

Finance and Corporate Committee Agenda

Date: Thursday, 22 February, 2018

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 Stu Bell
Cr Gavin Benney
Cr Crichton Christie
Cr Vince Cocurullo
Cr Tricia Cutforth
Cr Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

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, 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

Item 3.1**Finance and Corporate Committee Meeting Minutes**

Date: Thursday, 30 November, 2017
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance	Cr Shelley Deeming (Chairperson) Her Worship the Mayor Sheryl Mai Cr Stu Bell Cr Crichton Christie Cr Vince Cocurullo Cr Tricia Cutforth Cr Sue Glen Cr Phil Halse Cr Cherry Hermon Cr Greg Innes Cr Sharon Morgan Cr Anna Murphy
Not in Attendance	Cr Greg Martin

In attendance:

Chief Executive (Rob Forlong), General Manager Corporate (Alan Adcock), General Manager Strategy and Democracy (Jill McPherson), Manager Business Improvement (Ben Smith), Manager Democracy and Assurance (Jason Marris), Manager Finance (Rich Kerr), Democracy Adviser (Jennie Thomas) and Senior Democracy Adviser (C Brindle)

1. Declarations of Interest**2. Apology**

Cr Greg Martin

Moved By Cr Sue Glen

Seconded By Cr Vince Cocurullo

That the apology be sustained.

Carried

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

3.1 Open Minutes Finance and Corporate Committee 26 October 2017

Moved By Cr Sue Glen

Seconded By Cr Anna Murphy

That the minutes of the Finance and Corporate Committee meeting held on Thursday 26 October 2017, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Information Reports

4.1 Financial Report for the 4 Months Ending 31 October 2017

Moved By Cr Greg Innes

Seconded By Cr Sharon Morgan

That the Finance and Corporate Committee notes the operating result for the four months ending 31 October 2017.

Carried

4.2 Corporate Capital Projects Report for the month ending 31 October 2017

Moved By Her Worship the Mayor

Seconded By Cr Sharon Morgan

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 31 October 2017.

Carried

4.3 Operational report - Finance and Corporate - November 2017

Moved By Cr Sue Glen

Seconded By Cr Vince Cocurullo

That the Finance and Corporate Committee notes the operational report for November 2017.

Carried

5. Public Excluded Business

There was no business conducted in public excluded.

6. Closure of Meeting

The meeting concluded at 9.19am

Confirmed this 22nd day of February 2018

Cr Shelley Deeming (Chairperson)

4.1 Northland Regional Landfill Limited Partnership (NRLLP) Draft Statement of Intent

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
Reporting officer: David Lindsay (Solid Waste Engineer)

1 Purpose

To adopt the Northland Regional Landfill Limited Partnership (NRLLP) Draft Statement of Intent in accordance with Section 64 of the Local Government Act 2002.

2 Recommendation

That the Finance and Corporate Committee endorses the Draft Statement of Intent 2018/2019 for the Northland Regional Landfill Limited Partnership.

3 Background

The Draft Statement of Intent (SOI) has been reviewed for appropriateness in relation to the delivery of services, management and governance of NRLLP 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 Draft Statement of Intent 2018/2019 for NRLLP.

NRLLP's Draft 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

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

Northland Regional Landfill Limited Partnership - Draft Statement of Intent 2018/19

**NORTHLAND
REGIONAL
LANDFILL LIMITED
PARTNERSHIP**

DRAFT

**STATEMENT OF INTENT
2018/2019**

NORTHLAND REGIONAL LANDFILL LIMITED PARTNERSHIP Statement of Intent

For the Year Ending 30 June 2019

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

In December 2017 WDC awarded the Whangarei District domestic solid waste collection and recycling collection contracts to NWL following a competitive tender round. The contracts run from 1 July 2019 for a 5+2+2 term.

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 2018/2019:

- a. Maintain processes to divert green waste from the waste stream.
- b. To determine whether to build a recycling sorting plant at the Resort facility for acceptance of recycling materials from the Whangarei district.

- 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 the recycling plant if it is decided to proceed with the build;
- 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. to promote and conduct recycling and waste minimisation activities within the operating area and investigate and develop further

minimisation opportunities, consistent with the organisations profit objectives.

- 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:

- a. Audited financial statements for that financial year consisting of;
 - 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:

To 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 ACC Accreditation standards for its Health and Safety Management System.

Ensure no serious harm 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 of 0.7 tonnes of placed refuse per cubic metre of airspace used.

Ensure 6 months 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. Total assets means the book value of all assets of the partnership.

At 30 June 2017, net equity (partners funds) is \$16.45 million, liabilities \$8.366 million and assets \$24.82million. 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 Support 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 2017 net equity (partner's funds) amounted to \$16.454 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.
- (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.

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 financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for profit orientated 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 dollar. The functional currency of the Partnership is New Zealand dollars (NZ\$).

Changes in accounting policies

Gains and Losses on revaluation of Investments are now taken to Revaluation Reserves rather than Comprehensive Income.

Early adopted amendments and revisions to standards

The following amendments and revision to standards have been early adopted:

NZ IFRS 7 *Financial Instruments: Disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:

- the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
- the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.

NZ IAS 24 *Related Party Disclosures (Revised 2009)* – The early adoption of NZ IAS 24 has had no effect on related party disclosures.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received.

Grants

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

Vested assets

Where a physical asset is gifted to or vested in the Partnership for nil or nominal consideration, the fair value of the asset received is recognised as income. Such income is recognised when control over the asset is obtained.

Interest income

Interest income is recognised using the effective interest method.

Borrowing costs

All borrowing costs are recognised as an expense in the financial year in which they are incurred.

Leases***Finance leases***

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Partnership will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straightline basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Debtors and other receivables

Debtor and other receivables are initially measured at fair, less any provision for impairment.

A provision for impairment of a receivable is established when there is objective evidence that the Partnership will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of an impaired receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account for receivables.

Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs (if any).

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate, less any provision for impairment. The indicators and the accounting for impairment of bank deposits is the same as explained for debtors and other receivables.

Carbon Credits held for future surrender under the Emissions Trading Scheme are valued at indicative market value at Year End and the increase or decrease taken to Revaluation Reserve. Any units surrendered in the following year are taken to the Statement of Comprehensive Income at the re-valued amount. Revaluation Reserves associated with surrendered units are released to Partner Current Accounts.

Inventories

Inventories held for distribution in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential. The loss of service potential of inventory held for distribution is determined on the basis of obsolescence. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the year of the write-down.

Property, plant, and equipment

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

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the Partnership and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Partnership and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised as an expense as they are incurred.

Depreciation

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

Land (other than landfill) indefinite (0%)

Building and improvements 40 to 100 years (2% to 36%)

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

Intangible assets

The current resource consents expire in 2038 but consent extensions are expected and amortisations are calculated on the expected closure date calculated by reference to latest fill rates.

Landfill consents

Landfill consents are capitalised on the basis of the amount paid to the Council for resource consents to construct a landfill at Puwera.

Aftercare Costs

The Partnership has an obligation to monitor and manage risks of the landfill post closure. The aftercare period is estimated at 30 years and the estimated costs have been capitalised as an intangible asset after applying an inflation factor and discounting to present value.

Impairment of property, plant, and equipment and intangible assets

Property, plant, and equipment and intangible assets are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the Partnership would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The impairment loss is recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Partnership has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are not expected to be settled within 12 months of balance date.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in "finance costs".

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.

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 plus Revaluation Reserves and Partner Current Accounts less Distributions that have been authorised prior to Balance Date

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 discussed below:

Estimating useful lives and residual values of property, plant, and equipment

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

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The Partnership minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Partnership has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying the Partnership's accounting policies

Judgement is exercised when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

4.2 Whangarei District Airport Draft Statement of Intent - 2018/2019

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
Reporting officer: Mike Hibbert (Commercial Property Manager)

1 Purpose

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

2 Recommendation

That the Finance and Corporate Committee endorses the Draft Statement of Intent 2017/2018 for the Whangarei District Airport.

3 Background

The Draft 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 Draft Statement of Intent 2018/2019 for the Whangarei District Airport.

Included in this draft SOI are:

- Airport Compliance costs to implement new Civil Aviation Authority Safety Management System (SMS):
 - Safety Management System (SMS) plan development and implementation
 - provision for new signage and flood lighting associated with rule changes.
 - Possible crash/fire requirements
- Increases to contract fees and maintenance
 - New Airport Management contract
 - Ground Maintenance contract
 - Runway remarking
- Increased revenue opportunities:

- Car Parking and charges to be presented to Council for consideration including capital investment.
- Increased Landing Fees schedule

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 Attachment

Whangarei District Airport - Draft Statement of Intent 2018/19

Whangarei District Airport



Statement of Intent

For the Year Ending 30 June 2019

Whangarei District Airport

Statement of Intent For the Year Ending 30 June 2019

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 2017 as 98.6%.

e. Financial Statements

See Appendix A.

f. Performance Measures

- i. To operate to financial budgets;
- ii. To meet or exceed Airport Certification Standards as laid down by the Civil Aviation Authority for the Airport and reported by random audit;
- iii. To conduct a survey of airport users and determine their views on Airport facilities and future facility developments.
- iv. To implement the new Civil Aviation Authority requirement for a Safety Management System.
- v. Engage third party quality auditor to report each June.
- vi. To implement necessary changes to Health and Safety policy/procedures to address any changes to legislation.
- vii. To explore economic development opportunities in attracting new business and job creation.
- viii. Explore existing service providers and encourage expansion and investment

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 Board (via Whangarei District Council Property Manager/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 2017 record the total equity in the partnership of \$5,014,605 (2016 \$5,039,212).

