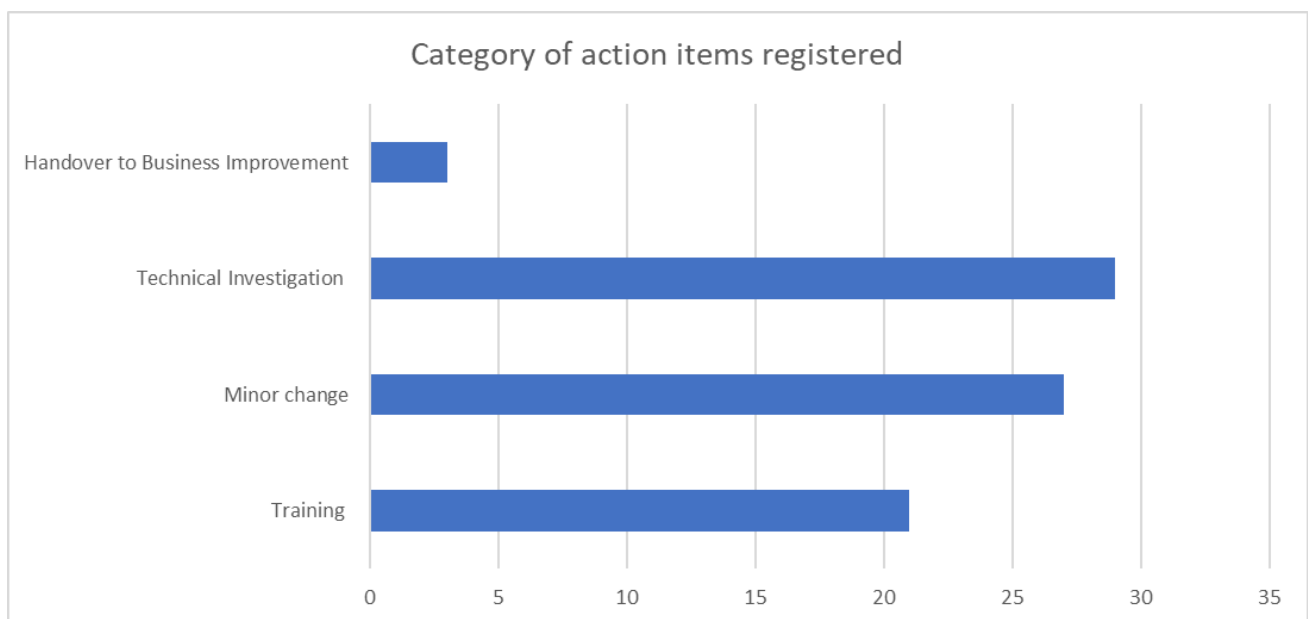
#### Kete Review Project

Kete project review is tracking well with eight workshops delivered up to the end of April. Participants in the workshops have been very engaged in the process which has led to robust conversations about their use of Kete.

As the core information and records management environment for Council this piece of work is critical in continuing to build capacity for information and records management practice across the organisation.

From the workshops, there have been several actions raised to support the business in better use of Kete. There is a good balance of request for training and minor changes coming through which is an indicator that while there are some struggles with Kete there is no major barriers to people being able to use the tools provided for their operational activities.

Of the actions registered there are only three to date which will require full business requirements with Business Improvement as it is deemed the design is lacking functionality or requires a review to ensure it is fit for purpose.



#### Transfer of records from a contractor

During April Information and Records received a request from a contractor to return files relating to the function they were performing on behalf of Council. This request was made with some urgency due to the refurbishment of their company offices.

While this provided some challenges in terms of resourcing the work it has been a good opportunity to work through the transfer in a way that informs future policy and process development.

Management of records relating to contracted functions is an area of risk for Council and there are activities in the Information Management Plan (soon to be adopted) to cover this.

## **Procurement**

The Electricity Supply RFP closed at the end of April, and tender evaluations are currently under way. A recommendation will be made to Council soon.

The weekly Procurement Clinic has started, with staff being able to access support and advice on procurement matters.

Reporting on procurement decisions made under Delegated Financial Authority has been instituted across the organisation, with ongoing monitoring and reporting now in place. Information capture for Variations from Policy has been instituted, and will be reported to Audit and Risk Committee at the September meeting.

