Whangarei District Council

Finance and Corporate Committee Agenda

Date:	Thursday, 27 June, 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.

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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

Whangarei District Council

Finance and Corporate Committee Meeting Minutes

Date:	**Thursday, 30 May, 2019**
Time:	**9:00 a.m.**
Location:	**Council Chamber** **Forum North, Rust Avenue** **Whangarei**
In Attendance	**Cr Shelley Deeming (Chairperson)** **Her Worship the Mayor Sheryl Mai** **Cr 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**
Not in Attendance	**Cr Gavin Benney**
Scribe	**Jennie Thomas (Democracy Adviser)**

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1. Declarations of Interest

There were no declarations of interest.

2. Apologies

Cr Gavin Benney (leave of absence)

Moved By Cr Greg Martin
Seconded By Cr Sharon Morgan

That the apology be sustained.

Carried

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

3.1 Minutes Finance and Corporate Committee Meeting 24 April 2019

Moved By Cr Phil Halse
Seconded By Cr Vince Cocurullo

That the minutes of the Finance and Corporate Committee meeting held on Wednesday, 24 April 2019, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Decision Reports

4.1 Reserve Account Review

Moved By Cr Shelley Deeming
Seconded By Cr Vince Cocurullo

That the Finance and Corporate Committee:

1. Approves the allocation of the Fisherman's Levy Reserve to the Wharf Access 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.

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 Councils general BNZ account.

5. Approves the disestablishment of the Library Reserve Fund (with a current balance of $4,006) in the 2018/19 finance 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 Councils general BNZ account.

Carried

5. Information Reports

5.1 Financial Report for the 10 months ending 30 April 2019

Moved By Cr Sue Glen
Seconded By Cr Anna Murphy

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

Carried

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

Moved By Her Worship the Mayor Sheryl Mai
Seconded By Cr Greg Martin

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 30 April 2019.

Carried

5.3 Local Government Funding Agency - Quarterly Report to 31 March 2019

Moved By Cr Greg Innes
Seconded By Cr Sue Glen

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

Carried

5.4 Operational Report - Finance and Corporate - May 2019

Moved By Cr Tricia Cutforth
Seconded By Cr Anna Murphy

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

Carried

6. Public Excluded Business

There was no business conducted in public excluded.

7. Closure of Meeting

The meeting concluded at 9.55am

Confirmed this 27th day of June 2019

Councillor Shelley Deeming (Chairperson)

4.1 Northland Regional Landfill Limited Partnership - 2019/20 Statement of Intent

Meeting:	Finance and Corporate Committee
Date of meeting:	27 June 2019
Reporting officer:	David Lindsay (Solid Waste Engineer)

1 Purpose

To agree to the Northland Regional Landfill Limited Partnership (NRLLP) 2019/20 Statement of Intent in accordance with Section 65 of the Local Government Act 2002.

2 Recommendation

That the Finance and Corporate Committee agrees to the Northland Regional Landfill Limited Partnership 2019/20 Statement of Intent.

3 Background

Section 64 of the Local Government Act 2002 advises that Council Controlled Organisations (CCOs) must have a Statement of Intent (SOI). Under Section 65 of the Act, Council can agree with the SOI or ask for modifications.

The Draft SOI for NRLLP was presented to the March meeting of this Committee. Feedback was provided to NRLLP in June 2019.

Attached is the Final Statement of Intent 2019/2020 for NRLLP.

NRLLP's SOI includes 'high level' performance targets. More detailed and specific targets are set and monitored within the entity through its annual Business Plan. These are not included in the SOI for business confidentiality reasons.

Note: Alan Adcock, GM Corporate / CFO, has a governance relationship with NRLLP as a Director on behalf of Whangarei District Council. Any potential conflicts of interest this causes are dealt with as circumstances dictate.

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 of the website.

5 Attachments

1. NRLLP Statement of Intent 2019/20

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP

STATEMENT OF INTENT 2019/2020

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP

Statement of Intent

For the Year Ending 30 June 2020

The following statement has been prepared in accordance with The Local Government Act 2002, (clause 9, Schedule Eight).

1. Introduction

The Northland Regional Landfill Limited Partnership (NRLLP) comprises two limited partners; Whangarei District Council (WDC) and Northland Waste Limited (NWL). The General Partner is Whangarei Waste Limited (WWL). The operation is governed by a joint venture agreement under which neither party has absolute control of the organisation but is deemed a Council Controlled Organisation (CCTO) by virtue of the Local Government Act (LGA).

The main activity of the partnership is to operate the Puwera Landfill and provide waste disposal facilities in the Whangarei District.

NRLLP is a For Profit Entity operating as a best practice business financially, environmentally, socially and culturally.

2. Background

Following a competitive process seeking requests for proposals, NRLLP was formed on 2 July 2009 and purchased the consented Puwera Landfill and Resort Resource Recovery Park (RRP) from WDC.

The design and build of the Landfill was undertaken by Quay Contracting Limited (QCL). Subsequent management and development of facilities is undertaken by QCL.

3. Associated Interests of Partners

WDC domestic rubbish collections and rural transfer stations waste contribute to Puwera waste streams.

NWL and related companies' collection operations acquire waste from throughout the Whangarei, Far North and North Auckland which contribute to Puwera waste streams.

QCL is a subsidiary of NWL.

4. Objectives

4.1 The long-term objectives of the partnership are set out in the partnership agreement and are included in Appendix A of this document.

4.2 Specific Objectives for 2019/2020:

a. Maintain processes to divert green waste from the waste stream.
b. To build a recycling / sorting plant at the Resort facility for acceptance of recycling materials from the region if grant funding assistance makes it viable.
c. Continue to investigate opportunities to attract waste from throughout the region and northern Auckland area to increase profitability.
d. Sell or utilise the landfill gas streams if economically viable.

5. Governance

The Northland Regional Landfill Limited Liability Partnership is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002 and is a 50/50 partnership between the limited partners, WDC and NWL. The partnership is constituted under the Limited Partnerships Act 2008 and is governed by the limited partnership agreement dated 30 June 2009 and which may be amended from time to time by agreement between the Partners.

The management of the partnership is undertaken by the general partner (WWL), a company registered under the Companies Act 1993 which is jointly owned by WDC (Group A shares) and NWL (Group B shares). This company is governed by four directors, two group A directors and two Group B directors appointed by the respective shareholders. No remuneration is paid by the company to the directors, the shareholders will pay the directors appointed by them as they see fit. A quorum consists of one Group A director and one Group B director.

6. Nature and Scope of Activities to be Undertaken

The scope of activities of the Limited Partnership will be:

a. to own and operate disposal facilities including haulage of conforming waste to the Puwera Landfill;

b. to undertake post-closure responsibilities including capping, contouring and monitoring of the Puwera Landfill;

c. to own, operate and manage the ReSort RRP and recycling plant once built;

d. to conduct other waste collection and disposal activities as the Parties agree shall be dealt with by the Limited Partnership from time to time;

e. using the combined strength of the partners and consistent with the organisation's profit objectives; promote and conduct recycling and waste minimisation activities within the operating area; investigate and develop further minimisation opportunities; and diversify into new markets opportunities created by a higher landfill levy.

f. to investigate and, where appropriate, promote and/or undertake clean fill operations in the defined operating area.

7. Performance Measurement and Reporting

The following information will be available to WDC based on an annual balance of 30 June.

7.1 Annual Report

Within three months after the end of each financial year, the Board shall deliver to the WDC, audited financial statements in respect of that financial year, containing the following information:

i. Statement of Financial Position;
ii. Statement of Comprehensive Income;
iii. Statement of Performance against Financial and Non-Financial Performance Targets;
iv. Auditor's report;
v. such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results of the operations of the Company and its subsidiaries.

7.2 Financial Performance Targets

Indicative Financial Performance Targets:

Operate at a profit.

7.3 Non-Financial Performance Targets

Indicative Non-Financial Performance Targets:

To open both the Puwera Landfill and Re-Sort facilities for a minimum of 40 hours each week.

NRLLP to ensure that its principal contractor employed to run Puwera and Resort maintains health and safety systems to enable retention of Safe Plus branding.

Ensure no notifiable incidents occur at all operational sites owned by NRLLP.

Ensure Resort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.

Maintain compaction rates on general refuse to achieve 0.7 tonnes of placed refuse per cubic metre of airspace used at Puwera Landfill.

Ensure 6 months of landfill capacity is maintained at all times.

Achieve a minimum of 70% landfill gas destruction.

8. The Ratio of Consolidated Partners Funds to Total Assets, and the Definitions of Those Terms

At the date of formation, the ratio of partners' funds to total assets was 23% ($3M equity, $10M liabilities and $13M assets). The $10m liability was vendor finance from WDC for the acquisition of the properties. Partners' funds means capital contribution from partners plus undistributed current accounts and revaluation reserve. Total assets means the book value of all assets of the partnership.

At 30 June 2018, net equity (partners' funds) is $18.147 million, liabilities $9.308 million and assets $27.455million. The ratio of partners' funds to total assets was 66%.

9. Statement of Accounting Policies

As outlined in Appendix B.

10. Financial Statements

Due to the commercial sensitivity of the business, prospective financial statements are not included with the Statement of Intent.

11. Distribution of Accumulated Profits and Revaluation Reserves

All profits are allocated to Partners' Current Accounts effective at balance date.

Unrealised Capital Gains are held in Revaluation Reserve and classified as Equity.

12. Information to be Provided to Partners During the Year

i. Annual financial estimates, for operational activities and capital expenditure, to the Limited Partners.

ii. Annual Statement of Intent to the WDC Finance and Corporate Committee.

iii. Half Year Financial Statements (unaudited), including Statement of Financial Position; Statement of Financial Performance; Statement of Movements in Equity.

iv. Half Year progress against Statement of Performance, based upon Performance Measures to be provided to Limited Partners.

v. Annual Financial Statements, including Statement of Accounting Policies; Statement of Financial Position; Statement of Financial Performance; Statement of Movements in Equity; Statement of Cash flows; Reconciliation of Surplus after Taxation to Cash flow from Operating Activities; Notes to the Financial statements and Auditors' Report to be provided to Limited Partners together with Auditors' Management Letter.

vi. Annual Statement of Performance, based upon Performance Measures to be provided to Limited Partners.

13. Statement of Procedures for Acquisition of Shares by Partners in Other Entities

Partners will not acquire shares in any other similar organisation without the prior written agreement of both Joint Venture Partners.

14. Activities for Which the Board Seeks Compensation From any Local Authority

It is expected there will be no activities for which the board will seek compensation.

15. Commercial Value of the Joint Venture Partners' Investment in the Group and the Manner in Which, and the Times at Which, That Value is to be Reassessed

As at 30 June 2018 net equity (partner's funds) amounted to $18.147 million.

It is not proposed to seek an independent assessment of the commercial value of the entity.

16. Treaty of Waitangi Statement of Commitment

Northland Regional Landfill Limited Partnership as a WDC CCTO, understands local body obligations to the Treaty of Waitangi and expects that the Treaty of Waitangi will be honoured.

Appendix A

Extract from WWL NRLLP Shareholders/Limited Partnership Agreement dated 30 June 2009

Long term Objectives for the Limited Partnership

The objectives of the Limited Partnership are to:

(a) Develop and operate the Puwera Landfill so that it is capable of serving the Waste disposal needs of the Shareholders and the Partners to the Limited Partnership and the Northland Region and providing competitive Waste disposal services to third party Waste operators and other local authorities within the Operating Area in an environmentally sound and economically efficient manner and in accordance with all relevant resource consents.

(b) Operate as a successful business including achieving sufficient earnings to support the continued operations of the Limited Partnership and to achieve an appropriate risk adjusted return on investment;

(c) Manage the Waste stream so enough Waste is secured to ensure that the Landfill is operated to its commercial advantage taking into account the benefits of maximising the life of the Landfill and financial return to the Shareholders and the Partners to the Limited Partnership.

(d) Ensure construction and operation of the Landfill is undertaken in such a manner as to maximise the life of the Landfill, both for Stage One of the Landfill as contemplated by the existing resource consents and for any future stages.

(e) Operate the ReSort:RRP as a transfer station to serve the needs of the Whangarei District in an environmentally sound and economically efficient manner and in so doing ensure that current levels of service, including services such as Hazardous Wastes collection and vegetation separation, are maintained with operations to be undertaken using the best practicable option.

(f) Promote Waste Minimisation where it is financially viable to do so.

(g) Own and operate a recycling and sorting plant.

(h) Obtain economic cash flows from captured gas at the landfill.

(i) Be responsive to the market demand for its services in terms of the criteria of quantity, quality and price.

(j) Develop business plans consistent with WDC's Waste Management and Minimisation Plan and all relevant statutory and regulatory obligations.

(k) Behave in an environmentally sustainable manner by promoting and maintaining the standards of environmental protection applied by the RMA and to minimise the impact of its activities on the environment.

(l) Comply with relevant provisions of the LGA applying to a CCTO.

(l) Promote and maintain standards of health and safety in accordance with all applicable statutes and regulations, and including best practice.

(m) Act as a good employer and effectively manage staff.

(n) Commit to consult with and be sensitive to the concerns of the Landfill and ReSort:RRP host communities.

(o) Act as a good corporate citizen with regard to its business dealings and relations with key stakeholders and tangata whenua and the Northland community.

(p) Be customer focussed and ensure good customer relationships and service provision.

(q) Enter into and manage procurement contracts to deliver the Limited Partnership's services.

(r) Maximise long run economic and environmental benefits to key stakeholders.

Appendix B

1 Statement of accounting policies

Reporting Entity

Northland Regional Landfill Limited Liability Partnership (the Partnership) is a joint venture between Whangarei District Council and Northland Waste Limited as limited partners and Whangarei Waste Limited as a general partner.

The Partnership is domiciled in New Zealand and is a council-controlled trading organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint 50% of the directors to the Board and the corresponding voting rights controlled by Council.

The primary objective of the Partnership is to provide waste facilities in the Whangarei District.

The financial statements for the Partnership are for the year ended 30 June 18, and must be approved by the General Partner by 30 September. The entity's owners or others have no power to amend the financial statements after issue.