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.

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.

2.2 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 liability and adjustments to prior year tax liabilities.

2.3 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.

2.4 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 doubtful debt expense.

2.5 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	5-64 years
Services	0-40 years

2.6 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.

2.7 Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

2.8 Lease expense

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

2.9 Tier 2 PBE Accounting Standards applied

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

2.10 Changes in Accounting Policies and Transition to the new PBE SFR-A (PS) Standards

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard, and comparative information for the year ended 30 June 2014 has been restated to comply with the new standard. The significant adjustments arising on transition to the new standard are provided in note 16.

(i) Income tax

Income tax is calculated using the tax payable method, therefore no deferred tax has been calculated for the current year. This treatment differs to prior years where the deferred tax method was used on a voluntary basis. It was determined that using the deferred tax method provided no additional benefit. This change in accounting treatment has resulted in an adjustment to the comparative tax expense and deferred tax liability, as well as an adjustment to the comparative years opening retained earnings balance.

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

	BUDGET 30 June 2018	BUDGET 30 June 2019	BUDGET 30 June 2020
Income			
Landing fees	345,000	350,000	360,000
Sundry income advertising	8,000	8,000	8,000
Other Recoveries	6,000	6,000	6,000
Operational Recoveries	22,000	22,000	22,000
Rent received	145,000	150,000	150,000
Interest received	10,000	10,000	10,000
Carpark Income	-	-	-
Total Income	536,000	546,000	556,000
Less Expenses			
Airfield Expenses			
Drainage	5,000	5,000	5,000
Fencing	5,000	1,000	1,000
Grounds R&M	30,000	30,000	30,000
Runway R&M	10,000	10,000	10,000
Lighting R&M	10,000	10,000	10,000
Other R&M	20,500	15,100	15,600
	80,500	71,100	71,600
Terminal Expenses			
Insurance	12,500	13,000	13,000
Cleaning	32,000	35,000	35,000
Advertising	3,000	3,000	3,000
Rates	19,187	19,902	20,646
Electricity	32,000	32,000	32,000
Weather station	3,500	4,000	7,000
Security	8,000	8,000	8,000
Other expenses	10,200	10,200	10,200
	120,387	125,102	128,846
Administration Expenses			
Management Fee	105,000	105,000	105,000
Telephone	1,600	1,600	1,600
Audit fees	20,000	20,000	20,000
Accounting Fees	12,000	13,000	13,000
Certification	10,000	2,000	2,000
Conferences	4,500	4,500	4,500
Other Professional fees	25,500	15,500	15,500
	178,600	161,600	161,600
Total Expenses before depreciation	379,487	357,802	362,046
Net Surplus (Loss) before depreciation	156,513	188,198	193,954
Depreciation	184,515	208,205	212,370
Net Surplus (Loss) before tax	- 28,002	- 20,008	- 18,416

	30 June 2018	30 June 2019	30 June 2020
Capital Expenditure			
Crash fire		200,000	
Electric gate	12,000		
Lighting	20,000		
Other	25,500		
Total capital expenditure	57,500	200,000	-

PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	30 June 2018	30 June 2019	30 June 2020
Opening Equity as at 1 July	5,043,061	5,015,059	4,995,052
Plus Profit (Loss) for the year	- 28,002	- 20,008	- 18,416
Total increase/(decrease) in equity	- 28,002	- 20,008	- 18,416
Closing Equity as at 30 June	5,015,059	4,995,052	4,976,636

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	30 June 2018	30 June 2019	30 June 2020
Equity	5,015,059	4,995,052	4,976,636
Total Equity	5,015,059	4,995,052	4,976,636
Current Assets			
Cash and Cash equivalents	668,101	656,299	850,253
Trade and other receivables	81,200	81,200	81,200
	749,301	737,499	931,452
Current Liabilities			
Trade and other payables and accruals	126,537	126,537	126,537
Working Capital	622,763	610,961	804,915
Non Current Assets			
Property plant and equipment	4,392,296	4,384,090	4,171,721
Long Term Liability			
Deferred income tax liability	-	-	-
Total Net Assets	5,015,059	4,995,052	4,976,636

5.1 Whangarei District Airport Half Yearly Financial Reports to 31 December 2017

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
Reporting officer: Mike Hibbert (Commercial Property Manager)

1 Purpose

To provide the half yearly financial report to Council for the Whangarei District Airport

2 Recommendation

That the Finance and Corporate Committee notes the half yearly financial report to 31 December 2017 for the Whangarei District Airport.

3 Background

Section 66 of the Local Government Act (2002) advises that Council Controlled Organisations (CCOs) must deliver a financial report to council on their half yearly operations. To that end, the half year reports for the 2017/18 financial year for the Whangarei District Airport are attached.

4 Whangarei District Airport

Attachments 1 and 2 detail the financial performance to date of the airport and the anticipated forecast for the end of year 30 June 2018.

Overall a slightly less than favourable result compared to budget is anticipated, due to additional management fees effective 1 December 2017 and unbudgeted legal cost associated with the previous airport café tenancy. Savings in 'cleaning' and 'other professional fees' are expected to help offset those negative variances.

5 Significance and engagement

The decisions or matters in this report 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. Half year report for Whangarei District Airport to 31 December 2017
2. Whangarei District Airport Forecasting 2017-18

**Whangarei District Airport
Financial statements
for the six months ended
31 December 2017**

Whangarei District Airport

Financial statements - 31 December 2017

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Entity Information**Legal name**

Whangarei District Airport (the Airport).

Type of entity and legal basis

The 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.

The Airport acts as a gateway to the Whangarei District and Northland, and is provided for the use of visitors, residents and ratepayers of the Whangarei District.

The Airport's purpose

The Airport's primary objective is to operate a fully serviceable airport for the use of visitors, residents and ratepayers of the Whangarei District.

Structure of the Airport's operations, including governance arrangements

The Whangarei District Council has overall responsibility for the management and governance of the Airport. Council is delegated the responsibility of Governance, while the operational management of the Airport is controlled by way of a contract with Northland Aviation Limited.

Main sources of the Airport's cash and resources.

Revenue from operations are the primary sources of funding to the Airport.

Authorisation

The Board of Whangarei District Airport authorised these financial statements presented on the following pages 3 to 12

For and on behalf of the Board:

S Mai
Mayor

S Deeming
Chair - Finance and Corporate Committee

Whangarei District Airport
Statement of financial performance
For the six months ended
31 December 2017

Statement of financial performance

For the six months ended 31 December 2017

	Note	31 December 2017 Actual \$	30 June 2018 Budget \$	30 June 2017 Actual \$
Revenue				
Revenue from operations	3	294,148	526,000	522,744
Interest revenue		3,445	10,000	10,013
Capital contribution from WDC		-	-	-
Capital contribution from MoT		-	-	-
Total revenue		<u>297,593</u>	<u>536,000</u>	<u>532,757</u>
Expenditure				
Repairs and maintenance		34,617	80,500	68,183
Management fee		53,750	105,000	105,000
Depreciation and amortisation	8	98,322	184,515	179,957
Other expenses	4	102,771	193,987	204,223
Total operating expenditure		<u>289,460</u>	<u>564,002</u>	<u>557,363</u>
Surplus/(deficit) before tax		8,133	(28,002)	(24,606)
Income tax expense	5	-	-	-
Surplus/(deficit) after tax		<u>8,133</u>	<u>(28,002)</u>	<u>(24,606)</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Whangarei District Airport
Statement of financial position
As at 31 December 2017

Statement of financial position
As at 31 December 2017

	Note	31 December 2017 Actual \$	30 June 2018 Budget \$	30 June 2017 Actual \$
ASSETS				
Current assets				
Bank accounts and cash	6	572,229	668,101	489,471
Debtors	7	40,540	81,200	61,665
Provision for income tax		1,421	-	1,421
Total current assets		614,190	749,301	552,557
Property, plant and equipment	8	4,440,074	4,392,296	4,528,942
Total non-current assets		4,440,074	4,392,296	4,528,942
Total assets		5,054,264	5,141,597	5,081,499
LIABILITIES				
Creditors and other payables	9	31,525	126,537	66,894
Total current liabilities		31,525	126,537	66,894
Non-current liabilities				
Deferred income tax		-	-	-
Total non-current liabilities		-	-	-
Total liabilities		31,525	126,537	66,894
ASSETS LESS LIABILITIES		5,022,739	5,015,060	5,014,605
ACCUMULATED FUNDS				
Retained earnings	10	1,739,547	5,015,060	1,731,413
Contributed Capital	10	3,283,192	-	3,283,192
Total equity		5,022,739	5,015,060	5,014,605

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Whangarei District Airport
Cash flow statement
For the six months ended
31 December 2017

Cash flow statement

For the six months ended 31 December 2017

	31 December 2017 Actual \$	30 June 2017 Actual \$
Cash flows from operating activities		
Revenue from operations	312,007	517,858
Interest received	<u>4,033</u>	<u>9,648</u>
	<u>316,040</u>	<u>527,506</u>
Cash was applied to / from		
Payments to suppliers	230,711	334,225
Income tax paid	-	913
Goods and services tax (net)	<u>(6,883)</u>	<u>(9,390)</u>
Total cash provided to operating activities	<u>223,828</u>	<u>325,748</u>
Net cash flow from operating activities	<u>92,212</u>	<u>201,758</u>
Cash flows from investing activities		
Proceeds from capital contributions from WDC and MoT	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Purchase and development of property, plant and equipment	<u>9,454</u>	<u>508,015</u>
Total cash provided to investing and financing activities	<u>9,454</u>	<u>508,015</u>
Net cash flow from investing activities	<u>(9,454)</u>	<u>(508,015)</u>
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts	82,758	(306,257)
Bank accounts and cash, and bank overdrafts at the beginning of the year:	<u>489,471</u>	<u>795,729</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	<u>572,229</u>	<u>489,472</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

1 Statement of accounting policies for the six months ended 31 December 2017

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 liability 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 Significant accounting policies (continued)

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.