The internal audit of procurement by BDO has been in progress, with staff providing information and assistance as required.

Staff workshopped the Procurement and Contracts workspace as part of the Kete Post Go Live Review Project, and will be working on suggested changes to the workspaces used for procurement related activities.

Other major work streams have included:

- The supply of books for the Library
- 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
- Civic Centre project

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

## **Property Assets**

### **Property**

- Security Services Contract – Contract now signed by the contractor and awaiting signature by Chief Executive. Previous noted issues have been resolved.
  - Collected coin is being transferred to Auckland and banked on a weekly basis via Armourguard.
  - The assault on the security guard at the Town Basin has resulted in an additional guard being engaged between the hours of 19:30 and 01:30 hours. These hours were selected as opposed to being fulltime given the heightened risk during this time. This also delivers a more cost-effective solution.
- Forum North lift upgrade – This has created a number of issues/frustrations and has generated some negative feedback. Business Support is working hard to resolve this issue with regular communication and pressure on the supplier to deliver. The issue is that the component which opens the doors does not connect to the technology which activates it. The proposed upgrade of technology to enable this to function correctly may incur an additional cost of \$13,000. Work is ongoing and projected to be completed by end of May 2019 as advised by the contractor.
- Forum North – Repainting has commenced with the first section completed (Rust Ave entrance). Scaffolding will continue to be moved in a staged approach to limit disruption. Signage is scheduled for installation in mid-May.



- Ongoing work is scheduled to consolidate all of the smaller contracts like waste management, milk delivery, other smaller services by external contractors with an eye on cost savings through better co-ordination, aligned service standards and scale economies.

### Vehicle Fleet

- Various vehicles have been trialled by different departments to align with the vehicle purchasing policy of EV / Hybrid vehicles first. Industry and central government are 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.
Forum North Carpark	Work being completed to explore cost and impact.	There have been a number of complaints regarding Health and Safety of the Forum North Carpark. Lighting is inadequate and presents a risk to staff and the wider public.
Fleet Update	Work being completed to explore the cost of bringing our fleet into Policy.	Several cars in our fleet are out of policy, either by age or number of kilometres travelled. We also anticipate several cars needing to be purchased in the coming year for senior staff and Mayor. We will require additional funding to be able to keep on top of the fleet to ensure safety of staff.

## 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:

- Matariki Festival rebranding
- Matariki @ Hihiaua (formerly Matariki Whanau Festival) rebranding
- Pensioner housing package (forms and handbooks)
- Active recreation and sports strategy
- Urban and services district plan change booklet

- Class 4 gambling policy
- Speed limit bylaw review
- Love it here street flags
- Forum North box office move
- Vehicles on beaches bylaw maps
- Pohutukawa Coast 2019 poster
- Northland Events Centre Christmas function poster
- General WDC re-branding
- Forum North sign replacements
- NZ Institute of Landscape Architects awards – Pocket Park submission
- Armourguard menacing dogs desexing flier

Communications team members are also working on Election 2019 as part of a shared services arrangement with other Northland local/regional government organisations.

## ***Annual Plan***

We are now working on production of this year's Annual Plan.

## ***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 April:

- ticket box office shifted from Forum North to The Hub
- freedom campers in Waihoi Park
- new members needed for Waipu Resident and Ratepayer Association
- rural roads around Waipu in worst state for years
- apology from Council for Riverside roadworks delays
- tsunami siren testing
- call for Council to supply doggy do bags on loop
- dogs on Waipu Cove beach
- Dog poo tainting Hatea Loop path
- new team at Northland Tourism
- new playground at Reotahi
- Housing NZ seeks voluntary notification of Puriri Park development
- locals call for Parua Bay refuse site to remain open
- right hand turn out of Tarewa Road onto Otaika Road
- Riverside Drive sealing delays
- Parua Bay transfer station petition presented to Council
- Easter rubbish collections
- long serving Whangarei Falls carpark ambassadors retiring
- Otangarei casuarina trees to be felled