Basis of preparation

Statement of compliance

The financial statements of the Partnership have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The partnership is a Tier 2 RDR reporting entity by virtue of not being publicly accountable and has expenses of less than $30 million.

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional currency of the Partnership is New Zealand dollars (NZ$).

Changes in accounting policies
There have been no significant changes in accounting policies during the year.

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

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

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

Any commitments and contingencies are disclosed exclusive of GST.

Income tax

The Partnership incurs no taxation expense or tax liability. Taxable Surplus or Loss is borne by each partner according to profit share arrangements.

Any withholding tax or imputation credits arising from investment income are taken to the respective Partner Current Accounts.

Equity
Equity is measured as capital contributions of the Partners; Current Accounts of the Partners to the extent that they have not been authorised for distribution in the next financial year; and Revaluation Reserves.

Segment reporting
The Partnership operates in one business segment, waste disposal, and in one geographical segment, Northland.

Critical accounting estimates and assumptions
In preparing these financial statements, the Partnership has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Aftercare provisioning
Cell construction

Whangarei District Council

4.2 Whangarei District Airport - Statement of Intent 2019/2020

Meeting:	Finance and Corporate Committee
Date of meeting:	29 June 2019
Reporting officer:	Mike Hibbert (Commercial Property Portfolio Manager)

1 Purpose

To adopt the Whangarei District Airport Statement of Intent (SOI) in accordance with Section 64 of the Local Government Act 2002.

2 Recommendation

That the Finance and Corporate Committee as the Airport Authority, adopts the Statement of Intent 2018/2019 for the Whangarei District Airport.

3 Background

The Statement of Intent has been reviewed for appropriateness in relation to the delivery of services, management and governance of the Whangarei District Airport and obligations to meet Section 64, Schedule 8, clause 9 (contents of the statement of intent) under the Local Government Act 2002.

Attached is the Statement of Intent 2019/2020 for the Whangarei District Airport.

Included in this SOI are:

- Increased revenue:
  - Additional revenue from the implementation of parking charges and new and expanded lease agreements.
  - Landing fees schedule (review to be completed)
- Reduced professional fees due to near completion and implementation of new Civil Aviation Authority Safety Management System (SMS).
- Predicted power increases based on additional infrastructure

A total operating net surplus of $517K (before depreciation) is budget for the next three-year period.

Capital Projects

A summary of High Priority capital projects is included in appendix A for the next three years.

Changes to the draft SOI include;

Security/Floodlighting ($50K) – This has been brought forward to 2019/20
Car Park extension- this project has been delayed until 2020/21.

These are expected to be funded through existing airport reserves including budgeted operating surpluses.

As part of developing further the relationship of the Joint Venture Partners and exploring economic development and sustainability, a ten-year plan (attachment 2) is included. Each project has been prioritised as High, Low or Dev (Development Opportunity).

All projects are subject to Council and Ministry approval on a case by case basis. Projects beyond 2021 will be reviewed subject to the future operation of the airport at Onerahi.

4 Significance and engagement

Having considered the Significance and Engagement Policy this proposal or decision is not considered significant and the public will be informed via Agenda publication on the website.

5 Attachments

1. Whangarei District Airport - Statement of Intent 2019/20
2. WDA 10 Year Capital Project Plan

Whangarei District Airport: Capital Investment Plan

Schedule	Task	Comments	Cost Est	Priority
2019 - 2020				
Power & Capacity Upgrade	Required for any further development.		$16,482	**HP**
Security Flood Lighting	Improving Security, gates, lighting and flood lighting of main parking areas and roads outside Terminal.		$50,000	**HP**
Re-Roof Terminal	partial replacemnt of original roof and sign		$55,000	**HP**
Walkway	Development	*Cover from Carpark*	$35,000	**LP**
Rental Carpark	Development (Increase in enquiry)	return on investment	$159,245	**DEV**
Crash Fire	Development - Required due to growth. (Required if Air NZ increase service)	cost recoverable	$500,000	**DEV**
Total			**$815,727**	
2021 - 2022	**Pending long term future of Airport at Onerahi**			
Car park extention	Development - manage increased parking requirements	return on investment	$90,000	**HP**
Entrance Driveway	Drainage		$120,000	**LP**
Taxiways	Development to Runway 024 / reseal existing / Fuel access		$400,000	**LP**
Solar Farm	Sustainable power source for operational needs	operational savings	$250,000	**DEV**
Total			**$2,224,972**	
2022 - onwards	**Pending long term future of Airport at Onerahi**			
Apron	Extention		$350,000	**HP**
Terminal Building	minor expansion	based on usage	$1,000,000	**LP**
Sealed Areas. - Runway	Reseal - Scheduled for 2023, could be defered.	assumed life to 2023	$500,000	**LP**
Control Tower	Purchase	Meeting Rooms, VIP lounge, Airport	$200,000	**DEV**
Runway	Seal Starter Extention	Buy time - can depart ATR	$800,000	**DEV**
Total			**$2,850,000**	

HP-High priority **LP- Low priority** **Dev- Development Opportunity**

Only High Priority Capital Projects have been included in the 2019-20 Statement of INtent

Whangarei District Airport

Statement of Intent

For the Year Ending 30 June 2020

Whangarei District Airport

Statement of Intent
For the Year Ending 30 June 2020

The following statement has been prepared in accordance with The Local Government Act 2002, (s9, Schedule Eight).

Introduction

The Whangarei District Airport (Airport), situated at Onerahi in Whangarei, is operated under a joint venture partnership agreement between the Whangarei District Council (Council) and the Crown, represented by the Ministry of Transport (MoT). The day-to-day operational activities of the Airport are managed under the aegis of Council by way of a management contract with a contractor (currently Northland Aviation Limited). The Airport acts as a gateway to the Whangarei District and Northland, and this aspect remains a focus of Council in providing an airport service of high quality and efficiency.

a. Objectives

i. That the Airport is operated as a fully serviceable District Airport for the use of visitors, residents and ratepayers of the Whangarei District;

ii. That the short and long term objectives of the Airport operation meet the needs of scheduled and non-scheduled aviation operators and their customers;

iii. That standards of safety are promoted and maintained, recognising New Zealand Civil Aviation Authority (CAA) and other safety and health requirements;

iv. That the Airport is operated with regard to appropriate environmental practices, legislation, and in recognition of the designation requirements in the District Plan.

b. Governance

The airport is owned and operated under a joint venture agreement between the Whangarei District Council and the Crown. Council operates the airport as the Airport Authority under the Airport Authorities Act 1966 (s3). Day to day management is effected by way of a management contract with Northland Aviation Limited.

c. Nature and Scope of Activities to be Undertaken

i. The Airport Authority is engaged in operating the Airport in a cost effective and efficient manner to meet the objectives set out above, and in accordance with the terms of the Aerodrome Operating Certificate issued by the Civil Aviation Authority;

ii. Meet the Civil Aviation Authority certification requirements;

iii. The Authority will continue to seek opportunities to widen its revenue base in areas consistent with the Airport operation. Such activities include leasing land within the Airport precinct for aviation related activities and reviewing both existing charges and exploring other options.

d. The Ratio of Consolidation Shareholders' Funds to Total Assets, and the Definitions of Those Terms

The airport is operated as a joint venture with the land being owned 100% by the Crown, buildings and lighting being owned 100% by Council, and runways, plant and equity being 50% owned by the Crown and 50% by Council. The ratio of the joint venture partners' funds to total assets is calculated as at 30 June 2018 as 97.7%.

e. Financial Statements

See Appendix A.

f. Performance Measures

Performance Measure	2019/20 Target	How
To operate within agreed financial budgets	Actual spend ≤ budget	Meet annual forecast as detailed in appendix A Financial Statement
Maintain user satisfaction	>75%	Record and report very satisfactory and satisfactory ratings through annual user survey
Maintain Airport Certification	To meet certification standards as required by CAA. Implement Safety Management System (SMS)	Fulfil expectations of CAA as determined by annual CAA Audit Meet required legislative timeframes
Health & Safety	Achieve overall decline in incidents	Manage and review Health & safety policies and procedures
Explore economic development opportunities	Encourage new business development and existing business expansion.	Engage alternate aviation and airport service providers and enable existing business to grow through lease management and land use consent process

g. Distribution of Accumulated Profits and Capital Reserves

There is to be no distribution of accumulated profits or capital reserves to Joint Venture Partners during the year.

h. Information to be Provided to Partners During the Year

i. Monthly report on financial position including variance reporting on revenue and expenditure comparing actual figures with estimated figures, and statement of monthly financial position to be provided to the Airport Authority (via Whangarei District Council District Development/ Finance Team);

ii. Management to report via email to Council staff on notable events and seek approval prior to any extraordinary expenditure;

iii. Annual financial estimates, for operational activities and capital expenditure, to the Joint Venture Partners;

iv. Report all findings, documenting all suggestions, no later than 30 June of each operating year for the purpose of improving customer satisfaction;

v. Annual Statement of Intent to the Airport Authority Board;

vi. Annual financial statements, including statement of accounting policies; statement of balance sheet; statement of income; statement of movements in equity; statement of cash flows; notes to the financial statements and Auditors' report to be provided to Joint Venture Partners together with Auditors' management letter;

vii. Annual statement of performance, based upon performance measures to be provided to Joint Venture Partners;

viii. Half yearly report including financial statements (as detailed in (v) above) and financial forecast for the balance of the year to be provided to the Joint Venture Partners.

i. Statement of Procedures for Acquisition of Shares by Partners in Other Entities

Partners will not acquire shares in any other organisation related to the Airport operation without the prior written agreement of both Joint Venture Partners.

j. Activities for Which the Board Seeks Compensation From any Local Authority

Council has provision in its capital estimates for the expenditure of funds on non-aviation related items at the Airport as a community contribution to amenities at the airport and occasional capital sum investment in the assets owned by Council at the airport.

k. Commercial Value of the Joint Venture Partners' Investment in the Group and the Manner in Which, and the Times at Which, That Value is to be Reassessed

The commercial value of the partners' investment is set out in the statement of accounting policies included in this statement. It is noted that the land is a restricted asset and revaluation on a commercial basis would be misleading. The financial statements for the year ended 30 June 2018 record the total equity in the partnership of $4,934,425 (2017 $5,014,605).

Appendix A : Statement of Financial Statement

Statement of Accounting Policies

1.1 Reporting entity

The Whangarei District Airport is a Council controlled organisation as defined under section 6 of the Local Government Act 2002. The Airport is administered by the Whangarei District Council in a joint venture operation with the Ministry of Transport and is domiciled in New Zealand.

2 Significant accounting policies

2.1 Basis of preparation

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Airport will continue to operate in the foreseeable future.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting Accrual (Public Sector) on the basis that the Airport does not have public accountability (as defined) and has total annual expenses of less than $2 million.

Goods and services tax

The Airport is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($) . The functional currency of the Entity is New Zealand dollars.

The financial statements are presented in New Zealand dollars.

2.2 Revenue and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants
Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

(ii) Interest income
Interest revenue is recorded as it is earned during the year.

(iii) Sale of services
Revenue from the sale of services is recognised when the services are provided to the customer.

(iv) Administration, overheads and other costs.
These are expensed when the related service has been received.

2.3 Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liablity and adjustments to prior year tax liabilities.

2.4 Bank accounts and cash

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as current liabilities in the statement of financial position.

2.5 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

2.6 Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

(i) **Asset sales**
For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

(ii) **Use of assets**
For an asset to be used by the Airport, the asset is impaired if the value to the Airport in using the asset falls below the carrying amount of the asset.

Depreciation
Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life
Land	Indefinite
Airside	0-140 years
Buildings	4-40 years
Landside	0-140 years
Sundries	5-67 years
Services	0-40 years

2.7 Investments

Investments comprise investments in terms deposits with banks.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

2.8 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.9 Lease expense

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

2.10 Tier 2 PBE Accounting Standards applied

The Airport has not applied any Tier 2 Accounting Standards in preparing its financial statements.

2.11 Changes in Accounting Policies

There are no changes in accounting policies.

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

	BUDGET 30 June 2020	BUDGET 30 June 2021	BUDGET 30 June 2022
Income			
Landing fees	393,874	405,000	405,000
Sundry income advertising	8,000	10,000	12,000
Other Recoveries	6,000	6,120	6,242
Operational Recoveries	22,000	22,440	22,889
Rent received	170,000	173,400	176,868
Interest received	5,000	5,000	5,000
Carpark Income	150,000	160,000	170,000
Total Income	**754,874**	**781,960**	**797,999**
Less Expenses			
Airfield Expenses			
Drainage	5,000	5,100	5,202
Fencing	1,000	1,020	1,040
Grounds R&M	44,000	44,880	45,778
Runway R&M	10,000	10,200	10,404
Lighting R&M	25,000	25,500	26,010
Other R&M	25,000	25,500	26,010
	110,000	**112,200**	**114,444**
Terminal Expenses			
Insurance	17,893	18,250	18,615
Cleaning	32,000	32,640	33,293
Advertising	3,000	3,060	3,121
Rates	22,380	23,241	24,135
Electricity	40,000	40,800	41,616
Weather station	7,000	4,250	4,335
Security	8,000	8,160	8,323
Other expenses	16,200	16,520	16,846
	146,473	**146,921**	**150,285**
Administration Expenses			
Management Fee	274,314	279,526	284,837
Telephone	1,600	1,632	1,665
Audit fees	25,000	25,500	26,010
Accounting Fees	13,000	13,260	13,525
Certification	5,000	5,100	5,202
Conferences	4,500	4,590	4,682
Other Professional fees	21,500	6,530	21,561
	344,914	**336,138**	**357,481**
Total Expenses before depreciation	**601,386**	**595,259**	**622,210**
Net Surplus (Loss) before depreciation	**153,488**	**186,701**	**175,790**

Depreciation	232,371	247,592	274,544
Net Surplus (Loss) before tax	**(78,883)**	**(60,891)**	**(98,754)**
Tax Expense	-	-	-
Net Surplus / (Deficit)	**(78,883)**	**(60,891)**	**(98,754)**

	30 June 2020	**30 June 2021**	**30 June 2022**
Capital Expenditure			
Power & Capacity Upgrade	16,482		
Re-roof Terminal	55,000		
Security Flood Lighting	50,000		
Car Park Extension		90,000	
Apron Extension			350,000
Total capital expenditure	**121,482**	**90,000**	**350,000**

PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	30 June 2020	**30 June 2021**	**30 June 2022**
Opening Equity as at 1 July	4,793,433	4,714,550	4,653,659
Plus Profit (Loss) for the year	(78,883)	(60,891)	(98,754)
Total increase/(decrease) in equity	(78,883)	(60,891)	(98,754)
Closing Equity as at 30 June	**4,714,550**	**4,653,659**	**4,554,905**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	30 June 2020	30 June 2021	30 June 2022
Equity	4,714,550	4,653,659	4,554,905
Total Equity	**4,714,550**	**4,653,659**	**4,554,905**
Current Assets			
Cash and Cash equivalents	367,762	464,464	290,253
Trade and other receivables	62,671	62,671	62,671
	430,433	527,135	352,924
Current Liabilities			
Trade and other payables and accruals	74,520	74,520	74,520
Working Capital	355,913	452,615	278,404
Non Current Assets			
Property plant and equipment	4,358,637	4,201,045	4,276,500
Total Net Assets	**4,714,550**	**4,653,659**	**4,554,905**

Whangarei District Council

4.3 Whangarei Art Museum Trust – 2019/20 Statement of Intent

Meeting:	Finance and Corporate Committee
Date of meeting:	27 June 2019
Reporting officer:	Tracey Schiebli (Manager Democracy and Assurance)

1 Purpose

To agree to the Whangarei Art Museum Trust (WAMT) 2019/20 Statement of Intent in accordance with Section 65 of the Local Government Act 2002.