Whangarei District Airport
Notes to the financial statements
31 December 2017
(continued)

3 Revenue from operations

	December 2017	Budget 2018	Actual 2017
	\$	\$	\$
Landing fees	179,211	345,000	344,987
Rent received	88,454	145,000	129,139
Operating expenses recoveries	13,631	22,000	24,481
Other recoveries	8,943	6,000	9,874
Other revenue	3,909	8,000	14,263
Total revenue from operations	<u>294,148</u>	<u>526,000</u>	<u>522,744</u>

4 Other expenses

	December 2017	Budget 2018	Actual 2017
	\$	\$	\$
Cleaning	8,143	32,000	30,034
Electricity	16,727	32,000	29,675
Auditors fees for financial statements	271	20,000	19,948
Other expenses	53,605	109,987	90,143
Loss on disposals of PPE	-	-	13,897
Bad debts written off	24,025	-	28
Movement in doubtful debt provision	-	-	20,498
Total other expenses	<u>102,771</u>	<u>193,987</u>	<u>204,223</u>

5 Income tax

	December 2017 Actual \$	June 2017 Actual \$
Relationship between tax expense and accounting profit		
Accounting surplus/(deficit) before tax	8,133	(24,606)
Plus / (Less): adjustment for non-tax deductible items	<u>-</u>	<u>8,908</u>
Taxable surplus (deficit)	<u>8,133</u>	<u>(15,698)</u>
Tax at 28%	2,277	(4,395)
Plus/(less) tax effect of:		
Tax losses utilised	(2,277)	4,395
Tax losses carried forward	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>

Whangarei District Airport
Notes to the financial statements
31 December 2017
(continued)

6 Bank accounts and cash

	December 2017 Actual \$	June 2017 Actual \$
Bank deposits	446,561	401,563
Bank balances	<u>125,668</u>	<u>87,908</u>
Total bank accounts and cash	<u>572,229</u>	<u>489,471</u>

Cash at bank and on hand

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

7 Debtors and other receivables

	December 2017 Actual \$	June 2017 Actual \$
Debtors and other receivables	64,794	85,919
Provision for doubtful receivables	<u>(24,254)</u>	<u>(24,254)</u>
Net debtors	<u>40,540</u>	<u>61,665</u>

8 Property, plant and equipment

	Work in progress \$	Land \$	Landside \$	Buildings \$	Airside \$	Services \$	Sundries \$	Total \$
Year ended 30 June 2017								
Opening carrying amount	280,143	810,000	382,329	225,882	2,493,498	43,845	52,613	4,288,310
Additions	4,031	-	-	654,543	-	-	56,053	714,627
Disposals	(280,143)	-	-	(9,223)	-	-	(4,673)	(294,039)
Impairment charge recognised in profit and loss	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(8,260)	(39,410)	(120,634)	(2,491)	(9,162)	(179,957)
Balance at 30 June 2017	<u>4,031</u>	<u>810,000</u>	<u>374,069</u>	<u>831,792</u>	<u>2,372,864</u>	<u>41,354</u>	<u>94,831</u>	<u>4,528,941</u>
2017 6 months ended 31 December 2017								
Opening balance	4,031	810,000	374,069	831,792	2,372,864	41,354	94,831	4,528,941
Additions	9,454	-	-	-	-	-	-	9,454
Disposals	-	-	-	-	-	-	-	-
Impairment charge recognised in profit and loss	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(4,164)	(26,004)	(60,813)	(1,256)	(6,085)	(98,322)
As at 31 December 2017	<u>13,485</u>	<u>810,000</u>	<u>369,905</u>	<u>805,788</u>	<u>2,312,051</u>	<u>40,099</u>	<u>88,746</u>	<u>4,440,074</u>

There are no restrictions over the title of the Airport's property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

Whangarei District Airport
Notes to the financial statements
31 December 2017
(continued)

9 Creditors and accrued expenses

	December 2017 Actual \$	June 2017 Actual \$
Accrued expenses	-	38,940
Trade creditors and other payables	5,138	1,567
Rents in advance	<u>26,387</u>	<u>26,387</u>
Total creditors and accrued expenses	<u>31,525</u>	<u>66,894</u>

Creditors and accrued expenses are non-interest bearing and normally settled 30 day terms. Therefore the carrying value of creditors, accrued expenses and rents in advance approximate their fair value.

10 Equity

	December 2017 Actual \$	June 2017 Actual \$
Retained earnings	1,739,547	1,731,413
Contributed Capital	<u>3,283,192</u>	<u>3,283,192</u>
Balance at 31 December 2017	<u>5,022,739</u>	<u>5,014,605</u>

	December 2017 Actual \$	June 2017 Actual \$
Retained Earnings		
Balance at 1 July	1,731,414	1,756,019
Surplus/(deficit) for the year	<u>8,133</u>	<u>(24,606)</u>
Balance at 31 December 2017	<u>1,739,547</u>	<u>1,731,413</u>

	December 2017 Actual \$	June 2016 Actual \$
Contributed Capital		
Loans Repaid	256,512	256,512
Local Community	12,500	12,500
Ministry of Transport	1,987,834	1,987,834
Whangarei District Council	<u>1,026,346</u>	<u>1,026,346</u>
Balance at 31 December 2017	<u>3,283,192</u>	<u>3,283,192</u>

11 Contingencies

The Airport has no contingent liabilities (2017: nil) and no contingent assets (2017: nil).

12 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Airport would have adopted in dealing with the party at arm's length in the same circumstances.

All related party transactions have been entered into at arm's length.

Whangarei District Airport
Forecasting 2017-18
Up to and including period 6

Revenue	Actuals YTD	Full year forecast	Full year budget	Variance	Commentary
User Fee/Charge	179,211	345,000	345,000	0	
Misc Income	3,909	8,000	8,000	0	
Other Recoverie	8,943	6,000	6,000	0	
Operational Rec	13,631	22,000	22,000	0	
Grants Received	0	0	0	0	
Other Rentals	88,454	145,000	145,000	0	
Invest Interest	3,445	10,000	10,000	0	
Total Income	297,594	536,000	536,000	0	
Expenditure					
Staff Training	2,381	4,500	4,500	0	
Administration	12	11	79	68	
Refreshments	1,036	1,036	0	-1,036	
General Misc	6,344	10,200	10,200	0	
Tele/Comm	733	1,600	1,600	0	
Other Insurances	0	12,500	12,500	0	
Advert Other	1,431	3,000	3,000	0	
Rates Paid	18,633	19,187	19,187	0	
Electricity	16,727	32,000	32,000	0	
Water Rates Pd	24	24	0	-24	
Certification	0	10,000	10,000	0	
Weather Forecast	1,620	3,500	3,500	0	
Weed and Pest Control	1,372	1,372	0	-1,372	
Management Fee	53,750	148,167	105,000	-43,167	1) renewal of contract effective 1 Dec 17
H&S Compl	205	205	0	-205	
Bank Fees/Char	124	248	0	-248	
Bad Debts Writt	24,025	0	0	0	
Cleaning	8,143	22,000	32,000	10,000	
Security	2,816	8,000	8,000	0	
Payments to Ext	1,572	1,572	0	-1,572	
Legal Fees	6,581	6,581	0	-6,581	
Accounting Fees	0	12,000	12,000	0	
Other Profess	8,074	20,000	25,500	5,500	Enough to cover IRIS (QA safety software) at
Audit fees	271	20,000	20,000	0	

Whangarei District Airport
Forecasting 2017-18
Up to and including period 6

Runway Maintena	2,671	10,000	10,000	0	
Hireage Expense	650	650	0	-650	
Grounds R&M	5,997	30,000	30,000	0	2) New contract but will be in line with budget
Lighting R&M	7,312	10,000	10,000	0	
Other (Repairs	18,637	30,500	30,500	0	
Depn Buildings	26,004	52,009	41,005	-11,003	
Depn Landside	4,164	8,328	16,196	7,868	
Depn Airside	60,813	121,625	120,598	-1,027	
Depn Services	1,256	2,511	2,316	-195	
Depn Sundries	6,085	12,170	4,400	-7,770	
Total Expenditure	289,460	615,493	564,081	-51,412	
Net Profit / (Loss)	8,134	-79,493	-28,081	-51,412	

5.2 Financial Report for the 7 months ending 31 January 2018

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating result for the seven months ending 31 January 2018.

2 Recommendation

That the Finance and Corporate Committee notes the operating result for the seven months ending 31 January 2018.

3 Background

As there was no January meeting, this financial report includes the quarterly cash flow and balance sheet for the period ended 31 December 2017.

3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$10.8 million, compared to a budgeted surplus of \$2.6 million, resulting in a favourable variance of \$8.2 million.