- Bank Street and Rust Avenue footpath replacement
- takeaway owners fined for breaching health standards
- jump created for Pohe Island rally
- Ruakaka liquor licence granted despite concerns
- work on One Tree Point footpath to begin this year
- Council presented with petition to save “wetland” in Plover Street
- Caledonian Society request for maintenance grant
- Annual Plan submissions
- Parua Bay transfer station may re-open
- Provincial Growth Fund funding for Camera Obscura project
- Mermaid Pools rahui
- speed limit bylaw review
- seat vacated by Councillor to remain empty until election
- pavement widening on Riverside Drive
- explanation from Jeff Devine regarding state of rural roads
- Massey Road residents voice concerns about road
- Waipu Cove cycleway
- opportunities for candidates
- supporting bigger roading budget
- Retiring summer safe ambassadors
- Landowners upstream of Whangarei Falls encouraged to take advantage of funding for water quality improvement
- annual CDEM Forum in Whangarei
- annual Rod and Custom Club Rev Up fundraiser
- rural subdivision in Northland
- Northland has biggest P use in New Zealand
- nominations for Civic Honours close 1 May 2019
- Rally of Whangarei
- Dog park re-opening delayed because of dry weather
- progress on pool inspections
- Dave Culham Drive closed for rally
- CBD closure for show stops access to mobility parking spaces
- plan change allows for high density housing at Whangarei Heads
- Cr Bell hard to replace
- benefits outweigh temporary loss of disability parks in CBD for event.

## Social Media

Top three highest posts reach on Facebook in April:

**Riverside Drive Roadworks** Riverside Drive re-seal started today 15 April 2019, our contractors are working between 9am-3pm over the next three days to complete this re-seal. We thought we would share some of the pictures from today, to help give you an understanding of the process involved in such a large re-seal. We thank drivers for their patience and remind you the schedule for this week is below.

Monday 15 April – Sealing between 9am and 3pm from the bridge at the bottom of Onerahi Hill

Tuesday 16 April – Sealing between 9am and 3pm next section

Wednesday 17 April - Sealing between 9am – 3pm last section to the roundabout at Riverside and Dave Culham Drive

Wednesday 17 April – Dave Culham Drive will be closed from 9am – 3pm the reason for this is so we can better manage the work

Thursday 18 April – Contractors will be sweeping the road

Saturday 20 April – Road Marking

**17,208** people reached. **611** engagement by either post clicks and/or comments/reactions/shares.

**Riverside Drive Update** Council has chosen this week, as it is the school holidays meaning less traffic on Riverside Drive. Our contractors have also opted to work over Easter so that the road will be finished and ready for the public, week beginning Tuesday 23 of April. This work is weather dependant but we have checked the forecasts and next week is looking great. This is dayworks as the evening temperatures are too cold for these works.