2 Recommendation

That the Finance and Corporate Committee agrees to the Whangarei Art Museum 2019/20 Statement of Intent.

3 Background

Section 64 of the Local Government Act 2002 advises that Council Controlled Organisations (CCOs) must have a Statement of Intent (SOI). Under Section 65 of the Act, Council can agree with the SOI or ask for modifications.

The Draft SOI for WAMT was presented to the March meeting of this Committee. Formal feedback was provided to WAMT on 8 May 2019. A copy of the letter is included as Attachment One.

4 Discussion

Changes have been made to the Draft SOI in response to feedback from the Committee. The updated 2019/20 SOI is included as Attachment Two. It meets the obligations of Section 64, Schedule 8, Clause 9 in the Local Government Act 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 performance measures have been updated so they reflect the requirements for annual operating grant funding. The financial statements have been updated to reflect the appointment of a Chief Executive as well as other minor budget adjustments. The material changes to the SOI are highlighted in yellow (grammatical errors have been corrected).

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 of the website.

6 Attachments

1. Council's feedback letter to WAMT dated 8 May 2019
2. WAMT Statement of Intent 2019/20

Whangarei District Council

In reply please quote Whangarei Art Museum Trust
Or ask for Tracey Schiebli

8 May 2019

Thomas Biss
Chair
Whangarei Art Museum Trust
PO Box 1024
Whangarei 0140

Dear Thomas

Whangarei Art Museum Trust – Feedback on draft 2019/20 Statement of Intent

Thank you for attending the Whangarei District Council (WDC) Finance and Corporate Committee meeting on 28 March, where the Committee considered the Whangarei Art Museum Trust (WAMT) draft 2019/20 Statement of Intent. The attendance of yourself and Deborah Kragten at the meeting was appreciated by the Committee, as we move to strengthen our working relationships with Council Controlled Organisations.

The purpose of this letter is to formally provide feedback on the draft Statement of Intent, in accordance with requirements under the Local Government Act (LGA) 2002.

Committee feedback

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. The delivery section is comprehensive and reflects the breadth of WAMT's operations. The improvements to the SOI were acknowledged by the Committee.

The Committee also noted that development of performance measures is work in progress, and that the intention is to streamline reporting so that the SOI covers off requirements for annual operating grant funding.

Specific feedback from the Committee on the draft SOI is 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.

Next steps

I have suggested some minor changes to the text in response to the Committee feedback. I have also updated the performance measures so they reflect the requirements for annual operating grant funding, noting that percentage increases in visitor numbers need to be confirmed. A copy of the updated draft SOI is ***attached.***

The SOI also needs a brief message from the Chair at the front end of the document.

I look forward to working with you to finalise the 2019/20 SOI. The Council will consider the final draft at the 27 June meeting. Reporting timelines to Council require us to have an updated draft ready by Monday 10 June.

Yours faithfully

Tracey Schiebli
Manager Democracy & Assurance

whangarei
art museum
te manawa toi

Statement of Intent

1 July 2019 to 30 June 2020

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Message from the Chair

The forthcoming year will be an exciting year for WAMT. Construction of the Hundertwasser Art Centre has commenced and good progress has already been achieved. Construction will continue throughout the year ahead and beyond. A new Chief Executive, Kathleen Drumm, has been appointed and commenced work. The year ahead will present her the opportunity to move WAMT into new ground.

Looking backwards the past two years have been made unsettled by the uncertainty of whether the Hundertwasser construction would proceed, and by the lack of a Chief Executive to deliver key objectives. In the absence of a Chief Executive the Board of Trustees has had to step forwards and provide leadership. I am very grateful to the efforts of the board in this regard. That uncertainty is behind us. The future is positive.

Despite uncertainty WAMT staff have adapted and filled gaps to provide an excellent programme of exhibitions and events and have also carried out a comprehensive assessment and catalogue of WAM's collection.

We now stand ready to move forward. Construction of the Hundertwasser Art Centre with the Wairau Maori Art Gallery will be transformative to operations of WAMT. The construction will be a complicated and demanding project. The 12 months ahead will be challenging for this alone. Although the Hundertwasser project is vital it will be important to not lose sight of the existing WAM galleries and operations. I am confident that even while construction is in full swing we have a good programme of exhibitions planned and improvements are ongoing to the existing Galleries.

Significant works to be carried out in year ahead include:

- A redesign of the galley layout to better define spaces so that multiple exhibitions can be displayed including:
    - Regular exhibitions of local artists in a defined community gallery space;
    - Regular exhibitions of works from the permanent WAM collections; and
    - Display of travelling exhibitions.
- Improvements to gallery storage to increase the storage space available for the WAM and WDC collections.
- Upgrading of lighting in the galleries to upgrade and replace out of date and expensive halogen lights with lower power LED lights.
- Updating WAMT's collections policy.

The Gallery cannot operate without the support and assistance of the Whangarei District Council and its employees. We have close relations with numerous Council staff who provide invaluable assistance to WAM. Thank you for that.

As always delivery of our programme depends on our committed and loyal staff. My thanks and admiration to them.

Thomas Biss

Chair of Whangarei Art Museum Trust

Purpose of Statement of Intent

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of the Whangarei Art Museum Trust (WAMT), and the objectives to which those activities will contribute. This SOI has been created through liaison with Whangarei District Council and includes performance measures and targets as the basis of organisational accountability.

About Whangarei Art Museum Trust – nature and scope of activities

The Whangarei Art Museum Trust (WAMT) was established in 1996 as a Council Controlled Organisation (CCO), incorporated as a board under the Charitable Trusts Act.

Whangarei Arts Museum
The Whangarei Art Museum Te Manawa Toi is the public art gallery of the Whangarei District and custodians of its art collection and public art works in the city. The art museum is also the venue for touring and internally curated exhibitions – designed to showcase the full diversity of creative art practice in Northland, New Zealand and beyond.

Education
The Whangarei Art Museum (WAM) has an allocated space within the Gallery for public programs, education and events. With specific aims to increase and diversify our visitor and community engagement.

WAM also designs a creative, educational and interactive element for each exhibition. These elements are designed specifically for our youngest demographic.

WAM is currently developing an LEOTC Programme for the LEOTC contestable fund for organisations to provide New Zealand students with learning experiences outside of the classroom. LEOTC providers are organisations that hold significant community resources that support and enhance student learning. The LEOTC contracts are currently tendered on a three-year cycle. The next cycle for the Arts is 2021.

Community Support
Friends of the Art Museum was established to celebrate and support the work of the art museum. Currently WAM does not actively maintain the Friends Membership subscriptions however there is a database and memberships are renewed on occasion when initiated by existing friends.

Funders and supporters of the Art Museum include Whangarei District Council, ASB Community Trust, NZ Lottery Grants Board, Oxford Sports Trust, and Creative NZ.

Approach to Governance
The governance of the Whangarei Art Museum is the responsibility of a Trust board comprised of seven Trustees, four approved by the Whangarei District Council with the Trust able to appoint a further three Trustees.

Whangarei Art Museum Trust (WAMT) actions and direction are determined by the Trust Deed, which details the objectives of the Trust. These include both the operation of the Art Museum and the requirement to support, stimulate and enhance the artistic and cultural life of the Whangarei District. The museum will recognise the interests of Tangata Whenua constituents and actively engage with their relevant arts sector representative bodies.

As most Trustees are appointed by the Whangarei District Council, WAMT is a Council Controlled Organisation (CCO) but it retains independent operation and governance.

This independence is essential to protecting the charitable status of the Whangarei Art Museum. It ensures the

museum retains eligibility for charitable funding and that it remains the appropriate organisation to receive art works from benefactors who wish to make bequests to an organisation that operates in the interests of the greater community.

The operation of the Whangarei Art Museum Trust is audited annually by Audit New Zealand and reports to Whangarei District Council.

The Whangarei Art Museum Trust comprises the following members;

WAMT appointed:

- Thomas Biss (Interim Chair)
- Jill McPherson
- Vacancy

Council appointed:

- Councilor Sharon Morgan
- Andy Britton
- Keatley Te Moananui Hopkins (Hapu representative)
- Carin Wilson

WAMT operates to the following principles as set out in the Trust Deed:

- To be responsible for the establishment and management of an art museum
- To properly maintain, catalogue, conserve and display works of art including the art collection of the Council (as such is available to the Trust)
- To support stimulate and enhance the artistic and cultural life of the Whangarei district
- To purchase, collect and show quality works of art to enhance and enlarge the present collection
- To encourage and accept bequests and gifts of art works
- To establish a fund to enable the purchase of historic and current works of art
- To organise and hold exhibitions to create a greater appreciation of the arts
- To provide affordable and suitable access for both residents and visitors of the Whangarei district to art exhibitions
- To seek both active and passive participation in the arts
- To promote the Whangarei Art Museum and to attract touring exhibitions and encourage artists to exhibit their work
- To maximise the benefits of an art museum for the Whangarei district and encourage the people of the Whangarei district and elsewhere to visit
- To consult with and involve the community of the Whangarei district in the operation of the Art Museum.
- To facilitate the exchange of ideas, experience and expertise in visual arts
- To foster an awareness of art and its implementation in all practical forms and to show the need for art in daily life and to encourage its use
- To hold classes and lectures so as to improve the practice and understanding of art in all its visual forms
- To conduct and facilitate art research.

To support the future direction of WAMT, the Trust Deed may require a refresh to better reflect the Trust's responsibilities in relation to Hundertwasser, and other emerging areas of interest.

Hundertwasser Art Centre with Wairau Maori Art Gallery

In 2016, Whangarei Art Museum Trust began an exciting, but challenging, new journey following a binding public Referendum on use of the Old Harbour Board building, with the community choosing the Hundertwasser Wairau Maori Art Centre (HWMAC) project. It was agreed that HWMAC would be operated by the Whangarei Art Museum Trust, and the Whangarei District Council allocated funding in the 2018-2028 Long Term Plan, for development of the building.

Whangarei Art Museum Trust will be the eventual operator and owner of the Hundertwasser Art Centre (HAC). The land portion will be leased from the Whangarei District Council.

The HAC will host the Wairau Maori Art Gallery, exhibiting works of Northland Maori artists, alongside works of national standing. In 2012, a special Maori advisory panel, which became the Wairau Maori Art Gallery Board, was established as a requirement on the Vienna-based Hundertwasser Non-Profit Foundation to honour the artist's wishes for a dedicated Maori gallery in the HAC building. The Board will advise on the curatorship of art and exhibitions in keeping with the harmony, spirit and philosophy of Maori culture.

The HAC is unique to New Zealand. It will be a stunning art work on a grand scale, boasting the last authentic Hundertwasser building in the world and the only museum outside of Vienna hosting his art. It will also be New Zealand's only curated gallery of Maori contemporary art. The Centre will provide Northland an iconic drawcard as a nationally and internationally recognised cultural facility and tourist attraction. The HAC project will strongly contribute to the economic development and tourism growth for the region, alongside expanding New Zealand's Arts and Cultural community internationally. The Centre will spark employment growth, an enhanced sense of place and pride in establishing a truly multicultural attraction. The centre will target the increased interest in cultural venues in the Asia-Pacific region in its visitor strategy.

The HAC will consist of the following as key attractions:

- The Hundertwasser designed building
- Fifty original or key Hundertwasser artworks, valued at approximately $16m, to be supplied, on a rotation basis, by the Hundertwasser foundation in Vienna. This will be the largest collection of Hundertwasser artworks outside of Vienna.
- The Wairau Maori Art Gallery, which will be curated, will contain contemporary Maori art on a rotation basis.
- Café and Retail Store.

Construction of the HAC commenced in June 2018, and is expected to be a 30 month build. The design of the building's unique internal spaces and external finishing remains unchanged from the original model, created in Vienna by the Hundertwasser Non-Profit Foundation as the ultimate template for the finished art centre.

Operating Environment

WAMT receives funding from the Whangarei District Council, and through community donations and grants. The Trust also receives funding specifically for establishment of the HAC. The financial statements show the split between funding from Whangarei District Council, and other sources of revenue.

In 2018/19 WAMT received $390,000 via a grant from Whangarei District Council, plus $171,000 as a rent concession, and a rates remission of $17,800. This Statement of Intent is prepared based on the assumption that the current level of community grant funding received from Whangarei District Council will continue for 2019/20.

WAM also relies on continued support from the community through fund raising, to ensure the sustainability of art acquisition, restoration and conservation of the collection. The collection is something for Whangarei to treasure and WAM is committed to its ongoing preservation.