The forecast net surplus for the financial year ending 30 June 2018 is \$13.4 million compared with a budgeted surplus of \$9.6 million, resulting in a favourable variance of \$3.8 million.

3.2 Capital Project Expenditure – Full year Forecast

The Capital Projects expenditure as at 31 January 2018 is currently \$8.0 million less than budget. We will complete a new forecast for next month's report. However, recent rain will have slowed progress on capital projects.

3.3 External Net Debt and Treasury

Total net external debt at the end of January 2018 was \$110.3 million compared to year to date revised budgeted net debt of \$124.8 million, resulting in net debt being \$14.5 million under budget.

3.4 WDC Treasury Operations

As at 31 January 2018 cash and term deposits held of \$31.7 million was comprised of:

- \$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.
- \$5.7 million of cash on hand.

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

Economic

The OCR remained at 1.75% in the February MPS as expected. The Reserve Bank is forecasting the next OCR hike in early 2020. The market is pricing in an OCR hike during 2019.

Long term rates increased from 3.12% to 3.24% during January following global interest rates.

The low long term swap rates are partially offset by higher global credit spreads which will increase the cost of any future borrowing. Council has previously utilised prefunding to reduce its exposure to this.

4 Accounts receivable and arrears

Total arrears as at 31 January 2018 was \$3.5 million, compared to \$3.7 million in the previous year.

5 Significance and engagement

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

6 Attachments

- 6.1 Monthly key indicators
- 6.2 Monthly activity summary
- 6.3 Monthly income statement
- 6.4 Quarterly cashflow statement (December 2017)
- 6.5 Quarterly balance sheet (December 2017)
- 6.6 Capital projects expenditure – graphs
- 6.7 Treasury report

**MONTHLY KEY INDICATORS
JANUARY 2018**



YTD to 31 January 2018						Full Year Forecast			
	YTD (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	YTD Indicator
OPERATING									
Total Rates	(52.4)	(52.3)	(0.1)	●		(92.4)	(92.4)	0.0	●
User Fees	(12.6)	(12.4)	(0.2)	●		(21.0)	(20.7)	(0.3)	●
Operating Subsidies and Grants	(3.9)	(4.1)	0.2	●		(6.1)	(6.6)	0.5	●
Total Operating Income	(71.7)	(70.8)	(0.9)	●	↓	(124.7)	(124.3)	(0.4)	●
Personnel Costs	14.4	16.2	(1.8)	●		27.3	28.2	(0.9)	●
Professional Fees / R&M / Asset Operating Expenditure	15.6	17.2	(1.6)	●		29.4	29.4	0.0	●
Other Operating Expenditure	14.0	15.3	(1.3)	●		30.7	30.0	0.7	●
Total Operating Expenditure	71.1	77.6	(6.5)	●	↑	136.6	136.9	(0.3)	●
(Surplus)/Deficit from Operations	(.6)	6.8	(7.4)	●	↑	12.0	12.6	(0.6)	●
CAPITAL									
Capital Subsidies	(6.3)	(7.6)	1.3	●		(17.8)	(17.1)	(0.7)	●
Development Contributions	(3.7)	(1.7)	(2.0)	●		(5.5)	(3.0)	(2.5)	●
Total Capital Income	(10.2)	(9.3)	(0.9)	●	↑	(25.9)	(22.7)	(3.2)	●
External Net Debt	110.3	124.8	(14.5)	●					
Net Interest on debt	3.7	4.4	(0.7)	●		7.3	7.6	(0.3)	●
Total (Surplus) / Deficit	(10.8)	(2.6)	(8.2)	●	↑	(13.4)	(9.6)	(3.8)	●

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

Key Contributors to Unfavourable Variances

The year to date unfavourable variance is due to timing of capital projects and subsidy claims.

The full year forecast unfavourable variance for operating subsidies is a result of shifting NZTA works between Operating and Capital works. This is offset by the favourable variance in capital subsidies.

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

JANUARY 2018

YTD to 31 January 2018						Full Year Forecast			
	Actual YTD (Surplus) / Deficit \$m	Budget YTD (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	YTD Indicator	YTD Trend Current / previous	Full Year Forecast (Surplus) / Deficit \$m	Revised Budget (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	Full Year Indicator
Total Council	(10.8)	(2.6)	(8.2)	●	↑	(13.4)	(9.6)	(3.8)	●
Transportation	6.8	6.7	0.1	●	↑	6.2	7.6	(1.4)	●
Water	(3.4)	(1.6)	(1.8)	●	↑	(4.8)	(3.6)	(1.2)	●
Solid Waste	(2.4)	(2.1)	(0.3)	●	↑	(2.9)	(3.0)	0.1	●
Waste Water	(5.0)	(4.0)	(1.0)	●	↑	(6.6)	(5.9)	(0.7)	●
Storm Water	2.2	2.6	(0.4)	●	↑	3.4	3.5	(0.1)	●
Flood Protection	(0.2)	(0.1)	(0.1)	●	↑	(0.1)	0.0	(0.1)	●
Community Facilities	9.9	11.7	(1.8)	●	↑	23.5	23.8	(0.3)	●
Economic Growth	0.7	1.1	(0.4)	●	↑	0.8	0.8	0.0	●
Planning & Regulatory	(0.4)	0.1	(0.5)	●	↑	0.5	0.7	(0.2)	●
Support Services	(19.0)	(17.0)	(2.0)	●	↑	(33.5)	(33.4)	(0.1)	●

KEY:

Favourable to budget



Unfavourable, but within 5% of budget



Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month

MONTHLY INCOME STATEMENT

31 JANUARY 2018

Council Summary	Actual YTD \$000	Revised Budget YTD \$000	Forecast 2017-18 \$000	Revised Budget 2017-18 \$000	Variance 2017-18 \$000
Operating Income					
General Rates	(30,189)	(30,677)	(53,212)	(53,590)	378
Activity Targeted Rates	(14,744)	(14,652)	(25,571)	(25,486)	(85)
Metered water	(7,504)	(6,981)	(13,634)	(13,275)	(359)
User Fees	(12,565)	(12,436)	(20,981)	(20,744)	(237)
Other Income	(1,890)	(1,601)	(4,415)	(4,191)	(224)
Interest Received - Cash Balances	(987)	(356)	(715)	(394)	(321)
Operating Grants & Subsidies	(3,853)	(4,095)	(6,136)	(6,649)	513
Total Operating Income	(71,731)	(70,797)	(124,664)	(124,329)	(335)
Operating Expenditure					
Personnel Costs	14,426	16,185	27,258	28,174	(916)
Professional Fees	3,223	3,058	5,526	5,809	(283)
Repairs and Maintenance	9,770	11,705	18,834	18,710	124
Asset Operating Expenditure	2,594	2,473	4,996	4,854	143
Other Operating Expenditure	13,963	15,321	30,701	30,024	677
Depreciation*	22,440	24,102	41,282	41,322	(40)
Interest Expense - External Borrowings	4,694	4,711	8,038	8,009	29
Total Operating Expenditure	71,110	77,556	136,634	136,901	(267)
(Surplus)/Deficit from Operations	(621)	6,759	11,971	12,572	(602)
Capital Income					
Capital Subsidies	(6,339)	(7,590)	(17,790)	(17,074)	(716)
Capital Scheme Rates	(21)	(20)	(36)	(35)	(1)
Lump Sum Contributions	(67)	(31)	(57)	(53)	(4)
Development Contributions	(3,739)	(1,709)	(5,500)	(3,028)	(2,472)
Non Cash - Vested Assets	0	0	(2,500)	(2,500)	0
Total Capital Income	(10,165)	(9,350)	(25,883)	(22,689)	(3,194)
Capital Grant Expenditure					
Capital grant expenditure	6	0	543	540	4
Total Capital Grants	6	0	543	540	4
(Surplus)/Deficit from Operating Capital	(10,159)	(9,350)	(25,340)	(22,150)	(3,190)
Total (Surplus)/Deficit	(10,780)	(2,591)	(13,369)	(9,578)	(3,791)

* The depreciation forecast has been based on the budget while further work is undertaken. The year end position is expected to show a favourable variance.