**15,050** people reached. **326** engagement by either post clicks and/or comments/reactions/shares.

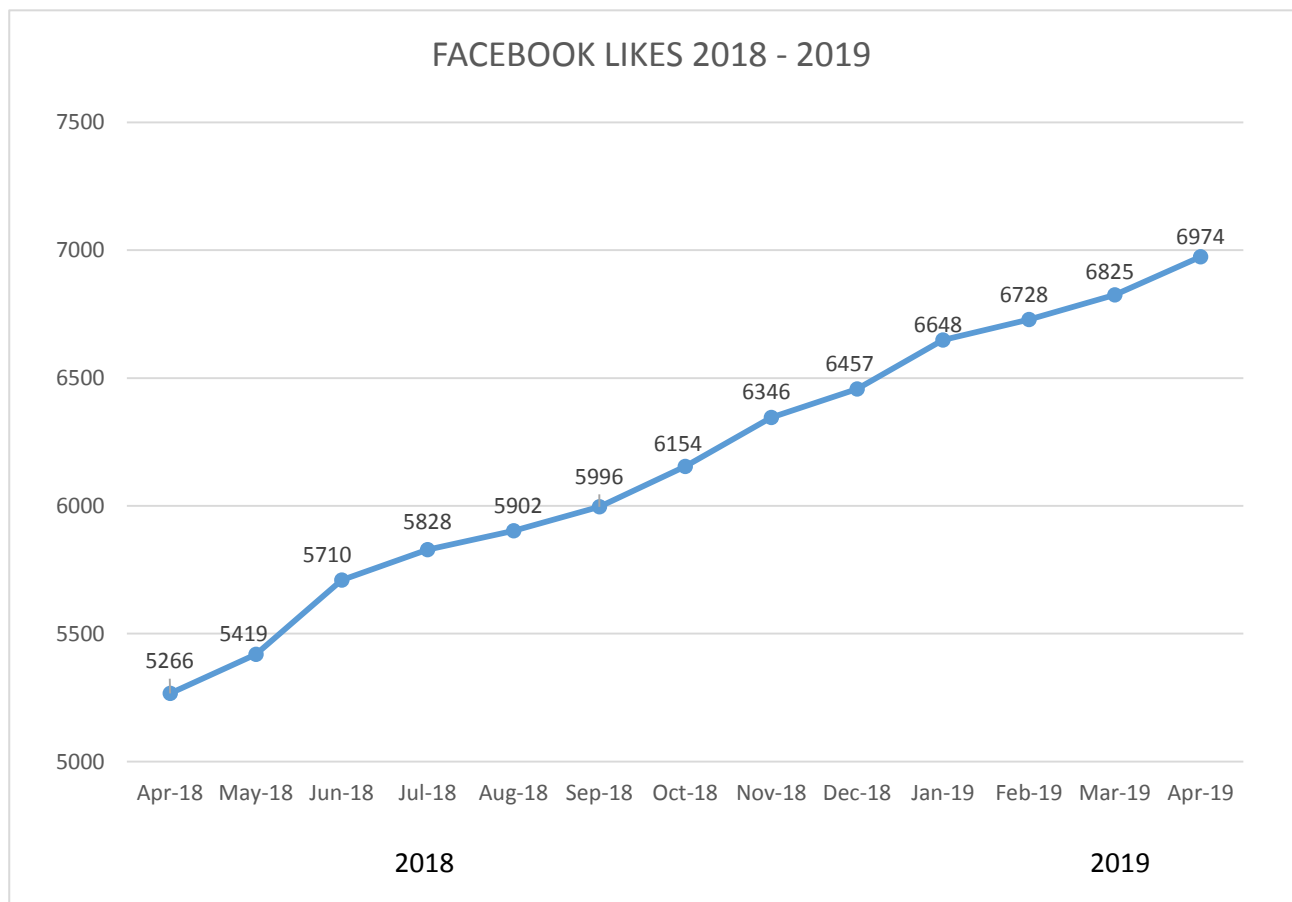
**Dave Culham Drive Closed** DAVE CULHAM DRIVE - CLOSED for vehicles - Wednesday 17 April  
Hi everyone, just a reminder that Dave Culham Drive will be closed, today (Wednesday) from 9am to 3pm. The closure only affects motorists/vehicles and will still be open for pedestrians.  
We thank drivers for their patience.

**11,975** people reached. **290** engagement by either post clicks and/or comments/reactions/shares.

### Facebook audience/followers

Facebook page 'Likes' have been increasing organically and steadily for this month. Likes for April (as at 30 April 2019) = 6,825 (**149** more likes since 30 March 2019).

Below is a graph showing the steady increase in Facebook followers for the last 12 months.



## 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.

Current consultations open for submissions:

- Class 4 Gambling Venue Policy – Proposed Amendments (closing 31 May 2019)
- Housing NZ Corporation – Resource Consent (closing 6 June 2019)
- Proposed Urban and Services Plan Change (closing 3 July 2019)

Other engagement projects currently open for feedback:

- Active Recreation and Sport Strategy (closing 5 June 2019)
- Growth Strategy (open for feedback 20 May)

## 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 and have been handed over to Council. 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 at the All Staff presentation. This will be followed by the release of the new brand book, and the development and implementation of brand workshops for employees later this quarter.

## People and Capability

### Legislative changes

This is a summary of key changes as a result of the Employment Relations Amendment Act 2018 and other employment related legislative changes of note, and the impact on WDC.