WAM is also responsible for fundraising for the HAC in accordance with the community referendum requirements. This is a significant undertaking for WAM. Notwithstanding, the Trust is committed to continued delivery against the principles of the founding WAMT trust deed, delivery of the actions relating to the Museum in this Statement of Intent, and preservation of the Museum identity through branding.

The current staffing mix is made up of the following core roles:

- Chief Executive
- Curator, Exhibition and Programme Manager
- Collection Manager
- Exhibition and Collection Assistant
- Administration Coordinator
- Visitor Host / Gallery Attendants x 2
- Whangarei Art Museum Trust Coordinator

The permanent staff are supported by casual staff and volunteers, who work weekends and during exhibition installation weeks. Staffing requirements are reviewed on a regular basis, to ensure effective operation within the available funding.

Reporting Framework

The Whangarei Art Museum is accountable to the Whangarei District Council via the Statement of Intent, and through provision of half-yearly and annual reports. The annual accounts are audited by Audit New Zealand and are included in the Whangarei District Council Annual Report.

Whangarei Art Museum Trust's contribution to the district

The Whangarei District Council's 2018-2028 Long Term Plan sets the strategic direction for the next ten years. The vision is to create ***a vibrant, attractive, thriving district***. Everything Council does is guided by four Community Outcomes which are based on what our community says is most important to them.

Whangarei Art Museum Trust plays a critical part in delivering on actions and targets which contribute, either directly or indirectly, to achievement of these outcomes for our community.

Whangarei District Council Community Outcomes

Efficient and resilient core services

- It is easy and safe for everyone to travel around our district
- There are opportunities to walk and cycle
- Our District is well prepared for growth and can adapt to change
- Services are supplied in ways that benefit the environment.

Positive about the future

- The district has productive land, people and a thriving city centre
- There is a fair urban/rural balance
- Council has clear, simple documents and rules
- The District embraces new technology and opportunities

Caring for the environment

- Communities work to keep the environment clean and healthy
- Access to the coast is protected
- Open spaces in parks and streets are places where nature thrives
- Our district is positively adapting to climate change.

Proud to be local

- The district is neat, tidy and looks attractive.
- Public areas feel welcoming and are safe
- There is always something to do and see
- There are opportunities for people of all abilities, ages and life stages to be active.

Whangarei District Council (draft) Arts & Culture Strategy (2018-2028)

The Whangarei Art Museum Trust is well positioned to be a key partner in development and delivery of Whangarei District Council's draft Arts & Culture Strategy, which aims to build on the region's strengths, and set a path aimed at realising economic benefits, social benefits and, positive environmental effects that lie seeded within Whangarei's cultural identity and cultural scene.

Whangarei Art Museum Trust - Strategic Direction

Our Vision

'To tell the story of our district through art and artists, for the benefit of our community'

Whangarei Art Museum is a place of community and unharnessed potential to reach local and visiting audiences with concepts developed through art in all forms of creative skill and imagination including performance arts, dance, music, film, poetry, digital media and design. As home to the city's art collection we are dedicated to its conservation by operating to Museums Aotearoa standards and committed to showing fresh exhibitions promoting local arts, as well as touring artwork from New Zealand and beyond.

Strategic Objectives

The Whangarei Art Museum Trust is embarking on an exciting, but challenging new journey, with responsibility for management of the construction and operation of the Hundertwasser Art Centre, hosting the Wairau Art Gallery. This necessitates a refresh of the Trust's vision and strategic objectives. The Trust's emerging thinking is presented below, and will evolve as the journey progresses. Appointment of the Chief Executive to provide operational leadership and management, is a key milestone in supporting achievement of these objectives.

Creating brand and identity

- Transition to 'one organisation'
- More visible leadership role in the creative arts sector
- Position WAMT as creative hub of Northland
- Initiate implementation of an energetic and inspiring Public Art Policy, highlighting the environmental, economic, social, cultural and spiritual benefits of a healthy arts policy

Partnering with others for the benefit of our community

- WAMT as an enabler of a vibrant and connected arts community in Whangarei district, to enable Whangarei to become the cultural destination of the North
- Remove barriers to access and participation in the creative arts sector
- Strengthen relationship with Whangarei District Council, partnering on agreed outcomes
- Acknowledge Marae as key cultural hubs and encourage greater focus on Maori outcomes
- Amplification of educational role in the community, as a pathway for Rangatahi into arts and culture
- Recognising and responding to the rapidly changing demographic of Northland

Achieving sustainability

- Good governance
- Financial sustainability
- Operational efficiency and effectiveness

In addition to these objectives, there are specific project actions for 2019/20 to support development of the Hundertwasser Art Centre and Wairau Maori Art Gallery.

Delivery against our Strategic Objectives

The following are key actions to deliver on WAMT's strategic objectives. These actions are for internal monitoring purposes and will not be reported on in detail under Local Government Act 2002 requirements. However, a summary of performance against the key objectives, and any major deviations to plan, will be covered in the six-monthly reports to Whangarei District Council under this Statement of Intent.

Strategic Objective	Action areas	Contribution to Community Outcomes
Creating brand and identity	▪ Undertake a comprehensive brand redefinition to support the transition of WAM and Hundertwasser into 'one organisation', ensuring the Museum's identity is maintained ▪ Consider positioning in the wider NZ context, to provide WAMT with a more visible leadership role in the creative arts sector ▪ Promote Wairau Maori Art Museum to become a destination of regional and national significance ▪ Increase visibility and visitor engagement by improving the entrance to, and arrival experience at the Whangarei Art Museum ▪ Improve signage from State Highway to attract visitors ▪ Put on shows and events that attract people to Whangarei, as the creative hub of Northland ▪ Explore new premises for a city arts centre to showcase arts of the region	*Positive about the future* *Proud to be local*
Partnering with others for the benefit of our community	▪ Strengthen relationship with Whangarei District Council, including agreement of our mutual objectives, how we will work together to achieve these ▪ Build constructive relationship with Creative Northland, and other parts of the creative sector in Whangarei, to support the district to become the cultural destination of the North ▪ Support Whangarei District Council with development of the draft Whangarei Arts Culture and Heritage Strategy (2019-2028) ▪ Develop wider consultative relationship with Tangata Whenua representatives ▪ Develop practical working relationship with Wairau Maori Art Board to support gallery network operation ▪ Partner with NorthTec to amplify WAMT's educational role in the community, and as a pathway for Rangatahi into arts and culture ▪ Partner with the community to amplify educational role including utilising WAM as a resource for school art curriculums, school holidays programmes, and family workshops	*Positive about the future* *Proud to be local*

Achieving sustainability	Good governance ▪ NZ Institute of Directors "Four Pillars of Governance" ▪ Performance review of trustees ▪ Trustee skills matrix to identify skills required to support strategic direction ▪ Monthly, documented board meetings Long term and annual planning ▪ Long term strategy ▪ Annual planning to support strategy ▪ Monitoring of progress and KPIs ▪ Annual report completed at end of financial year Health and safety ▪ NZ Institute of Directors Health and Safety Guide ▪ Trustees have knowledge of and commitment to health and safety ▪ Ensure CEO exercises due diligence in relation to health and safety Being a good employer ▪ WAMT employees have regular performance reviews which form part of their Professional Development & Training Programme Risk management ▪ Annual update of Strategic Risk and scoring in accordance with AS/NZS ISO 31000:2009 ▪ Appropriate Insurance – independently assessed ▪ Areas for internal audit and review identified annually Legislative and Trust Deed compliance ▪ All legislative requirements met ▪ Principles of the WAMT trust deed are upheld ▪ Clean opinion -as part of Annual audit by Audit NZ ▪ LGOIMA requests are answered within statutory timeframes Effective financial management ▪ Monthly accounts prepared by WDC and approved by WAMT Board ▪ Full GAAP accounting reporting ▪ Annual audited accounts ▪ Monthly forecast review of exhibitions budget by WAMT	*Efficient and resilient core services* *Positive about the future* *Proud to be local*
	Financial Sustainability ▪ Work with Chief Executive to review operations to align with single entity, and available funding ▪ Review organisational structure ▪ Review Hub Gallery service profile, including number of galleries, operating hours, and complementary services such as stocking merchandise from local sources that complement the gallery	

	Operational efficiency and effectiveness ▪ Establish operational level relationships and MOU with Whangarei District Council ▪ Compliance with LGA Statement of Intent preparation and reporting requirements ▪ Develop marketing and communications plan ▪ Monitor visitor numbers and conduct annual visitor survey ▪ Build up volunteer base to support both governance and operations ▪ Identify fundraising opportunities ▪ Develop business cases as required, targeted at specific Funders and Sponsors ▪ Collections management - reassess collections, including core works, renew collections management policy ▪ Storage of works - look at options to improve storage, including the controlled environment, and areas to accommodate touring shows ▪ Lighting - upgrade lighting as funding becomes available, develop business case for future capital investment ▪ Exhibitions – work with Council to promote and run quality events, reach out to new audiences, and grow visitor numbers ▪ Air conditioning – upgrade air conditioning to meet required Gallery Standards for Air Control, develop business case for future capital investment	

Hundertwasser Art Centre and Wairau Maori Art Gallery – Project Objectives 2019/20

Project governance	Project plan that include budget and key milestones.
Leadership	Support the Chief Executive to provide operational leadership and management across the combined HAC and WAM art precinct.
Funding	Secure all agreed and pledged funding over the construction period.
Fundraising	Continue fundraising to meet the needs for fit out and operational expenses required prior to opening.
Stakeholder relations	Meet and manage all expectations from our stakeholders, including the Vienna Foundation, Funders, Whangarei District Council and the community.
Business planning	Confirm the business plan that underpins establishment and operation of the HAC, including the visitor numbers and entry fee model required for financial sustainability, the operational model, and transition planning.
Risk Management	Mitigate risk through adequate insurance (construction and Indemnity), best practice Health and Safety management practices and appropriate Project Management and Governance practices. Maintain a risk register for the HAC project.

Performance Outlook

WAMT has an agreed set of performance measures and targets which form the basis for accountability to delivering on Council's strategic direction, priorities and targets. These are reported in accordance with Local Government Act 2002 requirements.

WAMT will continue to work internally, and with Council, on the development of performance measures, as it continued to refine the long term strategic direction.

Performance Measure	2018/19 Actual	2019/20 Target	2020/21 Target	2021/22 Target
To operate within agreed financial budgets (requires performance objectives to match available funding) **Required for WDC Annual Operating Grant** • Solvency • Appropriate level of reserves (3+ months of operating budget) • Appropriate level of cash in bank • Appropriate oversight (skilled bookkeeper, reviewed or audited accounts) • Confirm operations are funded from multiple sources including self-generated income	Within budget to 31 December 2018	Actual spend ≤ Budget Six monthly financial report with brief narrative Confirmation required to support application for WDC Annual Operating Grant (cover in first six monthly financial report above)		
Six monthly reporting on WAMT achievement against 2019/20 action areas under strategic objectives as set out in this SOI **Report should also include information required for WDC Annual Operating Grant:** • Legal status is current – confirm registered charitable trust, register is kept up to date, and operating in accordance with Trust Deed • Business planning in use with evidence of reviewing progress against plan • Evidence of collaboration • Steady operation – report on any significant changes including financial, operational, or governance changes	New measure for 2019/20	Six monthly narrative report Confirmation required to support application for WDC Annual Operating Grant (cover in first six monthly narrative report above)		

• Positive impact – activities positively impact on the community and provide value for money for the ratepayers • Alignment – with WDC Community Outcomes		
Annual review of WAM operation hours, and exhibition numbers to meet agreed funding	Completed	Six monthly narrative report
WAM collection management undertaken	Completed	1,000 works reassessed annually Cover in second six monthly report
Quarterly reporting on achievement against the 2019/20 HAC project objectives as set out in this SOI	New measure for 2019/20	Quarterly narrative report with financial information specific to the HAC project
Additional measures required for WDC Annual Operating Grant for Whangarei Art Museum		
Amenity development Continue to improve the WAM visitor experience thereby promoting the arts and contributing to the wellbeing and economic growth of the district	New measure for 2019/20	Annual survey demonstrates improvements in how Whangarei Art Museum is regarded. Cover in first six monthly narrative report
Community engagement Strengthen community engagement through programmes, events and collaborative initiatives including an educational component.	New measure for 2019/20	Evidence of three programmes, events or initiatives developed or in development annually. Cover in first six monthly narrative report
Growth Grow awareness of and attendance at the Whangarei Art Museum	New measure for 2019/20	Agreed annual percentage increase to visitor numbers. Cover in first six monthly narrative report

The performance measures have been refined to align with Council's requirements for Annual Operating Grants, to reduce duplication of reporting by the Trust.

Financial Information

The financial information provided in this Statement of Intent relates to the operation of the Whangarei Art Museum, and the Hundertwasser Arts Centre project.

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

	BUDGET 30 June 2020	BUDGET 30 June 2021	BUDGET 30 June 2022
Income			
Other Revenue	37,480	1,063,480	2,492,480
Council Funding	586,320	597,926	609,765
Interest revenue	400	400	400
Donations	5,703,500	8,093,500	3,500
Total Income	**6,327,700**	**9,755,306**	**3,106,145**
Less Expenses			
Employee Related Costs	350,900	357,900	365,040
Other expenses	390,272	1,038,215	1,943,237
Administration Expenses			
Total Expenses before depreciation	**741,172**	**1,396,115**	**2,308,277**
Net Surplus (Loss) before depreciation	**5,586,528**	**8,359,191**	**797,868**
Depreciation	24,688	368,209	855,209
Net Surplus (Loss) before tax	**5,561,840**	**7,990,982**	**- 57,341**
Tax Expense	-	-	-
Net Surplus / (Deficit)	**5,561,840**	**7,990,982**	**- 57,341**

	30 June 2020	30 June 2021	30 June 2022
Total capital expenditure	**11,580,000**	**6,015,000**	**15,000**

PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	30 June 2020	30 June 2021	30 June 2022
Opening Equity as at 1 July	16,839,143	22,400,983	30,391,965
Plus Profit (Loss) for the year	5,561,840	7,990,982	- 57,341
Total increase/(decrease) in equity	5,561,840	7,990,982	- 57,341
Closing Equity as at 30 June	**22,400,983**	**30,391,965**	**30,334,623**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	30 June 2020	30 June 2021	30 June 2022
Equity	22,400,983	30,391,965	30,334,623
Total Equity	**22,400,983**	**30,391,965**	**30,334,623**
Current Assets			
Cash and Cash equivalents	1,589,529	3,933,721	4,716,588
Trade and other receivables	114,178	114,178	114,178
	1,703,707	4,047,898	4,830,766
Current Liabilities			
Trade and other payables and accruals	960,427	960,427	960,427
Working Capital	743,280	3,087,471	3,870,339
Non Current Assets			
Property plant and equipment	21,657,703	27,304,494	26,464,285
Long Term Liability			
Deferred income tax liability	-	-	-
Total Net Assets	**22,400,983**	**30,391,965**	**30,334,623**

1 Statement of accounting policies for the year ended 30 June 2020

1.1 Reporting entity

The Whangarei Art Museum Trust (WAMT) is incorporated as a trust under the Charitable Trusts Act 1957, is domiciled in New Zealand and registered under the Charities Act 2005, registration number CC28917. It is a Council controlled organisation as defined under Section 6 of the Local Government Act 2002.