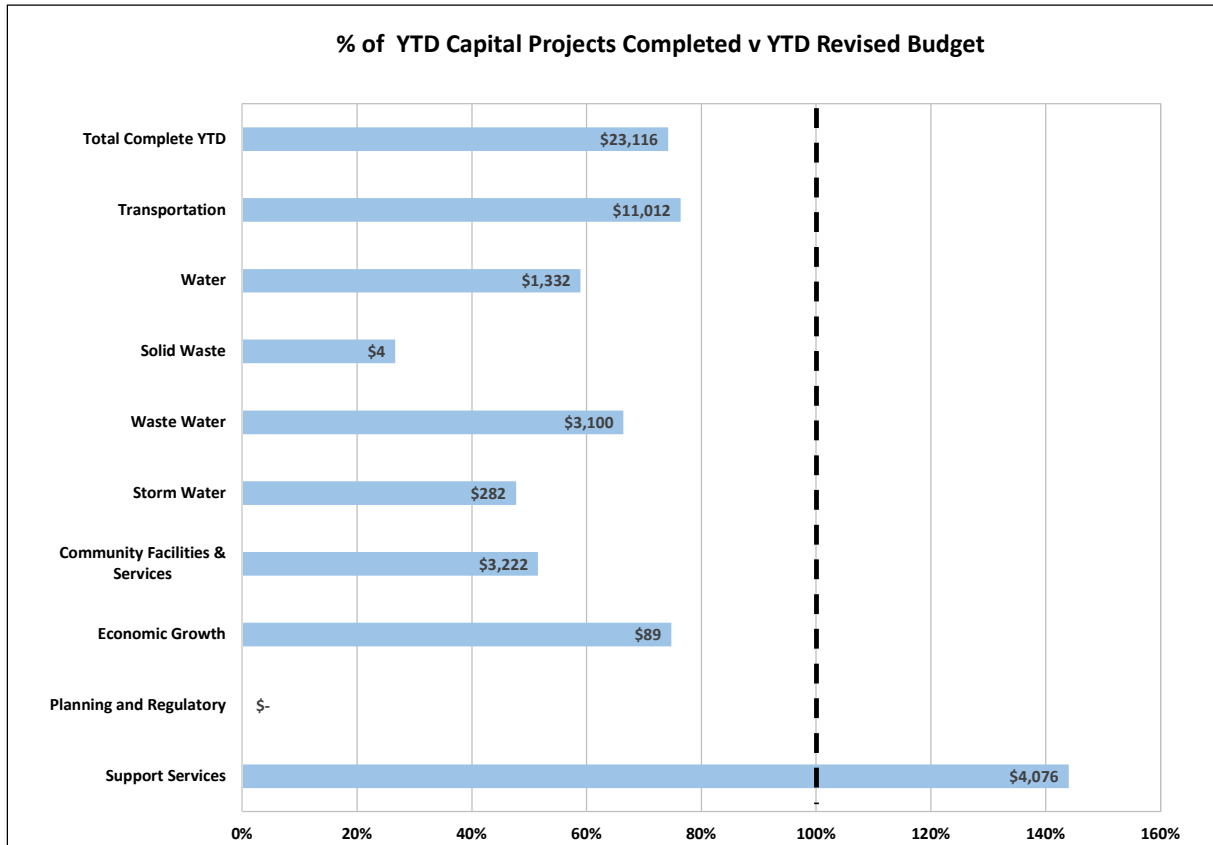
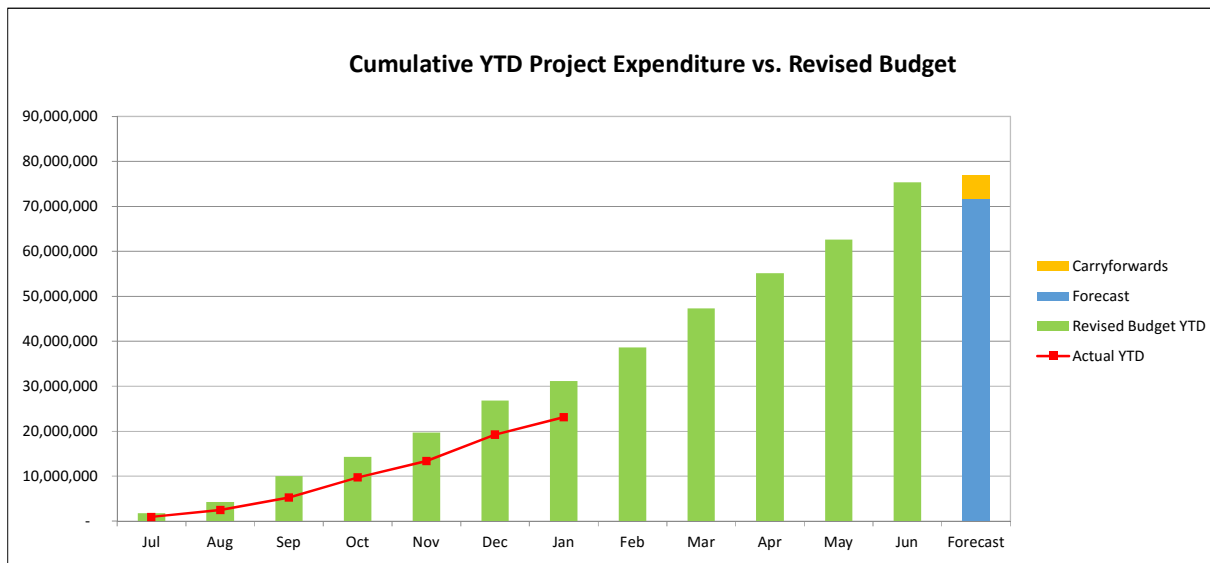
QUARTERLY CASH FLOW STATEMENT YTD TO DECEMBER 2017

	Actual 2017-18	Actual 2016-17	Annual Plan 2017-18
Council Summary	YTD	YTD	Full Year
	\$000	\$000	\$000
Cash flows from operating activities			
Rates (including rates received on behalf of Northland Regional Council)	60,793	58,084	102,603
Grants & Subsidies received	8,323	9,121	19,792
Other income	1,956	1,703	3,103
Receipts from customers and services	11,816	11,854	19,023
Interest & dividends received from investments	1,610	596	934
Rental of property	2,342	1,684	4,949
Payments to suppliers and employees	(43,040)	(42,164)	(88,181)
Rates - Northland Regional Council	(7,596)	(7,314)	(10,934)
Interest paid	(4,101)	(3,908)	(8,009)
Net cash (to) / from operating activities	32,104	29,656	43,280
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	279	2,986	-
Maturity of investments and loans	20,320	-	-
Purchase and development of fixed assets	(22,080)	(19,367)	(61,994)
Purchase of investments and loans provided	-	(10,000)	-
Net cash flows (to) / from investing activities	(1,481)	(26,381)	(61,994)
Cash flows from financing activities			
Loans raised	20,000	20,000	18,314
Loan repayments received	116	111	-
Repayment of public debt	(40,000)	(20,000)	-
Loans granted	-	-	-
Net cash flows (to) / from financing activities	(19,884)	111	18,314
Net Cash Movement increase / (decrease)	10,739	3,386	(400)
Cash Reconciliation			
Cash, cash equivalents and bank overdrafts at the beginning of the year	21,535	15,680	681
Cash, cash equivalents and bank overdrafts at the end of the period	32,274	19,066	281
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	10,739	3,386	(400)

QUARTERLY BALANCE SHEET AS AT 31 DECEMBER 2017

Council Summary	Actual 2017-18 YTD \$000	Annual Plan 2017-18 Full Year \$000	Variance \$000
Assets			
Current assets			
Cash and Cash Equivalents	12,274	281	11,993
Debtors and Other Receivables	12,237	18,093	(5,856)
Prepayments	1,472	533	939
Inventories	196	183	13
Other Financial Assets	287	266	21
Derivative Financial Assets	1	-	1
Total current assets	26,466	19,356	7,110
Non-current assets			
Investment Properties	51,496	53,225	(1,729)
Forestry Assets	787	800	(13)
Property Plant and Equipment	1,535,993	1,613,362	(77,369)
Intangible Assets	5,179	6,632	(1,453)
Other Financial Assets	32,181	13,573	18,608
Derivative Financial Assets	64	-	64
Total non-current assets	1,625,699	1,687,592	(61,893)
Total assets	1,652,165	1,706,948	(54,783)
Liabilities			
Current liabilities			
Creditors and other Payables	16,293	20,744	(4,451)
Derivative Liability Current	395	382	13
Provisions	624	2,620	(1,996)
Current borrowings	30,000	29,000	1,000
Total current liabilities	47,311	52,746	(5,435)
Non-current liabilities			
Creditors and other Payables	156	589	(433)
Non current borrowings	112,000	121,477	(9,477)
Provisions	1,820	1,468	352
Derivative Financial Liabilities	11,073	12,009	(936)
Total non-current liabilities	125,049	135,543	(10,494)
Total liabilities	172,360	188,289	(15,929)
Net assets	1,479,806	1,518,659	(38,853)
Equity			
Retained Earnings	867,860	855,622	12,238
Reserves and special funds	74,353	67,412	6,941
Asset revaluation reserve	537,592	595,625	(58,033)
Total equity attributable to Council	1,479,806	1,518,659	(38,853)

CAPITAL PROJECT EXPENDITURE AS AT 31 JANUARY 2018



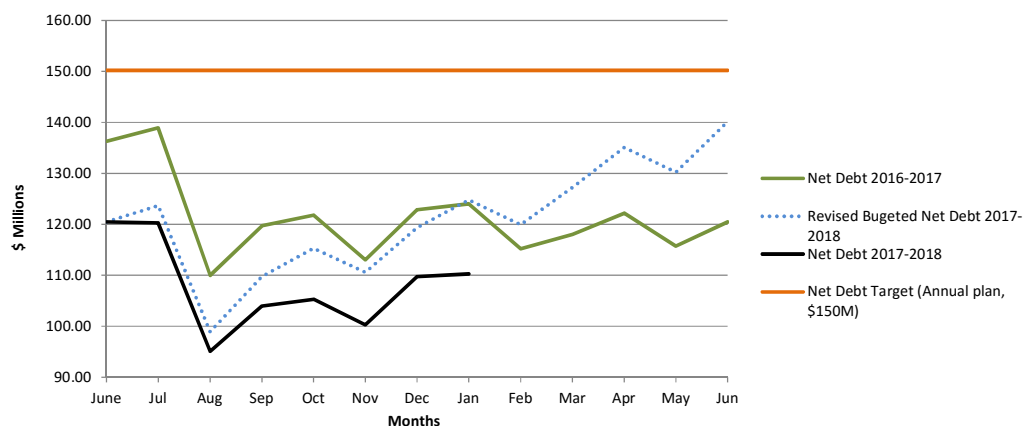
TREASURY REPORT
31 JANUARY 2018

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

Outlook: Stable

DEBT SUMMARY:**As at 31 January 2018**

External Debt		
Opening public debt as at 1 January 2018		
		142,000,000
Plus loans raised during month	5,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(5,000,000)	
Net movement in external debt		-
Total External Debt		142,000,000
Less: Cash balances (excluding funds held on behalf)	5,737,268	
Term deposits (Funds held on deposit until required for project funding)	26,000,000	
Total cash and term deposits		31,737,268
Total Net External Debt		110,262,732
<i>Note: Council also holds \$2.3m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.</i>		
External debt is represented by:		
Less than 1 Year		30,000,000
1-3 Years		19,000,000
3-5 Years		33,000,000
Greater than 5 Years		60,000,000
Total		142,000,000