Change	Impact on WDC
<b>Rest Breaks</b> Having provided the opportunity to opt out of meal / rest breaks where it was deemed reasonable to do so under the previous National Government, the current government has reintroduced compulsory rest / meal breaks into the ERA. Employees must be given set rest and meal breaks based on the number of hours worked, to help them work safely and productively. Employers must pay for minimum rest breaks but don't have to pay for minimum meal breaks. Employers and employees can agree when the breaks can be taken. If they cannot agree, the law will require the breaks to be taken at set times, so long as it's reasonable and practicable to do so.	WDC Employment Agreements already cover breaks and employees entitlement to take them in accordance with hours worked. We did not remove this entitlement from our agreements under previous amendments.  No change required

<p><b>Trial Periods</b> 90-day trial periods are restricted to businesses with 19 or fewer employees, to restore protections from unjustified dismissal for most employees when they start a new job. Businesses with 20 or more employees can continue to use probationary periods to assess an employee's skills against the role's responsibilities. A probationary period lays out a fair process for managing performance issues and ending employment if the issues aren't resolved.</p>	<p>WDC did not adopt the 90 day trial period when it was introduced in 2009.</p> <p>No change required</p>
<p><b>Reinstatement for unfairly dismissed employees</b> If requested, reinstatement must be the first course of action considered by the Employment Relations Authority for employees who have found to be unfairly dismissed. Reinstatement means the employee gets their previous job back. The Employment Relations Authority will still assess whether reinstatement is practicable and reasonable for both parties.</p>	<p>Impact is minimal and will be addressed as and when required.</p>
<p><b>Vulnerable industry employees</b> New categories of employees may apply to receive the protections under the specified 'vulnerable workers'.</p>	<p>Not applicable to WDC</p>
<p><b>Changes for collective bargaining, collective agreement and unions</b></p> <ul style="list-style-type: none"> <li>• Duty to conclude bargaining</li> <li>• Removal of the multi-employer collective agreement opt-out</li> <li>• Earlier initiation timeframes for unions in collective bargaining</li> <li>• Restoration of the 30-day rule</li> <li>• Employers cannot deduct pay for partial strikes</li> <li>• Union representatives can enter workplaces without consent in some circumstances</li> <li>• Pay rates must be included in collective agreements</li> <li>• A form for employees to indicate if they intend to join a union</li> <li>• Reasonable paid time for union delegates</li> <li>• Employee protections against discrimination for union membership.</li> </ul>	<p>No collective agreement in place at WDC. Collective bargaining changes in this area do not affect WDC employees or our IEAs</p>
<p><b>The Domestic Violence – Victims' Protection Act</b> Introduction of new Act which aims to provide legal protections in the workplace for people affected by domestic violence. The Act gives employees affected by domestic violence the right to:</p> <ul style="list-style-type: none"> <li>• take at least 10 days of paid domestic violence leave separate from annual leave, sick leave and bereavement leave.</li> <li>• ask for short-term flexible working arrangements. This can be for up to 2 months.</li> <li>• not be treated adversely in the workplace because they might have experienced domestic violence.</li> </ul> <p>It does not matter when the domestic violence took place. Employees still have these rights if they experienced domestic violence before they began working for their current employer or before the law changed on 1 April 2019. Employees who have been affected by domestic violence can take paid domestic violence leave if they have worked for their employer for at least 6 months and in those 6 months they have worked for at least an average of 10 hours a week.</p>	<p>Provision for Domestic Violence Leave to be incorporated into our <i>Leave Policy</i> and associated processes. Currently considering specific procedures for DVL applications ensuring with a view to maintaining rigorous privacy.</p> <p>Provision for fixed term flexible working options due to effect of Domestic Violence to be specified within <i>WDC Flexible Working Policy</i> at next update.</p>
<p><b>Pay Day Filing</b> From 1st April 2019 employers are required to</p> <ul style="list-style-type: none"> <li>• file employment information with IRD every payday instead of an Employer monthly schedule (IR348)</li> <li>• provide IRD with new and departing employees' address information, as well as their date of birth</li> </ul>	<p>Changes have increased compliance related administration and required changes to our current payroll IT System set up. Now complete.</p>

- file electronically (from payday compatible software) if annual PAYE/ESCT is \$50,000 or more.