2 Summary of significant accounting policies

2.1 Basis of preparation

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that WAMT will continue to operate in the foreseeable future.

The financial statements have been prepared on a going concern basis. WAMT is reliant on Council's continued support of its operations. Council has included funding for WAMT in its 2018-2028 Long – Term Plan. The level of funding for the 2019/2020 financial year is expected to assume the same level of funding. Funding is reviewed on an annual basis. WAMT has also received a letter of support from Council to ensure its going concern basis for a period of one year from the date of the approval of the 2017/18 financial statements.

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that WAMT does not have public accountability (as defined) and has total annual expenses of less than $2 million.

Goods and services tax

WAMT is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

Functional and presentation currency

The financial statements are presented in New Zealand dollars.

Revenue and expenses

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Grants and donations
Grants and donations are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grant is initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

(ii) Pledges
Pledges are not recognised as revenue as WAMT is unable to control the access to the funds. Pledges are disclosed as a contingent asset when the money is pledged and recognised as revenue when the pledged money is received.

(iii) Donated assets
Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

(iv) Interest income
Interest revenue is recorded as it is earned during the year.

v) Sale of goods
Revenue from the sale of goods is recognised when the goods are sold to the customer.

(vi) Volunteer services
Volunteer services received are not recognised as revenue or expenditure as WAMT is unable to reliably measure the fair value of the services received.

(vii) Advertising, marketing, administration, overhead, and fundraising costs
These are expensed when the related service has been received.

2.2 Bank accounts and cash

Bank accounts and cash include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.3 Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

2.4 Property, plant and equipment

Property, plant, and equipment (excluding donated assets) are recorded at cost, less accumulated depreciation and impairment losses. WAMT does not revalue its property, plant and equipment. WAMT undertakes periodic impairment assessments of its property, plant and equipment.

(i) **Artworks and donated assets**
Purchased artworks are recognised at cost. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. Artworks have an indefinite useful life and are not depreciated. Impairment is recognised if identified as below.

(ii) **Asset sales**
For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

(iii) **Use of assets**
For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation
Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of PP&E	Estimated useful life	Depreciation rates
Leasehold improvements	10-100 years	1%-10%
Office equipment	2-10 years	20%-50%
Plant and equipment	6-60 years	1.6%-17%
Computer equipment	2-5 years	20%-50%
Artworks	Indefinite	-

2.5 Investments

Investments comprise investments in term deposits with banks, listed bonds, and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

2.6 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.7 Lease expense

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

2.8 Tier 2 PBE Accounting Standards applied

WAMT has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Whangarei District Council

5.1 Financial Report for the 11 months ending 31 May 2019

Meeting:	Finance and Corporate Committee
Date of meeting:	27 June 2019
Reporting officer:	Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating result for the 11 months ending 31 May 2019.

2 Recommendation

That the Finance and Corporate Committee notes the operating results for the eleven months ending 31 May 2019.

3 Background

3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of $31.2 million, compared to a budgeted surplus of $16.2 million, resulting in a favourable variance of $15.0 million.

The forecast net surplus for the financial year ending 30 June 2019 is $30.2 million compared with a budgeted surplus of $14.8 million, resulting in a favourable variance of $15.4 million. These results are based on forecast figures provided by budget managers in May 2019.

3.2 Capital Project Expenditure

The Capital Projects expenditure as at 31 May 2019 is currently $11.1 million less than budget. At this point, Council is forecasting to spend a total of $62.0 million against the $95.3 million budget, with a forecast carry forward of $30.7 million. The $30.7 million carry forward is a conservative forecast, with final carry forwards expected to be higher than current projections.

The major carry forwards are:

- Civic Centre $6.3m
- Whau Valley New Water Treatment Plant $4.7m
- Coastal Structure Renewals $1.7m
- Roading Minor Improvements to Network $1.4m

- Pohe Island Development $1.4m
- LED Streetlight Upgrades $1.2m
- Cycleways – Subsidised $1.2m
- Parihaka Transmission Mast Upgrade $0.9m
- CiA Upgrade $0.9m
- Urban Intersection Upgrade $0.8m
- Web and Intranet $0.8m
- Sports and Recreation Growth $0.8m
- Recycling Bins Purchase $0.7m

3.3 External Net Debt and Treasury

Total net external debt at the end of May 2019 was $97.0m compared to year to date budgeted net debt of $136.9m, resulting in net debt being $39.9m under budget.

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

As at 31 May 2019 cash and term deposits held of $45.0m 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
- $16.0 million of term deposits relating to excess cash not currently required
- $9.0 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. The forecast for the next possible OCR cut has been brought forward to September from October 2019.

Long term rates came under pressure late last week with global interest rate markets trending lower. The NZ 10-year swap rate continued to drop, falling below 2.00% for the first time, now as low as 1.96%.

4 Accounts receivable and arrears

Total arrears as at 30 April 2019 was $5.0 million compared to $3.6 million in the previous year. The increased arrears is mainly due to two sundry debtors and two ratepayers in discussion with council on rating and property valuations.

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

Whangarei District Council

MONTHLY KEY INDICATORS
MAY 2019

	YTD to May 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
OPERATING									
Total Rates	89.8	89.4	0.4			97.3	97.3	0.0	
Development Contributions	9.7	4.3	5.4			10.5	4.6	5.9	
Subsidies and Grants	21.7	23.5	(1.8)			25.7	25.8	(0.1)	
User Fees	13.6	12.8	0.8			14.5	14.1	0.4	
Total Operating Income	144.7	138.0	6.7			159.6	151.9	7.7	
Personnel Costs	24.8	27.1	2.3			27.3	29.8	2.5	
Other Operating Expenditure	51.4	52.4	1.0			60.4	60.7	0.3	
Total Operating Expenditure	118.2	121.0	2.8			134.1	135.9	1.8	
Surplus/(Deficit) from Operations	26.5	17.1	9.4			25.5	16.1	9.4	
Total Surplus/(Deficit)	31.2	16.2	15.0			30.2	14.8	15.4	
EXTERNAL DEBT FUNDING									
External Net Debt	97.0	136.9	39.9						
Net Interest on debt	5.4	6.0	0.6			6.1	6.5	0.4	

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 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
MAY 2019

Whangarei District Council

	YTD to May 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
Surplus/(deficit) from operations	26.5	17.1	9.4	●	↑	25.5	16.1	9.4	●
Transportation	(3.3)	(3.8)	0.5	●	↑	(6.8)	(7.7)	0.9	●
Water	7.3	5.0	2.3	●	↑	4.3	2.1	2.2	●
Solid Waste	3.3	3.0	0.3	●	↑	2.7	2.6	0.1	●
Waste Water	10.4	9.3	1.1	●	↓	9.6	8.5	1.1	●
Storm Water	(3.2)	(3.3)	0.1	●	↓	(4.6)	(4.7)	0.1	●
Flood Protection	0.3	0.2	0.1	●	↓	0.3	0.1	0.2	●
Community Facilities	(19.8)	(22.6)	2.8	●	↓	(33.7)	(35.9)	2.2	●
Governance & Strategy	0.0	(0.3)	0.3	●	↓	(0.8)	(0.9)	0.1	●
Planning & Regulatory	(0.6)	(1.7)	1.1	●	↑	(7.1)	(8.3)	1.2	●
Support Services	32.1	31.2	0.9	●	↑	61.7	60.2	1.5	●

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

Whangarei District Council

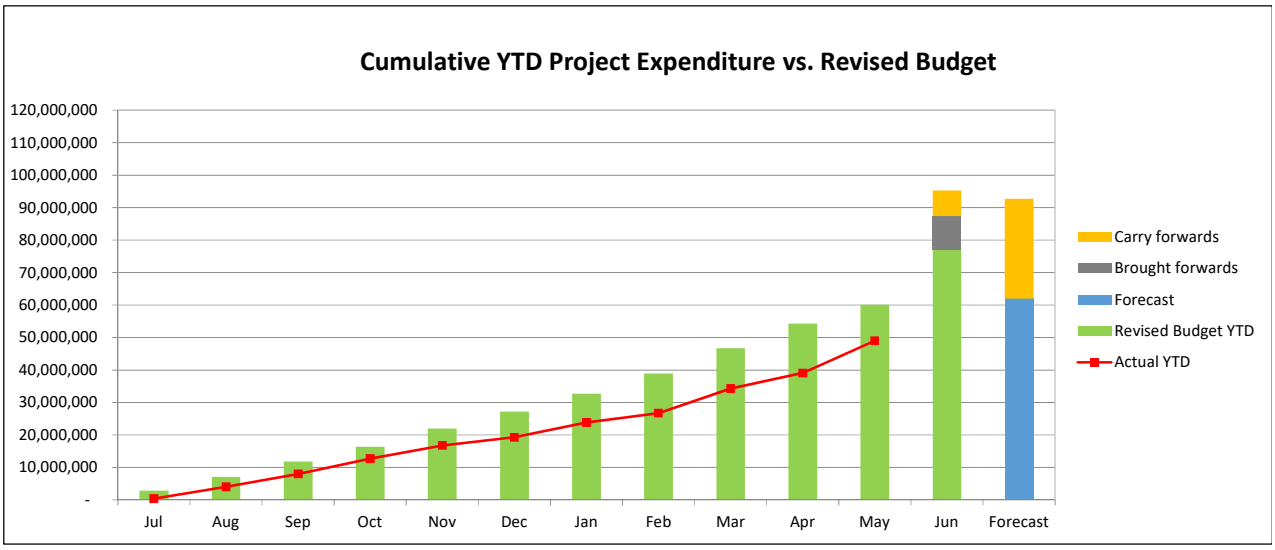
MONTHLY INCOME STATEMENT
31 MAY 2019

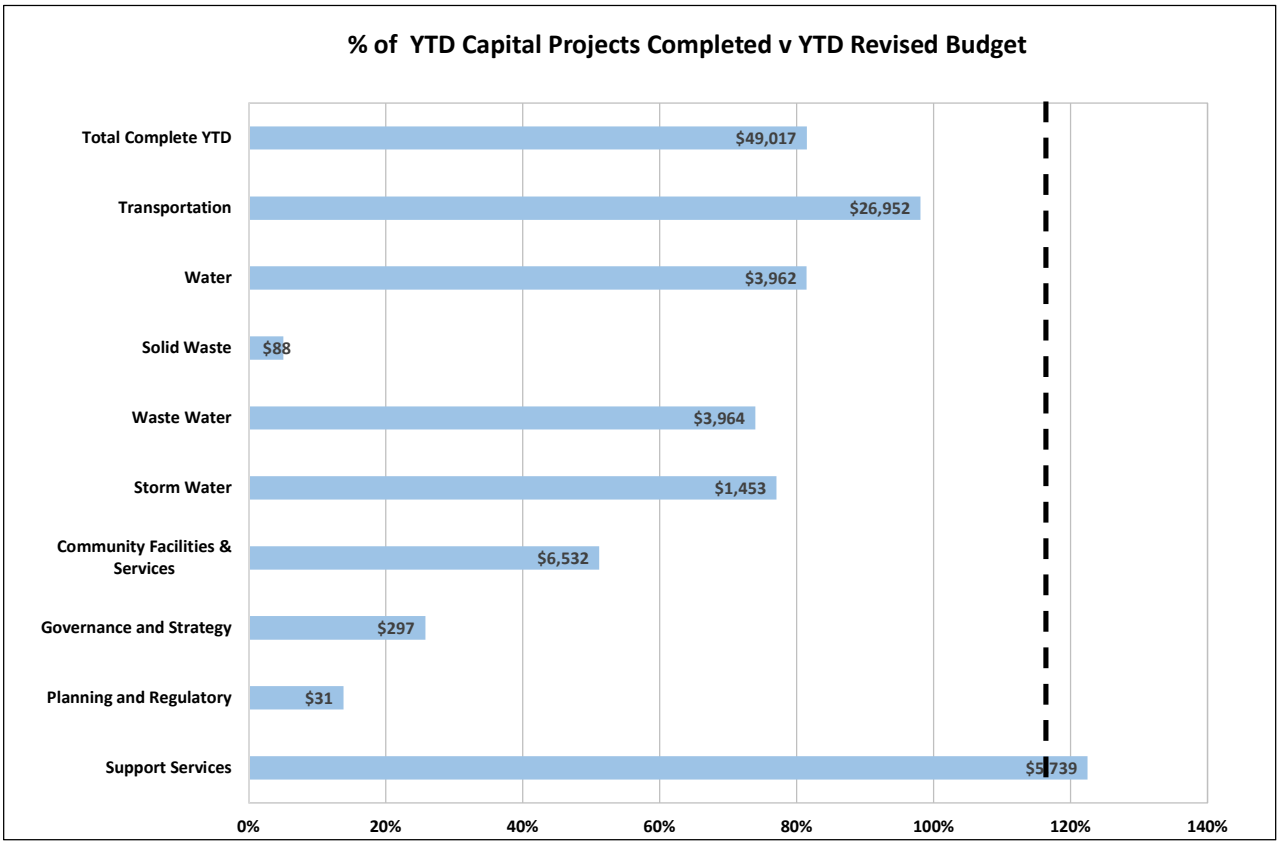
Council Summary	Actual YTD $000	Revised Budget YTD $000	Forecast 2018-19 $000	Revised Budget 2018-19 $000	Variance* 2018-19 $000
Operating income					
Rates	89,752	89,421	97,275	97,322	(48)
Development and other contributions	9,702	4,254	10,500	4,640	5,860
Subsidies and grants***	21,738	23,531	25,687	25,762	(75)
Fees and charges	13,563	12,846	14,516	14,144	373
Interest revenue	1,360	45	1,398	53	1,344
Other revenue	8,596	7,930	10,229	10,013	217
Total operating income	**144,710**	**138,027**	**159,604**	**151,934**	**7,670**
Operating expenditure					
Other expenditure	51,413	52,354	60,368	60,731	363
Depreciation and amortisation	35,185	35,493	38,848	38,720	(128)
Finance costs	6,814	6,003	7,540	6,609	(930)
Personnel costs	24,807	27,109	27,331	29,806	2,475
Total operating expenditure	**118,220**	**120,959**	**134,087**	**135,867**	**1,780**
Surplus/(deficit) from operations	**26,490**	**17,068**	**25,517**	**16,068**	**9,450**
Plus non-cash income adjustments					
Vested assets income	8,972	2,750	9,479	3,000	6,479
Gain on disposal of assets	251	-	259	-	259
Total non-cash income adjustments	**9,223**	**2,750**	**9,737**	**3,000**	**6,737**
Less non-cash expenditure adjustments					
OPEX on capital projects**	1,534	3,649	1,655	4,275	2,620
Loss on disposal of assets	3,020	-	3,403	-	(3,403)
Total non-cash expenditure adjustments	**4,553**	**3,649**	**5,058**	**4,275**	**(783)**
Total non-cash adjustment	**4,670**	**(899)**	**4,679**	**(1,275)**	**5,954**
Total surplus/(deficit)	**31,160**	**16,168**	**30,197**	**14,792**	**15,404**