NET EXTERNAL DEBT COMPARED TO BUDGET:

Internal Funding		
Community Development Funds		10,143,658
Property Reinvestment Reserve - Available for Reinvestment	1,560,785	
Property Reinvestment Reserve - Accumulated	28,558,522	
		30,119,307
Water Reserve		32,972,384
Total		73,235,349

Note: Reserves Funding is disclosed to ensure transparency of Council's use of cashflow management to fund capital works. Where funds are raised through property sales or targeted rates for Water, but they are not required for immediate investment in that asset category, Council's Revenue and Financing policy allows them to be used for other purposes, rather than being held on deposit. To ensure total transparency of this we create Reserve Accounts so that the appropriate funding can be made available and transferred back when it is required. The timing of projects requiring these funds is set out in our Long Term Plan (LTP) and/or Annual Plan (AP). These Reserves are not a liability to an external party, and are not part of Council's debt obligations.

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

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

5.3 Corporate Capital Projects Report for the month ending 31 January 2018

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the Corporate Capital Projects Report for the month ending 31 January 2018.

2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 31 January 2018.

3 Background

This report provides an update on Corporate Capital Projects expenditure to date compared to 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 January 2018 is currently \$704k less than budget. Corporate is forecasting to spend a total of \$10.3m against the \$10.3m budget.

There is currently no forecast carry forwards to the next financial year, although this will be largely dependent upon future decisions related to the Council Premises project.

5 Significance and engagement

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

6 Attachment

Corporate Capital Projects Report

CORPORATE CAPITAL PROJECTS REPORT

AS AT 31 January 2018

(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								
<i>Business Support</i>								
Council Premises	0	180	(180)	7,274	7,274	0	0	0
Council Vehicle Replacements	91	0	91	210	210	(0)	0	(0)
Information Centre Upgrade	22	48	(26)	150	148	2	0	2
Office Furniture	11	0	11	11	0	11	0	11
Business Support Total	125	228	(103)	7,646	7,632	13	0	13
<i>ICT</i>								
Accounts Payable Automation	35	60	(25)	40	60	(20)	0	(20)
Asset Management Software Upgrade	4	20	(16)	94	94	0	0	0
Computer Tech for Building, Animal Control & Parking	0	0	0	124	124	0	0	0
Decision Support System Development	0	15	(15)	80	80	0	0	0
Digitisation of Records	158	496	(338)	850	850	0	0	0
Electronic Agenda Management System	14	0	14	14	0	14	0	14
IB Project	69	53	16	60	53	7	0	7
IT Network Upgrades	0	0	0	60	60	0	0	0
OC Project	81	150	(69)	650	650	0	0	0
Performance Management System Development	0	35	(35)	174	174	0	0	0
Web & Intranet Development	4	120	(116)	337	337	0	0	0
Workflow Systems Development	0	15	(15)	158	158	0	0	0
ICT Total	364	963	(599)	2,641	2,639	2	0	2
<i>People & Capability</i>								
Office Furniture	5	6	(1)	8	10	(2)	0	(2)
People & Capability Total	5	6	(1)	8	10	(2)	0	(2)
Support Services Total	494	1,197	(704)	10,295	10,282	13	0	13
Total	494	1,197	(704)	10,295	10,282	13	0	13

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5.4 Operational Report – Finance and Corporate – February 2018

Meeting: Finance and Corporate Committee
Date of meeting: 22 February 2018
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 February 2018.

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 from December 2017 to February 2018 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 – February 2018

Operational Report – Finance and Corporate – February 2018

Information Communications Technology (ICT)

December and the ensuing Christmas break did see a drop in operational issues reported for the ICT teams, however project workloads continued unhindered with activities and progress remaining steady across the project portfolio. Resources remain (and will remain) stretched to complete any unplanned projects/activities that may arise.

ICT Operations

Service levels remain on target, with no major (critical) outages experienced across the holiday period. A new Team Leader for the ICT Operations team has been appointed and has brought with her a strong focus on process improvement and customer service.

Operational activities include:

- Managing the rollout of the Windows 10 upgrades
- Planning and executing ICT Disaster Recovery testing exercises
- Reviewing and managing minor work requests
- Infrastructure monitoring and support activities
- Application and Desktop support – business as usual.

ICT Projects

All Trilogy Phase 2 projects are continuing to progress to schedule.

- Upgrade Technology One to Ci Anywhere – next software upgrade.
 - Planning Phase - Key discovery activities have been completed and staff are now working on a robust execution plan with the suppliers, key staff and business users. This will include a confirmed timeline for completion.
- Corporate Performance Management - Implementation of software to track, trace, monitor and manage key performance indicators across Council.
 - Planning Phase - the project scope has been identified and agreed, supplier resources have been booked for the phased implementation. The execution plan is underway.
- Website Platform Redevelopment (Digital Platform) – Review and re-development of our existing WDC websites.
 - Planning Phase - Procurement for key resources has been completed, the team are now in the planning phase, which will produce an execution plan for the project, identify key stakeholders and the core project team.
- 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).
 - Planning Phase - Procurement for key resources has been completed, the team are now in the initial Scoping stage to determine the implementation pathway for the project.

Finance

Finance Team Direction Setting

The team is internally workshopping the future direction and objectives of the Finance Department. This includes detailed planning of timelines, resourcing, inter-dependencies and cross-Council involvement for statutory process such as Annual Plans and Annual Reports.

Annual Report

Planning for YE 2018 is well progressed both internally and through continued communication with Audit NZ.

LTP

At the time of writing this the team had started processing minor immaterial adjustments to the financial model that supports the Consultation Document. The changes are being made in full communication with Audit NZ. Further detailed multi-level reviewing is still being undertaken.

Finalisation of the Financial Strategy and the Revenue and Financing Policy are being completed.

Payables

Post the implementation of PysiCapture in November, which uses optical character recognition technology (OCR) to scan and capture the data on invoices and then workflow it directly into TechOne i.e. without manual data entry, Payables processing has continued to ensure that approved payments to suppliers are being completed within contractual terms. The team is looking at assessing the impacts on the end to end purchase to pay process.

A business case assessing Purchase Cards is being developed for consideration of the business.

Revenue

Land Rates

Project work includes:

- Planning for the General Revaluation with Opteon, and
- Proposed changes to rating are being tested in Tech One.

Average sales per month are 245, with 254 in December and 127 in January.

Water Rates

Details of water rates transactions for January are as follows:

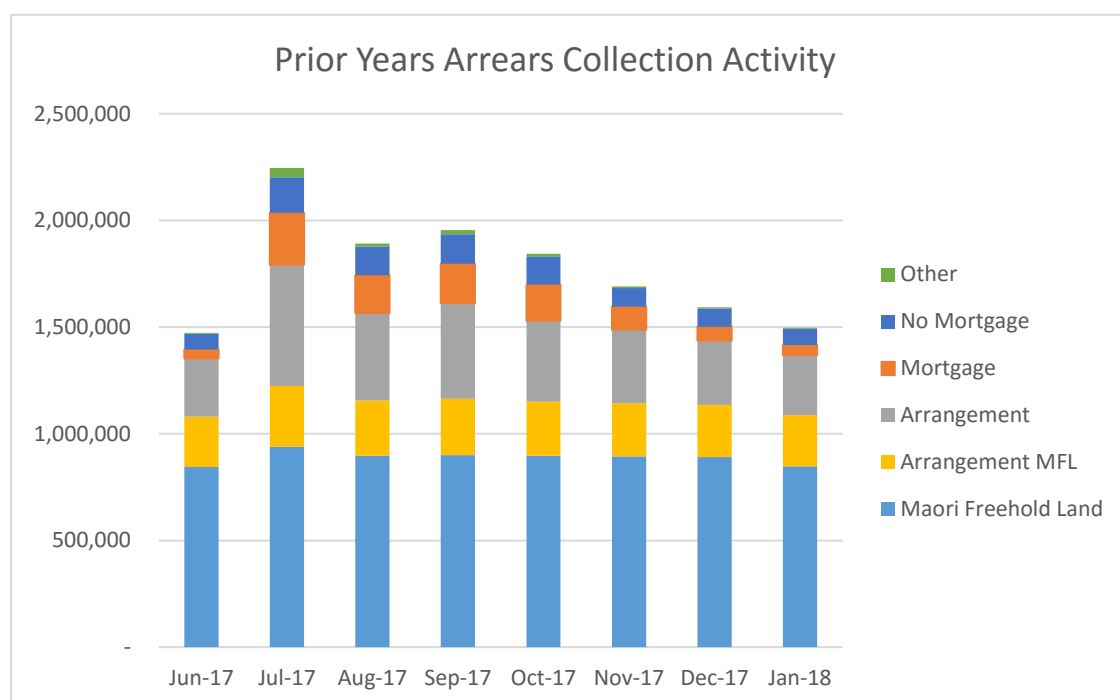
Water Rates Summary - January							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	\$1,002,000	\$49,000	\$6,000	\$5,000	\$8,000	\$18,000	371,000
Transactions (Number)	3,683	3,667	105	147	-	14	1,856
Average (\$)	272.06					1,285.71	

Collection and Recovery

Land rate arrears are:

- \$1,954,000 (December \$1,992,000) of which:
 - \$1,473,000 (December \$1,497,000) relate to prior years' arrears.
 - Māori Freehold and comprises \$1,080,000 of prior years' arrears.