### ***New Employees, Transfers, Vacant Positions and Leavers***

<b>New Employees/Transfers</b>	<b>Name</b>	<b>Start Date</b>
Team Leader – Environmental Health	Fiona Eames*	1 Apr-19
Customer Relations Coordinator (Fixed Term)	Taylor Thomassen	1-Apr-19
Support Assistant – District Plan	Eden Edwardson	8-Apr-19
Senior Planner – RMA Consents	Lex Wright*	8-Apr-19
RMA Approvals and Compliance Officer (Fixed Term)	Conor Bradley	15-Apr-19
Librarian – Central & Outreach Services	Sophie Rowland	15-Apr-19
Manager – Business Support	Eddie Wotherspoon*	29-Apr-19
Revenue Administrator (Fixed Term)	Toakase Amato	29-Apr-19

\*Internal promotion

<b>Roles filled and waiting to start</b>	<b>Name</b>	<b>Start Date</b>
Manager – Communications	Jane Ashley	6-May-19
Support Assistant – Building Inspections	Billie Anderson	6-May-19
Business Support Clerk	Danielle Garner	6-May-19
Team Leader – Development Contributions	Lynne Dahl*	6-May-19
Distribution Technician - Water	Tim Gibbs	13-May-19
Engineering Officer – Drainage	Darren Whittam	13-May-19
EA to GM Planning and Development	Christy Weightman	20-May-19

<b>Roles not yet filled</b>	<b>Status</b>
Senior Projects Engineer - Pavements (NTA)	Hold
Roading Project Engineer	Hold
Systems Accountant	Reviewing/Hold
Team Leader - Major Event Planning & Admin	Reviewing
Graduate Strategic Planner	Closed
Project Engineer / Project Manager - Infrastructure	Preferred Candidate
Data Warehouse Administrator	Interviewing
Building Control Officer	Shortlisting
Senior Building Control Officer	Shortlisting
Support Assistant - District Plan (Fixed Term/Part Time)	Shortlisting
Venues & Events Coordinator	Shortlisting
Business Partner (People & Capability)	Shortlisting
Non-Fiction Librarian	Shortlisting
Environmental Health Officer	Shortlisting
Librarian - Central & Outreach Services	Shortlisting
Team Leader - RMA Consents	Readvertising
Wastewater Treatment Technician	Readvertising
Team Leader - Service Centres	Readvertising
Manager - Waste & Drainage	Readvertising
Calling all Planners (RMA Consents)	Advertising
Trainee Building Control Officer (internal only)	Advertising
ICT Administrator (Fixed Term – Parental Leave Cover)	Advertising
Development Engineer	Advertising

<b>Leavers</b>	
Matthew Pastula	Non Fiction Librarian
Kaylee Kolkman	Team Leader – RMA Consents
Andrew Carvell	Manager – Waste & Drainage



## Democracy and Assurance

### *Projects*

External facing projects on the Democracy and Assurance team work programme include:

#### **Elections 2019**

Planning for the 2019 Elections, including pre-election and post-election activities has commenced. The 2019 triennial elections are due to be held on Saturday 12 October 2019. Council's Electoral Officer for the election is Dale Ofsoske from Election Services. Election Protocols for staff are being socialised across council.

Recent changes to the Local Government Act 2002 and the Local Electoral Act 2001, give Local Government Chief Executives a new role in the Electoral Process. They now have a responsibility for fostering and facilitating representative and substantial participation in the local electoral process. The current level of participation in local elections means that membership of councils is often less diverse than the communities they serve.

The changes will provide councils with a clear mandate to improve participation across our communities. The sector organisations (LGNZ and SOLGM) have provided guidance to councils on how this can be achieved, and have joined forces to deliver initiatives such as the Vote 2019 public awareness campaign.

### *Democracy*

The Democracy Team supported eight Council and Committee meetings, including the hearing of submissions to the Annual Plan 2019-2020, two Council briefings and one Council Workshop. Forty-seven liquor licence applications were processed for determination by the Chair of the District Licensing Committee.

### *Official Information requests*

15 official information requests have been received by Council since the last operational report in April 2019. Council received 248 requests during 2018 and with 77 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 April/May 2019:

- Request for contact information associated with a specified address.
- Request for copy of Notice of Requirement for KiwiRail, Oakleigh to Marsden project.
- Request for list of current council contractors.
- Request for complaint related information associated with a specified address.
- Various questions relating to Council decision on proposed new council building.
- Request associated with release of survey on council archiving practices.
- Request for information associated with right of way access associated with specified addresses.
- Request for building consent information in relation to structures at a specified address.
- Request for 2018 report prepared by council on buildings at a specified address.
- Various questions relating to iwi consultation on Parua Bay Refuse Centre resource consent application.
- Request for historical reports of Environmental Services Committee associated with a specified address.
- Request for historical rates data.
- Request for noise related complaints in relation to a specified address.