* 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

Whangarei District Council

CAPITAL PROJECT EXPENDITURE
AS AT 31 MAY 2019





TREASURY REPORT
31 MAY 2019

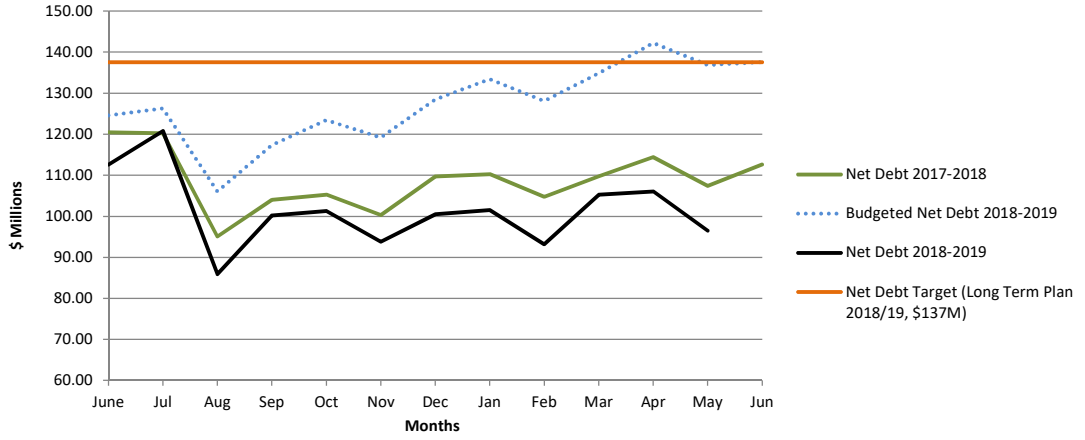
Whangarei District Council

STANDARD AND POORS CREDIT RATING:	AA	Outlook: Positive

DEBT SUMMARY:

As at 31 May 2019		
External Debt		
Opening public debt as at 1 May 2019		142,000,000
Plus loans raised during month	-	
Less loan repayments made during month (Note: Facility movement has been netted)	-	
Net movement in external debt		-
Total External Debt		**142,000,000**
Less: Cash balances (excluding funds held on behalf)	9,035,657	
Term deposits (Funds held on deposit until required for project funding)	36,000,000	
Total cash and term deposits		45,035,657
Total Net External Debt		**96,964,343**
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.		
External debt is represented by:		
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
Total		**142,000,000**

NET EXTERNAL DEBT COMPARED TO BUDGET:



Internal Funding*		
Community Development Funds		10,524,273
Property Reinvestment Reserve - Available for Reinvestment	4,228,585	
Property Reinvestment Reserve - Accumulated	29,311,300	
		33,539,885
Water Reserve		30,377,000
Total		**74,441,158**

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.

Whangarei District Council

5.2 Corporate Capital Projects Report for the month ending 31 May 2019

Meeting:	Finance and Corporate Committee
Date of meeting:	27 June 2019
Reporting officer:	Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

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

2 Recommendation

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

3 Background

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

4 Discussion

The Capital Projects expenditure for Corporate as at 31 May is $1.0 million more than budget. Corporate is forecasting to spend a total of $6.4 million against the $16.1 million budget, with carry forwards of $9.7 million.

The carry forwards primarily relate to the Civic Centre project ($6.3 million) which is likely to continue through to 2022 and ICT projects ($2.9 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 31 May 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
Support Services								
Business Improvement								
Business Improvement Projects	8	60	(52)	13	100	(87)	87	0
Workflow Systems Development	0	170	(170)	10	226	(216)	216	0
Business Improvement Total	**8**	**230**	**(222)**	**23**	**326**	**(303)**	**303**	**0**
Business Support								
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	3,581	5	3,576	3,695	9,968	(6,273)	6,273	0
Council Vehicle Replacements	109	212	(103)	181	235	(54)	0	(54)
Furniture Renewals	2	9	(7)	6	10	(4)	0	(4)
Information Centre Upgrade	0	126	(126)	0	126	(126)	126	0
Water Services Building Renewals	0	20	(20)	0	20	(20)	0	(20)
Business Support Total	**3,718**	**371**	**3,347**	**3,908**	**10,461**	**(6,553)**	**6,500**	**(52)**
ICT								
Accounts Payable Automation	24	23	1	30	23	7	0	7
Asset Management Software Upgrade	474	548	(74)	574	854	(280)	280	(0)
CiA Upgrade	390	1,027	(637)	610	1,480	(870)	869	(1)
Computer Tech for Building, Animal Control & Parking	0	90	(90)	34	124	(90)	90	0
Corporate Performance Management	103	213	(110)	118	435	(317)	307	(10)
Decision Support System Development	0	141	(141)	0	161	(161)	161	0
Digitisation of Records	537	749	(212)	609	899	(291)	296	5
IT Equipment New	110	38	72	116	51	65	16	81
IT Network Upgrades	0	33	(33)	7	33	(26)	0	(26)
LIDAR	0	128	(128)	0	128	(128)	128	0
Minor ICT Projects	22	82	(59)	23	82	(58)	0	(58)
Web & Intranet Development	311	1,005	(694)	347	1,127	(780)	762	(18)
ICT Total	**1,971**	**4,076**	**(2,106)**	**2,469**	**5,397**	**(2,928)**	**2,909**	**(20)**
People & Capability								
Office Furniture	8	9	(2)	9	10	(1)	0	(1)
People & Capability Total	**8**	**9**	**(2)**	**9**	**10**	**(1)**	**0**	**(1)**
Support Services Total	**5,704**	**4,687**	**1,018**	**6,409**	**16,194**	**(9,785)**	**9,712**	**(73)**
Total	**5,704**	**4,687**	**1,018**	**6,409**	**16,194**	**(9,785)**	**9,712**	**(73)**

5.3 Operational Report – Finance and Corporate – June 2019

Meeting:	Finance and Corporate Committee
Date of meeting:	27 June 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 June 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 June 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 – June 2019

Operational Report – Finance and Corporate – June 2019

Procurement Reporting: Contracts Approved Under Delegated Authority
Corporate Group
ICT Department **Alex Misiewicz / CON19023**; Alex is a contractor brought onboard to complete a critical Data migration activity for the Asset Management project, where Council asset information is being migrated from the existing system Hansen into TechOne. A procurement plan was drawn up by the Project Manager and signed off by the GM – Infrastructure who is the Project Sponsor. As part of the procurement, CV's of candidates were received from agencies as well as internal referrals were considered. Alex stood out from the other candidates after technical and personal interviews and we saw an added benefit of Alex living locally, hence we have contracted Alex and engaged his services.

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.

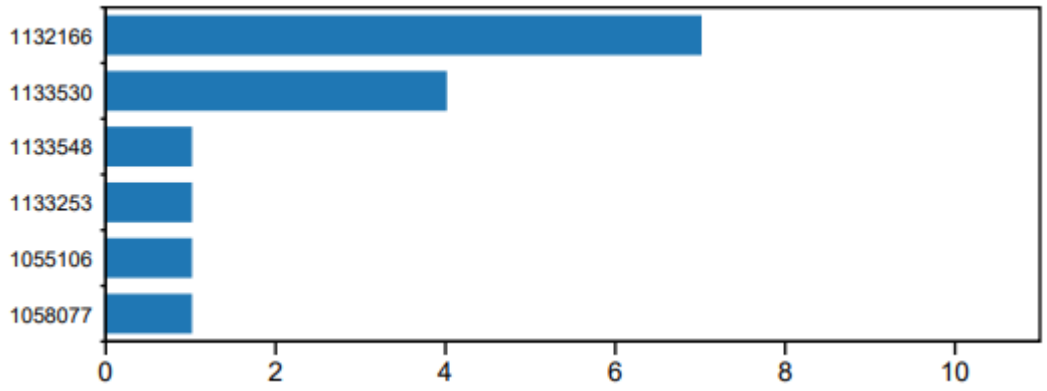
ICT Operations

The Application Support analysts are gearing up for financial year-end and we have already seen an increase in the number of jobs logged. An external review of the ICT Operations processes and procedures is still in the planning phase. 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:

- Updating of our website environment – In progress, scheduled for 13 May
- Cyber training – 131 staff have still not completed the training. This number includes 12 councillors and several contractors.
- Currently planning:
  - Windows feature upgrades for all desktop devices has been delayed to end of September
  - Providing Service Desk with appropriate access to provide Level 1 infrastructure support
  - Replacement of end-of-service routers
  - Security Monitoring

- Intrusions blocked by our main firewall



NAME	ALLOWED HITS	DENIED HITS
EXPLOIT Arbitrary Code Injection -1	0	7
WEB Apache Struts 2 Remote Code Execution -2.1 (CVE-2017-5638)	0	4
WEB Microsoft IIS WebDAV ScStoragePathFromUrl Buffer Overflow -	0	1
WEB Remote Command Execution via Shell Script -1.a	0	1
WEB PHP Arbitrary Code Injection -1.b	0	1
WEB SQL injection attempt -1.b	0	1
	0	**15**

- Viruses cleaned off desktop devices – May

Action	Count of occurrence User Computer name
Blocked	94
Cleaned by deleting	91
Cleaned	2
Connection terminated	13
Deleted	2
Total	**242**

- Attempts to access unauthorised URL's – 18

- Desktop support – business as usual
- Operational projects including ICT Project Manager:
  - Remediating critical Disaster Recovery (DR) recommendations – Implementation of changes into Production and DR environment are presently underway due for completion 20 June 2019
  - Box Office – Kiosk build in the Old Café is underway. Finally sorted the ticketing issues with one of the ticketing vendors. This was rectified on 7June after ICT outlined the constraint with the two external parties concerned.

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

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.

A project prioritisation exercise was conducted with the Senior Leadership Team at the end of May. The goal of this exercise was to –

- Update the Leadership team on the projects underway as part of LTP
- Present a list of additional initiatives being requested by the organisation
- Ratify the priority that we need to progress each of these projects and initiatives
- Identify resources required to deliver this prioritised list
- Schedule these into our Program of technology delivery for the organisation.

- **Upgrade of Technology One Ci to CiAnywhere – next software upgrade for Core Council system.**
    - Training and testing – round 1, is underway with our subject matter experts
    - TechOne is progressing with refining the data migration tools and process.
- **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.
    - The steering committee has now reviewed and signed off on the Terms of reference presented by the Project manager.
    - Final preparations are underway for the procurement process to commence.
- **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).
    - Configuration design document is now complete and sign-off review in progress.
    - GIS integration design underway
    - Contractor for Data migration activity has been brought on board.
- **Digitisation of Property Files** – Execution Phase
    - Back scanning of files is 99% complete.
    - A paper has been presented to sponsor with recommendation on the process for ‘Day Forward’ and a decision will soon be made on this.

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 their interim audit, with the draft report to be tabled as an agenda item in the June Audit and Risk Committee meeting.

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

Final review of the 2019-20 Annual Plan is underway with adoption due at the June Council meeting.

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. This will come into effect for the 2019-20 financial year.
- Reviewing historical reserve balances. Recommendation were adopted in the May Finance and Corporate Committee meeting. The relevant accounting entries are being actioned prior to year end.
- Condensing our process to confirm end of year accruals and carry forwards earlier than previous years. This will allow us to provide revised budgets to the business sooner and enable us to produce 2019/20 actual vs budget financial reporting to Finance and Corporate Committee a month earlier.

Revenue

The key business users have been testing the CiA upgrade for the first time this month. The testing will continue into June.

Land Rates

There were 282 property sales in May compared to 333 in May last year. Sale numbers are tracking 1% lower than last year.