The collection activity (contact by mail and telephone) is tracked below.



Water rates arrears are \$371,000 (1,856 debtors), with \$137,000 (837 debtors), being 90 days or more.

Sundry debtors' arrears are \$277,000, with \$125,000 being 90 days or more.

Business Improvement

The Business Improvement Department are heavily involved in a number of ICT Strategic Projects as well as a number of high priority business initiatives. Below is a breakdown of the progress of the high priority initiatives:

1. Reviewing and improving the Health and Safety processes in relation to the organisation's Enterprise solutions.
 - Progress to date - currently reviewing the Contractor Management process of which there are 12 sub-processes.
2. Reviewing the Building Control Department processes and systems end-to-end, starting with the Building Consents process. This involves working with the department to understand the issues and current processes, then aligning these to the organisation's Enterprise solutions.
 - Progress to date – the Building Control Department have workshopped the end to end Building Consents process. The process map is being documented, to be reviewed.
3. Reviewing the Venue and Events Department processes and systems end-to-end and in particular to understand the cost of delivery of various types of events so they can review and revise pricing and fees.
 - Progress to date – four processes have been documented and are currently being reviewed – Making Event bookings, Pre-Event Preparation, Hold Event, Post Event.
4. Review how the organisation manages and controls projects and looks for improvements and consistency for controlling projects.
 - Progress to date – interviewing Group Managers on the subject. Have discussed with the Departmental Managers and currently planning workshops with the various departments.
5. Implement a Business Improvement 'Funnel' to direct and manage business process and system change to ensure all changes are prioritised and managed effectively and efficiently in a consistent manner across the organisation.
 - A second workshop is being held this month to further the proposal.

Business Support

Information Management

Outside of business as usual work, there are currently 31 requests for appraisal and transfer into archives of information. In some cases, the items boxed up are historic and have mixed records contained within them. They often lack the tacit knowledge that once surrounded them which is providing some challenges but also some opportunities for staff learning and development. These jobs are scheduled for completion before the end of this financial year. We will roll out the regular adoption reporting in the next couple of months.

The LTP Submission process is being finalised and is likely to test the efficiencies of the end to end process of Kete, as well as having an impact on team resourcing.

Other work underway:

- Development of an image management solution within Kete to house images with increased findability
- Implementation of a managed share drive for records that cannot be stored in Kete due to size or type ensuring that they can be searched and managed within Kete
- Re-development of the way we manage policies and procedures working in collaboration with key users and Governance
- Digitisation project work
- Working within the Information and Data Governance Committee developing a framework for information management that builds capacity and protects the information assets now and well into the future.

Procurement

Procurement resource is working to capacity whilst supporting procurement across all departments. The Tree Maintenance and several ICT projects were completed prior to Christmas. The Commercial Property Strategy project and the Pensioner Housing Maintenance Project are current priorities.

Other projects and work include:

- Towing Services Contract review
- Trees Maintenance Contract review
- Mail and Courier Services
- Secure Document Storage
- Responding to staff enquiries around procurement policy and procedure
- Providing advice and oversight to the Whangarei Art Museum (WAM) for the procurement processes for the Hundertwasser project.

Work is planned to start soon on the following:

- Civic Building Security
- Civic Building Cleaning
- Civic Building Warrant of Fitness.

Property Assets

Teamwork and collaboration has helped the Property Assets team through a busy December/January period.

Fleet /Phones

- On behalf of Council we took delivery of 3 Renault Zoe's (Electric Vehicles). The vehicles have been assimilated in to the fleet. Induction has been completed for staff and Councillors (2 to date). The bookings of the EV's have improved significantly.
- Procurement completed for a new Mitsubishi ASX for the building department through AOG procurement contract
- Civil Defence Mobile Alerts (CMAS) – The CMAS text exercise uncovered several vulnerabilities in our mobile phone infrastructure. A Samsung patch has been loaded onto the Council phones which now enables our staff to receive the CMAS texts.

- We are currently investigating a dual SIM device which could be rolled out to Civil Defence controllers if the trial is successful.

Property

- Completion of maintenance plans for the off season at the Town Basin is underway with the Commercial Property Manager. All major maintenance work for the Town Basin precinct will commence after Easter.
- The Property Officer is currently working on approximately 40 leases/licenses across the business (Parks and Commercial). The Property Officer is mentoring the Business Support Clerk on property matters.
- Work is underway preparing the necessary information to be provided to Telfer Young for the annual investment portfolio valuation
- Awaiting the decision of how rates are going to be charged to unregistered leases/licences. This will impact invoicing and on-charging within the departments.

Civic Buildings

- Office moves for the implementation of the reorganisation continue.
- The building works in the Building Department at Forum North have been completed over the Christmas break.
- The relocation of Building Compliance and the Information Management teams within the Records Room at Forum North has been successfully completed.
- Reorganisation of the NTA space and installation of new IT infrastructure has been completed to allow for increased staffing levels.
- New contracts for Cleaning, Security Services and BWO management for Civic Buildings will be in place for 1 July.
- Works undertaken in the Central Library have been completed successfully.
- Work is 60% complete on our review of Forum North Emergency Evacuation Procedures and Emergency Response Plan.

Communications

Advertising review

This is completed. Recommendations are as follows:

- That the outcomes from this review feed into a formal procurement exercise to ensure that:
 - all providers have fully documented contracts with Council
 - we leverage overall spend with varied functions to get best value for all Council advertising activities.
- That we investigate why some departments do not undertake their external advertising activities entirely via the communications team, with a view to centralising all activity.
- That a methodology is developed via a contracted advertising metrics specialist to measure the effectiveness of our advertising spend in terms of value for money and conveying required messages.

Graphics BAU

Work for our graphics team included development of collateral for the Venues & Events team including Fritter Festival and the Endless Summer Festival. The LTP design and document layout is also underway.

Website

Our team is working with the District Plan department on the upcoming urban plan change pre-consultation, for the current website. This work looks at how we can create some simple, easy-to-use online information.

We are also continuing to work closely with the ICT department, to support planning and design of the new website under ICT's Digital Platform project.

Brand

The Brand Elevation Project is on target, with phase one *Strategic Brand Review* almost complete and phase two *Strategic Brand Development* activated.

Long Term Plan

The first draft of the Consultation Document was given to Audit NZ and Elected Members before Christmas. Work to refine this for public release is ongoing. Our team is working with the Consultation Adviser to develop the communications plan for the consultation, which starts on 7 March.

Internal communications

After agreement by the Operational Leadership Team (OLT) we have rostered presentations for future All Staff meetings.

Media and public relations

The following issues were raised by the media in December and January:

- warm wet summer for north
- sealed parking area for Sandy Bay
- damage to Uretiti Beach signs
- One Tree Point sea wall
- drainage work for Ruakaka sports fields
- Denby by-election
- disability parking charges
- youth suicide
- new roof for Snow Conservatory
- earthy taste in Ruakaka water
- Otaika pedestrian crossing
- Waipu road works
- Hundertwasser
- disability parking charges
- Wright Road accident
- by-election results
- unable to track owner of dead calves due to Privacy Act

- paddling pool ban at Waipu Cove camp
- Kiwibank Local Hero Awards presented by Mayor
- old fertiliser storage building to be demolished
- Ocean Beach public toilets destroyed by fire
- Ruakaka residents' priorities for WDC
- resealing Ngunguru Road
- logging truck accident on Wright Road
- state of Pigs Head Road
- water treatment
- new Council building
- Cr Benney sworn-in
- Te Matau a Pohe celebrates 10,000 lift
- water restrictions information (none required)
- weekly water testing at Bream Bay swimming spots
- Marsden City case settled out of court
- new application for Zodiac Holdings
- Christmas rubbish collections
- illegal dumping
- beach settlement holiday rubbish collections
- Kamo shared path second stage
- Bream Bay water
- bridge closure on Hatea Loop
- welcome for world cup cricketers
- LTP sent to Audit NZ for review
- Herekino Street water main break
- Stage Challenge grant not claimed
- Ruakaka water treatment plant closure
- students visit wastewater tank site.

Mayoral communications

We researched and wrote speeches for the Mayor and the fortnightly Whangarei Report column. We also managed communications for the Mayor's office including letters, forewords, requests for mayoral media statements and articles for local publications.

People and Capability

A New Year!

People have returned from their Christmas break rested and looking forward to the coming year and it has been straight back into it with the New Year kicking off with a hiss and a roar!

Scholarships

We have now offered three scholarships to local people, one Planning scholarship and two Engineering scholarships. All of our successful applicants will spend some time with us before returning to University for the first semester late in February.

SOLGM Leadership – Northland initiative

We are delighted to welcome Northpower into the programme this year. We hope that Northpower's involvement will be the first of many community based learning initiatives, building collaboration across our District.