- Request for complaint related information for the last ten years in relation to a specified address.
- Various questions relating to the regulation of Freedom Camping.

## **Council Controlled Organisations**

The Council Controlled Organisation (CCO) work programme aims to improve how we work with our CCO's, and achieve alignment on strategic priorities. Development of a framework will clarify and provide consistency in accountability and reporting, as well as identify key relationship points across Council.

### *Whangarei Art Museum Trust*

Formal feedback on the draft 2019/20 Statement of Intent (SOI) has been provided to the Whangarei Art Museum Trust (WAMT) following the Finance and Corporate Committee meeting on 28 March 2019, and in accordance with the Local Government Act (LGA) 2002.

Feedback to the Trust acknowledged that the format and content of the draft 2019/20 SOI has been refreshed, and now better reflects WAMT's vision and objectives, and how these align to WDC's Community Outcomes.

Specific feedback to WAMT on the draft SOI was as follows:

- Ensure there is visible commitment to delivery against the principles in the WAMT trust deed, delivery of the actions relating to the Museum, and preservation of the Museum's identity through branding.
- Ensure there are mechanisms to monitor progress with the Hundertwasser project, including business plan development, and financial performance.
- Clarify the relationship between WAMT, Hundertwasser, and the Wairau Maori Art Museum.

The Manager Democracy and Assurance has provided recommended changes to the SOI in response to the Committee feedback, including an update of the performance measures so they reflect the requirements for annual operating grant funding.

The final draft of the SOI will be presented for agreement at the Finance and Corporate Committee meeting on 27 June 2019.

### *Whangarei Quarry Gardens Trust*

Whilst this is not a CCO, Council do appoint a community representative to the board. A board member resigned in late 2018 and staff have been providing support to the board in the advertising and interviews for the new trustee. This appointment will be recommended to Council in May.

## **Audit and Risk**

Staff continue to work on the updates to the delegations register and these will be brought to Council in May or June.

The field work for the internal audit for our contract management process has concluded. The draft report will be with staff shortly for comments and the final report will be presented to the Audit and Risk Committee in June.

Staff are working with all departments to review current risk registers and compile a list of Council's top risks for presentation to Audit and Risk Committee.

## ***Consultation and Engagement***

Deliberations are now complete on the 2019/20 Annual Plan, following consideration of formal submissions, and feedback, from community consultation. Planning for the response to those who made formal submissions is underway.

The Steering Group, for the completion of the Consultation and Engagement Toolkit and related resources, has convened. Staff from across many functions of the organisation are involved and have identified the scope required to cover the requirements of these resources. Identifying the business requirements for a consultation calendar and all training needs are also outputs from this group.

Council and Creative Northland have released the draft He Rautaki Toi ā Rohe ō Whangārei – Strategy for arts, culture and heritage for Whangārei District for consultation. Other consultations underway are; the Gambling Venue Policy, District Plan changes, the Sports and Recreation Strategy, Vehicles on Beaches, and the Speed Limit bylaw.

## **Māori Relationships**

### **Local Government Māori Collaboration**

A hui hosted by Northland Regional Council for Māori Relationships units in Tai Tokerau to collaborate and korero about common issues within our respective councils' rohe. An aligned approach will better serve our people and organisation.

### **RMA Matters for discussion at Te Huinga**

Ministry for the Environment (MfE) met with Te Huinga and presented generic work programmes that reflected relevant priorities for territorial authorities. Also, what MfE provides and offers through various funding streams.

### **TUIA 250**

Co-ordinating a series of hui with Kaumatua of Whangareia, Hihiaua Cultural Centre Trust and the Waitangi Cultural Committee Incorporated. At this stage the emphasis is on the haka pōwhiri for the flotilla arrival on 2 November 2019.

### **Whanau Matariki Festival 2019**

Working closely with Venues and Events team to coordinate this annual event, will liaise with hapū via Te Huinga. Hihiaua Cultural Centre are also opening stage one of their project with a dawn blessing to coincide with the Whanau Matariki Festival.

### **Cultural Protocols Assistance**

Assisted the Council Revenue staff with Māori protocols to open their inaugural meeting of legal executives, real estate agents and land valuation agents.

**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.*