Water Rates

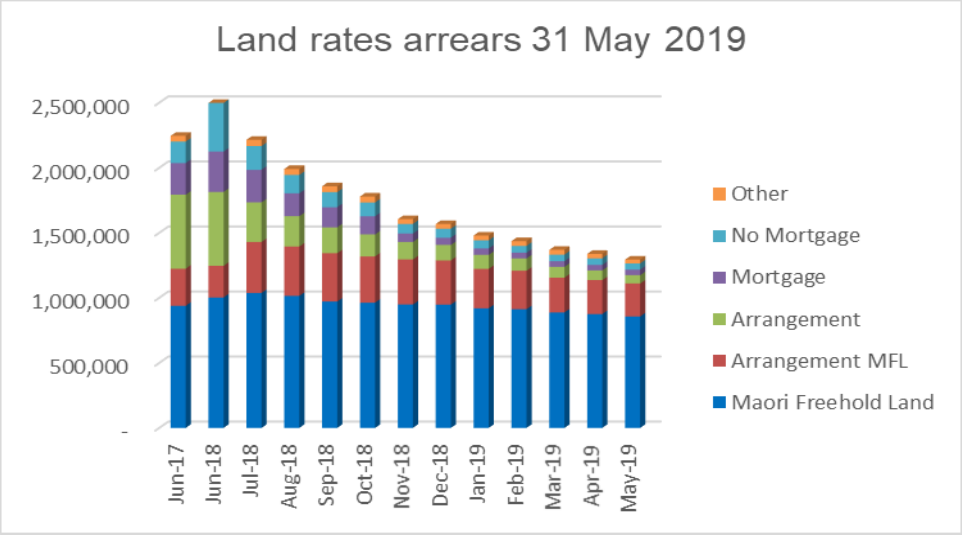
Water rates revenue in May is summarised below:

Water Rates Summary - May 2019							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount($)	1,569,133	82,918	8,294	7,547	10,630	- 37,814	315,669
Transactions (Number)	5,820	5,804	311	142	990	41	1,517
Average ($)	269.61					- 922.29	

Collection and Recovery

Land rate arrears at 31 May 2019 are:

- $1,294,000 (April $1,338,000)
- Māori Freehold Land comprises $1,111,000 (April $1,137,000) of arrears.



1,755 arrears letter were sent to ratepayers who had not paid the 4th instalment, which has resulted in payment from over 600 ratepayers. However, the current year's land rates arrears have increased from last year mainly due to valuation and rateability issues on two properties totalling $544,000 unpaid rates.

Water rates arrears are $316,000 (1,517 debtors), with $106,000 (645 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:

- Presentation to Strategic Leadership Team (SLT)

Next Steps:

- Project planning to commence June 2019.

Continuous Improvement Idea Project

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:

- Presentation to SLT
- Statement of Work reviewed and amendments being requested.

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 of the Promapp Project to SLT.
- Initial project tasks underway in preparation for platform readiness and workshop delivery.

Next Steps:

- Engaging with departments for Champion nominations and timing – due by mid-June.
- First workshops late June 2019/ early July.

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

The Kete review project continues to track well and there has been a high level of engagement from participants as well as other members of their teams once discussion is held with them on the back of the workshops.

Information Management Plan 2019 – 2020

The draft information management plan has now been completed and is awaiting approval.

This plan is aligned directly to the Information Management Standard issued by the Chief Archivist (Archives New Zealand). The purpose of the standard is to ensure that the business is supported by sound, integrated information and records management in complex business and information environments as we have here.

The standard is set out in three principles:

Principle 1: Organisations are responsible for managing information and records

Principle 2: Information and records management supports business

Principle 3: Information and records are well managed

Key themes of the plan to increase our performance against the standards as well as building capacity for information, data and records management across the organisation are:

- Archives management
- Policy development
- Retention and disposal process development
- Public Records Act 2005 audit
- Training
- Information asset register work

Chief Archivist's Report on the State of Government Recordkeeping

The Chief Archivist report on the State of Government Recordkeeping has been presented to the House of Representatives.

Highlighted in the report is the need to improve the management of digital information with an emphasis on digital transformation and the impact of this for information management. This affirms our approach to information management in a digital environment where there is consideration of records requirements within technology project delivery through ongoing collaboration with Business Improvement and ICT.

Procurement

Electricity

The Electricity Supply RFP was evaluated and a recommendation of a preferred supplier was taken to Council. The Contract proper will be signed in June and new supply arrangements will commence 1 July for a three year term.

Kete Workspace

Staff have workshopped suggested changes for the metadata fields in the Procurement and Contracts workspace which will enable greater functionality around searching and finding information in Kete. These changes have now been recommended to the project team who are considering with a view to including in the suite of upgrades post Kete Review.

Training Workshop

A two day training workshop was provided by an external procurement expert for staff from a number of departments. The feedback was overwhelmingly positive, and many of these staff have already put into practice techniques learnt on the course.

Consideration is being given to developing some in-house training for staff, blending a mix of best practice industry wise, and with best fit for how Council would like to see procurement conducted in and for our community.

Workstreams

Other major work streams in procurement have included:

- The supply of books for the Library
  This process is to select a supplier or suppliers for Books, DVD's, Talking Books and Large Print Books, and has a greater emphasis on shelf ready cataloguing solutions

- Matariki Festival Stage Supplier – Venues and Events WHANGAREI
  To find a supplier to provide outdoor stage and sound for the Matariki Festival

- Booking Tool – Venues and Events WHANGAREI
  Assisting Business Improvement with procurement aspects of their project to find a suitable Booking Tool for the Venues and Events team

- Book Sorting System – Library
  Assisting Business Improvement with procurement aspects of their project to find a book sorting system for the Library

- Pensioner Housing Management – Community Services Department

  To select a supplier to provide Tenancy Management services for the Pensioner Housing portfolio

- Civic Centre project

  To assist the Civic Centre team with requirements around procurement aspects of the Civic Centre project.

General procurement support and advice continues to be available across the business and at the weekly Procurement Clinic.

Property Assets

While we are very conscious of limiting any spend in our existing staff sites, namely Walton Plaza and Forum North, there are a few maintenance issues that will need addressing in the coming months. We will ensure that all spend in and on property is limited given the now limited tenure we will have in these buildings.

- *Forum North* – Repainting and rebranding is well underway using colours from our approved palette. Existing scaffolding from around Forum North should be removed by the end of June. The remaining area for repainting, between the Library and Forum North, will be completed at the start of next Summer, although this side of the building will undergo some cleaning and treatment over the next two to three weeks.
- Anecdotally, the WDC logo signage installed on Forum North is receiving some really positive feedback from staff and the public alike.
- *Forum North lift upgrade* – This work is now completed by the contractor.
- *Walton Plaza Kitchen Maintenance* – We have approached two vendors to establish concept plans for a limited and targeted refurbishment of the kitchen. This is well overdue for maintenance and changes also need to be made to support sustainability and safety. Focus will be on better utilisation of limited space and trying to ensure appliances conform to sustainability guidelines with recycling made easier. The Walton Plaza kitchen maintenance is anticipated to commence for this financial year and Forum North in the next.

Business Support

- *Security Services Contract* – Contract now signed by both parties. Given the importance of security in the world we now live in we will ensure sound contract management is maintained through ongoing engagement with our contractor.

- *Walton Plaza and Forum North floor space* - It is becoming increasingly more difficult to accommodate the number of staff at either buildings and still adhere to Health and Safety and Building Regulations. Most of the remaining usable spaces have no natural light so is inadequate for sedentary work at desks. Storage space on-site is also becoming an issue. As such we will be facilitating an asset and storage rationalisation process over the coming months to cut back where we can. We are also working with other Departments and Health and Safety to discuss furniture requirements with the view that any acquisitions from now need to be sustainable and used/transferred to the new Civic Centre.

Vehicle Fleet

- We are currently reviewing all of our fleet related policies – Vehicle Procurement Policy/Fleet Management Policy etc. What vehicles we use and how we use them will change as we move

to becoming a more sustainable organisation and as our infrastructure changes with the new Civic Centre. While we are not in a position currently to support a fully electric fleet, we are in a position to make some smart decisions around purchasing replacement vehicles that will have a significant positive impact on our emissions and carbon footprint.

- We currently have a number of vehicles that are due for replacement based on fleet policies. Increased business activity is placing pressure on the number of cars available, and they are also reaching replacement mileage thresholds earlier than estimated when the replacement program was originally prepared. We plan to standardise the fleet by reducing variety to two to three options all the while considering usability across Council. All new vehicle purchases will first be considered for safety, environmental impact and sustainability (including priority for EV/Hybrids), and ensuring that they are fit for purpose.

Business Support Projects (Updates, Delays or Deferrals)

Project	Current Status	Comment
Kete Review	On Track	Workshop sessions are nearing completion. Once all sessions are complete next steps will be to develop a plan and timeline for actions including training.
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	Ongoing – no update from last report.	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.	A significant proportion of the vehicles in our fleet are out of policy, either by age or number of kilometers travelled. We will require additional funding to be able to keep on top of the fleet to ensure safety of staff and align to sustainability targets and the resolution to focus on EV/hybrids.

Communications

Digital Platform

The Communications Department is 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.

Civic Centre project

The Communications Department is managing the communications across the life of the Civic Centre project, including external, internal and engagement messages. We are also handling the visual and descriptive identifiers for this project, while providing communications advice and support to the project team.

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:

- City carpark and wayfinding signage initial concept stage
- Matariki Festival
- Matariki@Hihiaua (formerly Matariki Whanau Festival)
- Speed limits bylaw review consultation document
- Vehicles on beaches review consultation document
- Fees and Charges 2109-20 document
- Annual Plan document
- Events strategy document brand update
- Pohutukawa Coast free plants
- Whangarei District Love it here branding concepts and advertising
- General WDC re-branding
- Forum North sign replacements
- Waterfront history signage
- Updating all Health and Safety handbooks

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

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 and Council documents such as the Annual Plan.

Media and public relations

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

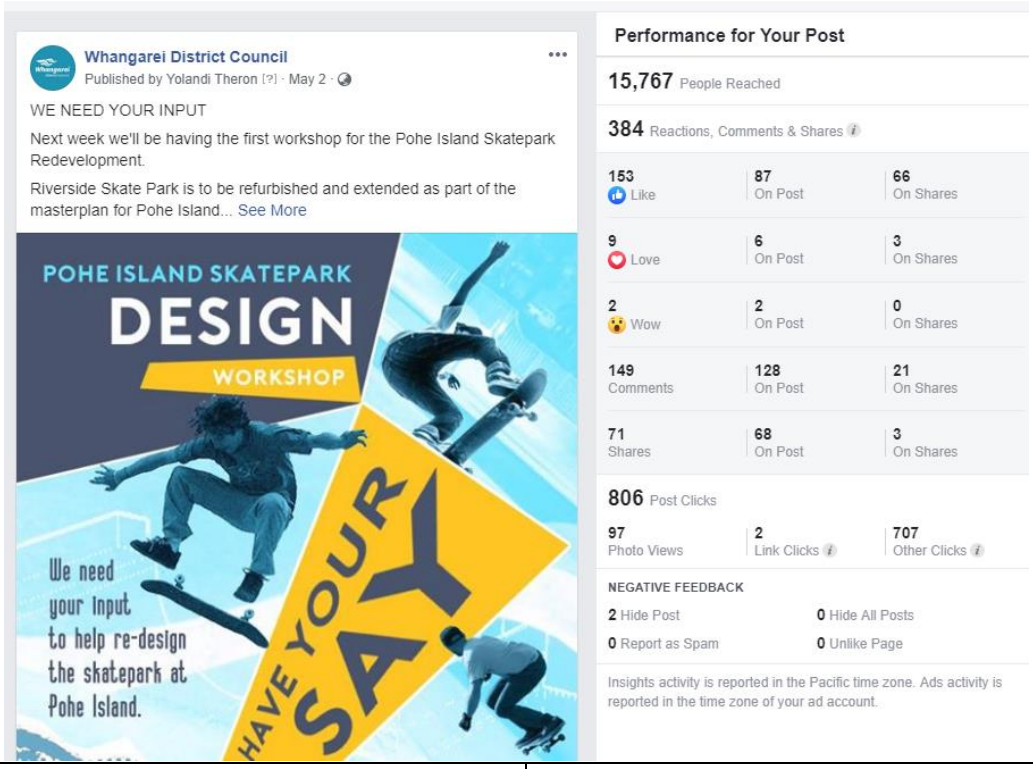
- Helicopter base on recreation reserve
- Dog poo on Hatea Loop walk
- Former street kid now involved with Youth Space and Future Leaders
- Negotiations begin for Ruakaka cemetery land purchase
- Annual free tree giveaway begins on 4 June
- Liquor licensing process explained
- NRC plan formally accepted
- Reducing rubbish charges unlikely to resolve fly-tipping problem

- Consensus from Whangarei Heads community needed before Parua Bay transfer station can re-open
- $2M reallocated in budget for road sealing
- Better skate park could draw people to skating events
- Local residents also responsible for Parua Bay transfer station closure
- Waipu cycleway
- Bus terminal to remain at Rose Street
- Mill Road sewer and stormwater lines to be flushed
- Night work planned for resealing roundabouts
- Concert-goers urged to purchase tickets from ticketing agencies
- Council purchases CBD land for $5M
- Roadsafe Northland wins community award
- New NRC flood maps
- Council seeking feedback on gambling policy
- Roadwork on Riverside Drive/Kissing Point/Mackesy Road
- Residents plan on fighting Housing NZ's proposal for housing in Puriri Park
- Ideas for Pohe Island skate park
- Staff at Hundertwasser Centre in Austria interested in Whangarei project
- Kaipara dog control issues
- Workshop at Riverside Drive skate park
- Prescott Road safety during logging operation
- Golden Wattle removed from Ruakaka reserve
- Night lights for Ruakaka sports fields
- Tamingi Street sewer replacement
- Funding for Camera Obscura from PGF fund allows construction to start in October 2019
- Pohe Island car park work progressing
- Riverside Drive roadworks
- Waipu cycle way delays
- Road closure causes delays.