New Staff, Transfers, Vacant Positions and Leavers

New Employees/Transfers	Name	Start Date
Community Events Coordinator	Petra Gray	6-Nov-17
Venues & Events Coordinator	Sarah Gardner	6-Nov-17
Support Assistant – Building Inspections	Rochelle O'Callaghan	13-Nov-17
Waste & Drainage Asset Engineer	Matthew de Boer	13-Nov-17
Bylaw Enforcement Coordinator	Rochelle Deane	20-Nov-17
Strategic Planning Coordinator	Sheila Taylor	20-Nov-17
Customer Relations Coordinator	Isabel Hanlon	27-Nov-17
Information Consultant	Anjala Lillywhite	4-Dec-17
Business Analyst (Fixed Term)	Karthick Kumaravel	4-Dec-17
Assistant Accountant	Lynda Walker	15-Jan-18
People & Capability Adviser	Eddie Wotherspoon	15-Jan-18
Manager – Business Support	Sue Miller	15-Jan-18
Team Leader – ICT Operations	Aretha Manus	15-Jan-18
Planning Specialist	Phillipa Campbell	15-Jan-18
Planner – RMA Consents	Cristal Bennett	15-Jan-18
Planner – RMA Consents	Lex Wright	15-Jan-18
Strategic Planner	Alicia Lawrie	15-Jan-18
Project Engineer	Fiona Pratt	15-Jan-18
Team Leader – Building Consents	Mark Murray	22-Jan-18
Water Rates Administrator	Emma Williams	22-Jan-18
Graduate Engineer	Vanessa Martinovich	22-Jan-18
Planning Scholarship Student	Natalie Dey	22-Jan-18
Community Development Adviser	Claire Wilson	30-Jan-18
Roles filled and waiting to start	Name	Start Date
Planner – District Plan	Vivienne Lepper	7-Feb-18
Engineering Scholarship Student	Cobus Viljoen	7-Feb-18
Wastewater Treatment Technician	Toby Bergersen	12-Feb-18
Engineering Scholarship Student	Molly Alford	12-Feb-18
Roles not yet filled	Status	
District Plan Planner	Interviewing	
Water Treatment Technician	Interviewing	
Project Engineer (Fixed Term - 12 Months)	Interviewing	
Building Approvals & Compliance Officer	Interviewing	
Building Control Development Coordinator	Interviewing	
Team Leader – Rates	Interviewing	
Business Analyst	Interviewing	
Team Leader – Infrastructure Planning	Shortlisting	
Team Leader – Infrastructure Support & Contract Payments	Shortlisting	
Project Engineer – Waste & Drainage	Interviewing	
Facilities Steward	Advertising	
Casual Booking Office Assistant	Advertising	
Team Leader – RMA Consents	Advertising	
Property Assessment Officer	Advertising	
Community Development Adviser	Advertising	
Manager - Health & Bylaws	Advertising	
Team Leader – Development Engineering	Under review	

Water Treatment Coordinator	Under review
Manager - Maori Relationships	With Agency - Interviewing
Leavers	
Dave Read	Senior Water Technician
Gemma Sands	Team Leader – Infrastructure Planning
Catherine Leaf	Property Assessment Officer
Melanie Donaghy	Planner – RMA Consents
Merilyn Mura	Collections Officer
Tarryn Thomson	Team Leader – Infrastructure Support & Contract Payments

Democracy and Assurance

Official Information Requests

There has been a spike in the number of official information requests received since November 2017. The following summarises these requests:

- Council office space usage
- Council management of archives and records
- Spending on Xmas decorations for the last 3 years
- Copies of draft and operative procurement policies
- Claimants list under the Marine and Coastal Area (Takutai Moana) Act
- Copy of Regulatory Services contract with Armourguard
- Council incentives around water use and water efficiency as it relates to new housing
- Response to complaint to Ombudsman regarding refusal to disclose legal advice on Parking and Traffic Bylaw
- Copy of internal Privacy Policy
- Various questions regarding councils approach to freedom camping
- Number of dogs registered in One Tree Point, Marsden Village and Ruakaka Beach
- Copies of correspondence with Hon Nanaia Mahuta following her appointment as Minister of Local Government
- Reserve contributions for the Anchorage Tutukaka subdivision
- The maintenance of a Register of member's pecuniary interests
- Mileage payments for the 15/16 and 16/17 financial years
- Use of water dowsing techniques by council employees and contractors
- Copy of consent file in relation to the subdivision of 1632 Matapouri Road, Sandy Bay
- Details of council's pest control operations since 1987
- Average residential rates paid in the Whangarei District
- Ratepayer numbers, staff numbers, code of conduct, election year protocols, mayoral staff, CEO remuneration and elected member remuneration.
- Council spending and controls including subscriptions, housing and audit and risk oversight.
- Copies of invoices for external investigation into requestor's complaint.
- Three separate requests for information relating to the extension of sealing on Wright and McCardle Roads
- Copies of Annual Reports and summary documents for the last four Financial Years
- Hay harvested from Te Pohe island
- Copies of any reports and correspondence on asbestos in water infrastructure
- Copies of any consents/ compliance notices relevant to 104 Prescott Road.
- Council expenditure on entertainment, catering and gifts
- Expenditure on sewer realignment project in the Town Basin.

- Dog control related data for the last 20 years.
- All information about the Ngunguru retirement village storm water improvements at Kakariki Road stream.
- Fresh water consent management; water takes and discharges of contaminants to water.
- Collection of rates and charges on behalf of NRC, elected member absenteeism and staff sick days, expenditure on membership of external organisations
- Building consent data for specified locations

Democracy

Staff attended two democratic training courses and seminars which gave them the opportunity to increase knowledge, brush up on their skills and connect with governance professionals from other organisations.

Transitioning of workflows and processes for resource consent hearings is making good progress.

The Democracy team has implemented a new initiative to reduce the amount of print copies of agendas distributed to staff. It is envisaged that this will save up to \$25,000 in printing costs as well as make efficiencies with staff resource. It will also lessen our environmental impact.

Audit and Risk

In the last few months we have reinvigorated the Risk Management Framework, via risk workshops, across Council. To date, the majority of departments have been included in this process and the final few will be completed by end of March. The results from the workshops will be collated to provide an overview of the risks across Council and identify key risks that are occurring in multi departments. The first round of reporting will be presented to the Audit and Risk Committee at the March meeting.

Reviewing the Internal Audit programme has commenced and this will also be reported to the March Audit and Risk Committee.

Consultation and Engagement

The Long-Term Plan is the current focus. Sixteen community meetings and one *Have Your Say Event* have been scheduled across the district between 4 March and 8 April. Most of these meetings are hosted by Residents and Ratepayers Associations, and the others are focussed on communities where growth is occurring. All these meetings are open to the whole community and will be publicised through multiple communications channels.

The Have Your Say Event is being held on Thursday 5 April in the Cafler Suite. This provides an alternative forum for people who want to have their feedback included in a submission but do not wish to present in a formal hearing to Council.

We are also working with sectors of the community such as large businesses, schools and government departments to arrange quick fire presentations or to use their communication networks to spread the message about engaging in the LTP.

Maori Liaison and Development

Hui

The department has been involved in several events over the past few months collaborating and coordinating with hapu and WDC staff.

- **Mander Park sculpture blessing** – facilitated this blessing with Te Parawhau, who also provided the design of the kanohi (eyes) for the sculptures.
- **U19 ICC Cricket Mayoral welcome for Afghanistan, Sri Lanka, Ireland and Pakistan** – Met with Kaumatua and WDC staff to discuss the appropriate protocols for this welcome. Coordinating with the marae, catering, kapa haka group, media and various other parties to ensure the success of this event.
- **Ngapuhi Festival powhiri and opening of arts exhibition** – Local hapū of Whangarei welcomed Te Runanga A Iwi O Ngapuhi (TRAION) on to Terenga Paraoa marae, this was followed by blessing at Toll Stadium and then the official opening of the festival and arts exhibition.
- **Parihaka upgrade pre-construction blessing** – Ngati Kahu o Torongare hapu were involved with consultation of this project and duly coordinated and performed the appropriate rituals for the pre-construction blessing.

Hapū Engagement

Rural Connectivity Group (RCG) met with Māori Liaison and Consents staff to discuss the rollout of phase two of Rural Broadband Initiatives. A hui with Te Huinga was suggested with representatives from RCG attending the March meeting. The intent is to initiate hapū dialogue as part of their stakeholder engagement strategy.

Mana Whakahono a Rohe

A nationwide series of hui facilitated by Ministry for the Environment and Pou Taiao Iwi Leaders Group. Kaikohe was the venue hosted by FNDC on 5 December 2017 with all the northern territorial authorities present (WDC, FNDC, KDC, NRC and Auckland Council). Focus of the hui was based on a draft guidance being produced for reviewing and feedback by 19 January 2018.

Recently at a Te Pae Urungi (National Māori Liaison Group) hui this topic was discussed at length.

Staff Capability and Training

14 December 2017 another Cultural Awareness training was held. Joeann Waata and Taipari Munro have proven to be of great value for these staff trainings. A hui has been organised with the trainers to look at potential dates for 2018. Tiriti o Waitangi (Treaty of Waitangi) training will also be added to the 2018 calendar.

Liaison with People and Capability staff will assist with securing numbers for this training.

RESOLUTION TO EXCLUDE THE PUBLIC

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

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

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

Resolution to allow members of the public to remain

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

Move/Second

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

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

Note:

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