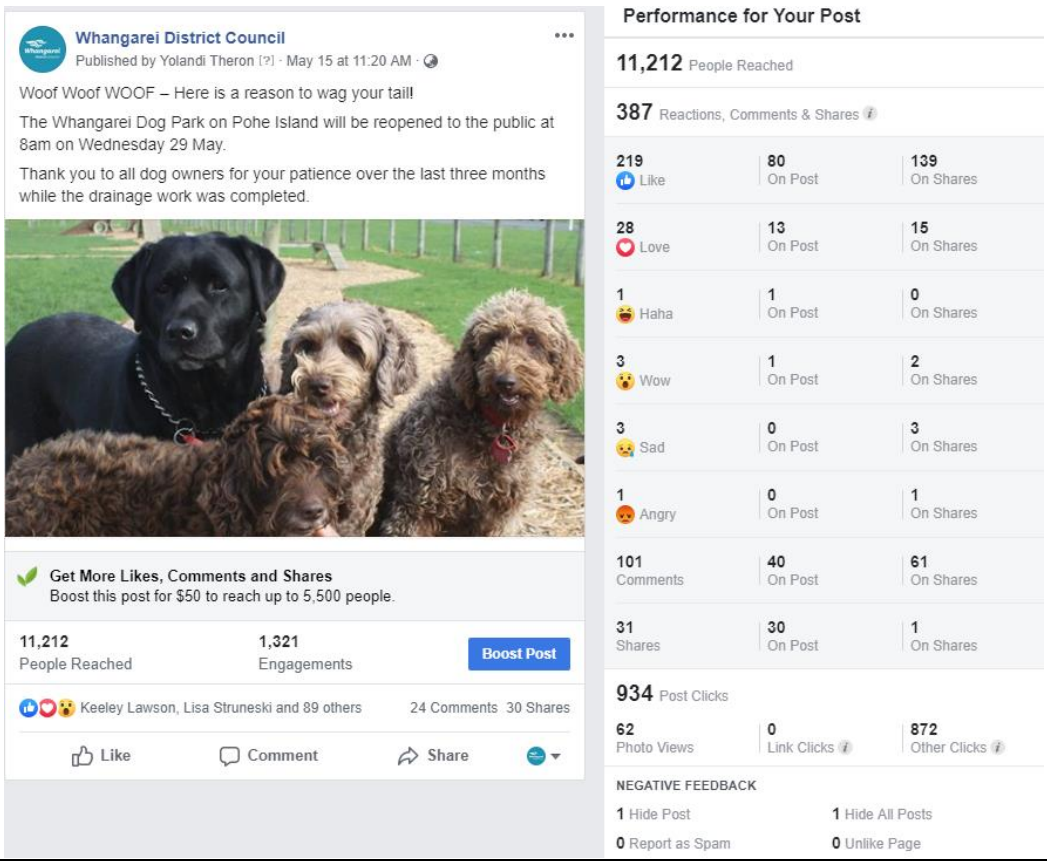
Social Media

Top three highest posts reach on Facebook in May 2019:

Post	Engagement
Pohutukawa Coast Programme – Fee Plants from 4 June	• ***33,912*** *people reached.* • ***1,619*** *engagement by either post clicks and/or comments/ reactions/shares.*
Pohe Island Skatepark Design Workshop – We need your input.	• ***15,767*** *people reached.* • ***384*** *engagement by either post clicks and/or comments/ reactions/shares.*



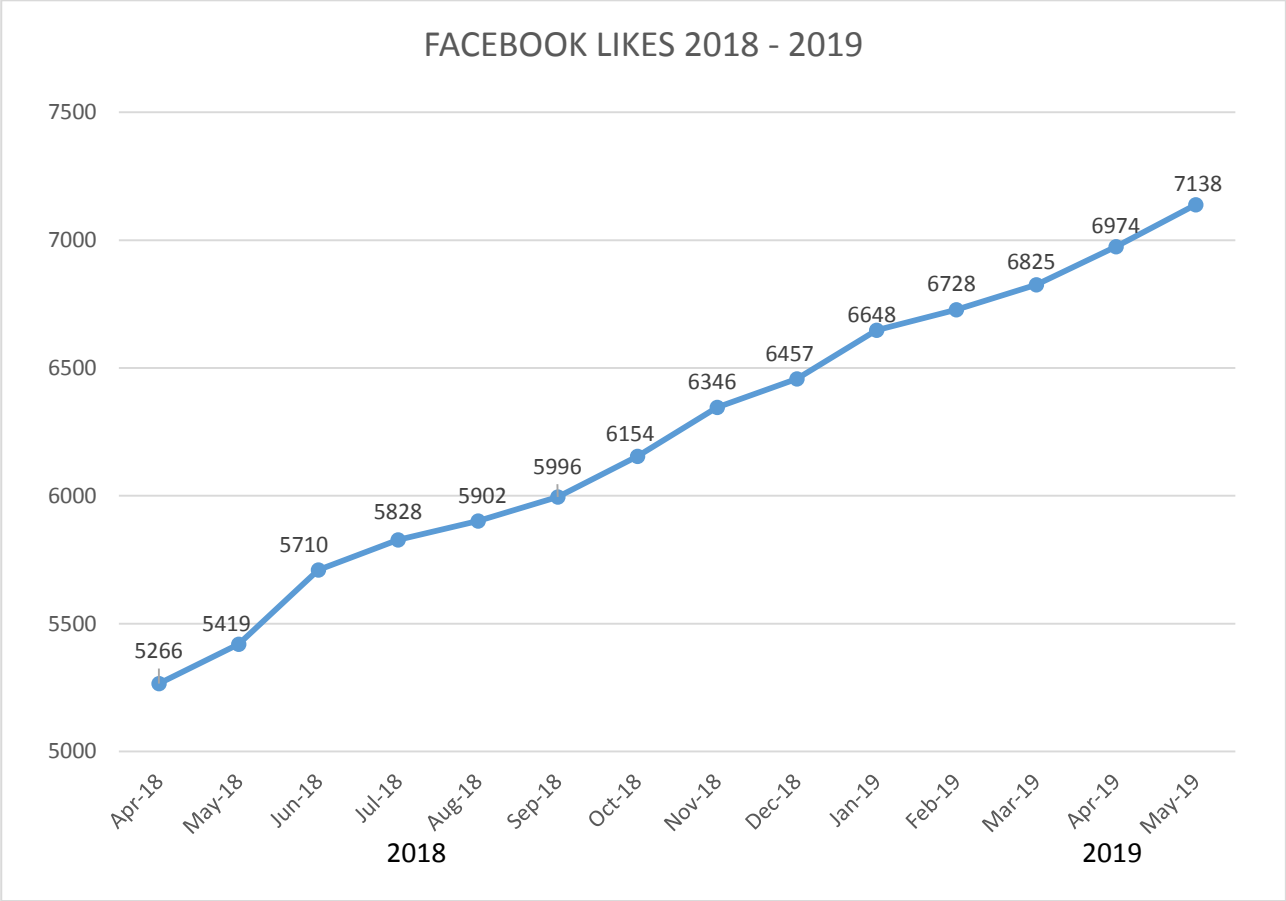
Whangarei Dog Park – Reopened to the public	• ***11,212*** *people reached.* • ***387*** *engagement by either post clicks and/or comments/ reactions/shares.*



Facebook audience/followers

Facebook page 'Likes' have been increasing organically and steadily for this month.
Likes for May (as at 31 May 2019) = 7,138 (**313** more likes since April 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.

Top 5 pages visited - May 2019

1. Building and Property / GIS Maps
2. Facilities and Recreation / Cemetery Database Search
3. Newsroom / Pohutukawa Coast Programme
4. Plans Policies and Bylaws / District Plan
5. Rates and Payments / Rates

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:

- 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 (closing 24 June 2019)
- Arts, Culture and Heritage Strategy (closing 26 June 2019)

Branding refresh update

The Communications Team has worked with Big Fish to finalise the brand architecture of Council's stable of brands at a strategic level, as well as completing the brand book, brand guidelines and new publishing process. 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.

People and Capability

Performance Reviews

Everyone has been working on finalising performance reviews for the last 12 months. We expect all will be completed by the middle of June.

New Employees, Transfers, Vacant Positions and Leavers

New Employees/Transfers	Name	Start Date
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
Intermediate Capital Works Project Manager	Pete Watts*	13-May-19
EA to GM Planning & Development	Christy Weightman	20-May-19
Building Control Officer	May Sebastian	27-May-19
Team Leader – Development Engineering	Nadia de la Guerre*	27-May-19

*Internal promotion

Roles filled and waiting to start	Name	Start Date
Venues & Events Coordinator	Anna Moreton	4-Jun-19
ICT Administrator (Fixed Term)	Andrea Schmuck	10-Jun-19
Data Warehouse Administrator	Edward Nolan	1-Jul-19
Environmental Health Officer	David Golding	1-Jul-19
Wastewater Treatment Technician	Zac Galpin	1-Jul-19

Roles not yet filled	Status
Senior Projects Engineer - Pavements (NTA)	Hold
Roading Project Engineer	Hold
AV Technician	Hold
Team Leader - Major Event Planning & Admin	Hold
Graduate Strategic Planner	Closed
Systems Accountant	Interviewing
Project Engineer / Project Manager - Infrastructure	Shortlisting

Roles not yet filled	Status
Support Assistant - District Plan (Fixed Term/Part Time)	Shortlisting
Business Partner (People & Capability)	Shortlisting
Non-Fiction Librarian	Shortlisting
Librarian - Central & Outreach Services	Shortlisting
Team Leader - RMA Consents	Shortlisting
Team Leader - Service Centres	Shortlisting
Manager - Waste & Drainage	Shortlisting
Calling all Planners (RMA Consents)	Shortlisting
Trainee Building Control Officer (internal only)	Shortlisting
Development Engineer	Shortlisting
Property Assessment Officer	Shortlisting
Environmental Health Officer (2)	Offered (1) /Readvertising (1)
Building Control Officer	Readvertising
Senior Building Control Officer	Readvertising
Team Leader – Infrastructure Support & Contract Payments	Advertising
Strategic Planner	Advertising
Team Leader – RMA Support	Advertising

Leavers	
Allie Miller	Support Assistant – District Plan

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 is progressing well. 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.

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 Council is partnering with the other Northland Councils on a communications campaign to increase awareness, and participation in Local Government Elections. The Council is also sponsoring the Tai Tokerau Maori Local Government Symposium to be held at Waitangi on 27 June.

Democracy

The Democracy Team supported seven Council and Committee meetings and one Council briefing. Thirty-nine liquor licence applications were processed for determination by the Chair of the District Licensing Committee.

Official Information requests

23 official information requests have been received by Council since the last operational report in May 2019. Council received 248 requests during 2018 and with 100 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 May/June 2019:

- Request for a variety of information relating to the regulation of shooting ranges;
- Request all information relating to a complaint regarding rubbish collection;
- Request for a report regarding the withdrawal of the Parua Bay Transfer Station resource consent application;
- Request for an update on action taken in relation to compliance at a specific property;
- Request for information on tonnage of waste collected through transfer station recycling over the last 5 financial years;
- Request for a response to a complaint to the Ombudsman regarding a decision on an information request;
- Request for rates data in relation to a specified property;
- Request for a variety of data relating to dog registration and dog control;
- Request for details of the Chief Executive's salary for the current and previous financial years;
- Copies of correspondence relating to an insurance claim for a recent fire at a specified property;
- Request for complaint related information from November 2018 to the present in relation to a specified property;
- Request for archival property files information relating to road legalisation for a specified property;
- Request for application and consent information for a horse trek event;
- Request for tender documentation in relation to the procurement of s specific contract;
- Request for photographs submitted in the context of a compliant regarding commercial activities;
- Request for an invoice and timesheets associated with the processing of a permit;
- Request for details of any information requested regarding a specified property;
- Request for owner contact details in the context of investigating a potential fire hazard;
- Request for information regarding the endorsement of MBIE guidance;
- Follow-up request regarding a complaint about rubbish collection;
- Request for information relating to traffic movements at a specified site;
- Request for details of complainant who submitted a compliant regarding activity in the rural production environment;
- Follow-up request for information regarding the issue of a building consent in relation to a specified property.

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.

Good progress is being made on the development of a CCO framework, this will inform how we handle and interact with our CCO's in the future. As part of this review staff are updating the "Appointment to Council Organisation Policy" for Councils agreement.

The following CCO's are scheduled to present their 2019/20 Statement of Intent for agreement by the Finance and Corporate Committee on 27 June 2019:

- Whangarei Art Museum Trust
- Whangarei District Airport
- Northland Regional Landfill (NRLLP)

The Local Government Funding Agency (LGFA) SOI will be presented to the July meeting of this Committee.

Audit and Risk

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

Staff have spent time looking at the insurance programme for Council. This has initiated some investigations into Cyber insurance provision and consideration of a fine arts policy for WDC and WAMT art collections. Progress in this space will be provided to the Audit and Risk Committee at the September meeting.

Business Continuity remains an important task for council to work on. Staff are currently aware of some great front line initiatives in response to unforeseen events that impact local areas or single sites. However, staff are currently looking at ways to ensure that Council develops robust contingency plans for back office staff across our corporate sites.

Consultation and Engagement

There have been four consultations running this month; Housing NZ Corporation, District Plan Changes, Whangārei Growth Strategy and the Arts, Culture and Heritage Strategy.

The Steering Group for the completion of the Consultation and Engagement Toolkit have met three times and good progress is being made on the requirements for this resource.

A Business Requirements document identifying the functionality required for managing consultations has been submitted. The outcome sought is that submissions, and all the subsequent follow ups, to consultations can be better managed through improved technical functionality with the Kete programme.

Māori Relationships

Whau Valley Dam 50th Celebrations

Local hapū Ngati Kahu o Torongare involved with the 50 year celebrations of the Whau Valley dam. A significant amount of people in attendance due to the rededication of a plaque to a worker who had died during the construction of the dam.

TUIA 250

Continue to support and assist the coordinating team with their engagement processes between kaumatua and local hapū.

Te Reo

Working closely with library staff and an external provider to initiate the first of many te reo classes being offered for staff.

Cultural Protocols Assistance

Collaborated with the organising committee to provide a whakatau and closing karakia for the EA and PA summit held at ASB Lounge in Kensington.

Powhiri for new Chief Executive at WAM

Collaborated with WAM staff to coordinate the powhiri for their new Chief Executive, Kathleen Drumm. Local kaumatua Dick Shepherd and Taipari Munro obliged with the cultural duties on the day.

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. {Section7(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.