

Finance and Corporate Committee Agenda

Date: Thursday, 26 April, 2018

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

Elected Members: Her Worship the Mayor Sheryl Mai
(Chairperson)

Cr Stu Bell

Cr Gavin Benney

Cr Crichton Christie

Cr Vince Cocurullo

Cr Tricia Cutforth

Cr Shelley Deeming

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.

1. Declarations of Interest	
2. Apologies	
3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting	
3.1 Minutes Finance and Corporate Committee 29 March 2018	3
4. Information Reports	
4.1 Financial Report for the 9 months ending 31 March 2018	7
4.2 Corporate Capital Projects Report for the month ending 31 March 2018	23
4.3 Whangarei District Council Credit Rating	27
4.4 Operational Report - Finance and Corporate - April 2018	39
5. Public Excluded Business	
6. Closure of Meeting	

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

Finance and Corporate Committee Meeting Minutes

Date: Thursday, 29 March, 2018
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance

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

Also in Attendance

Andy Britton (Whangarei Art Museum)
Trustee)
Thomas Biss (Whangarei Art Museum
Trustee)

Scribe Jennie Thomas (Democracy Adviser)

1. Declarations of Interest

Item 4.1

2. Apologies

Cr Tricia Cutforth and Cr Anna Murphy for lateness.

Moved by Cr Sue Glen

Seconded by Cr Gavin Benney

Carried

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

3.1 Minutes Finance and Corporate Committee 22 February 2018

Moved by Cr Phil Halse

Seconded by Cr Vince Cocurullo

That the minutes of the Finance and Corporate Committee meeting held on Thursday 22 February 2018, 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 Draft Statement of Intent - Whangarei Art Museum Trust

Moved by Cr Cherry Hermon

Seconded by Cr Greg Innes

That the Finance and Corporate Committee notes the Draft Statement of Intent for the Whangarei Art Museum Trust and provides feedback.

Carried

Declaration of Interest: Cr Morgan as Council Appointee Trustee to the Whangarei Art Museum Trust.

Crs Cutforth and Murphy joined the meeting at 9.03 am during discussion on item 4.1.

4.2 Financial Report for the 8 months ending 28 February 2018

Moved by Cr Greg Martin

Seconded by Cr Greg Innes

That the Finance and Corporate Committee notes the operating result for the eight months ending 28 February 2018.

Carried

4.3 Corporate Capital Projects Report for the month ending 28 February 2018

Moved by Her Worship the Mayor

Seconded by Cr Phil Halse

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 28 February 2018.

Carried

4.4 Local Government Funding Agency - Half Year Report to 31 December 2017

Moved by Cr Her Worship the Mayo

Seconded by Cr Sharon Morgan

That the Finance and Corporate Committee notes the Local Government Funding Agency half yearly report to 31 December 2017.

Carried

4.5 Local Government Funding Agency - Draft Statement of Intent 2018-2019

Moved by Cr Anna Murphy

Seconded by Cr Sue Glen

That the Finance and Corporate Committee notes and provides any feedback on the Local Government Funding Agency Draft Statement of Intent 2018-19.

Carried

4.6 Operational Report - Finance and Corporate - March 2018

Moved by Cr Vince Cocurullo

Seconded by Cr Greg Innes

That the Finance and Corporate Committee notes the operational report for March 2018.

Carried

5. Public Excluded Business

There was no business conducted in public excluded.

6. Closure of Meeting

The meeting concludes at 10.16am.

Confirmed this 26th day of April 2018

Cr Shelley Deeming (Chairperson)

4.1 Financial Report for the 9 months ending 31 March 2018

Meeting: Finance and Corporate Committee
Date of meeting: 26 April 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating result for the nine months ending 31 March 2018.

2 Recommendation

That the Finance and Corporate Committee notes the operating results for the nine months ending 31 March 2018.

3 Background

3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$15.8 million, compared to a budgeted surplus of \$5.6 million, resulting in a favourable variance of \$10.2 million.

The forecast net surplus for the financial year ending 30 June 2018 is \$14.5 million compared with a budgeted surplus of \$9.6 million, resulting in a favourable variance of \$4.9 million.

3.2 Capital Project Expenditure

The Capital Projects expenditure as at 31 March 2018 is currently \$13.5 million less than budget. Council is forecasting to spend a total of \$56.6 million against the \$75.3 million budget, with a forecast carry forward of \$23.2 million. The major carry forwards are:

New Council Premises	\$7.2m
LED Streetlight upgrades	\$2.7m
Sports and Recreation LoS (Pohe Island development)	\$1.9m
New Airport evaluation	\$1.3m
Seawall renewals (Ngunguru)	\$1.2m
Wastewater City LoS (Tawera tank)	\$0.8m
Cycleways (Rail Corridor)	\$0.8m

3.3 External Net Debt and Treasury

Total net external debt at the end of March 2018 was \$109.8 million compared to year to date revised budgeted net debt of \$127.2 million, resulting in net debt being \$17.4 million under budget.

3.4 WDC Treasury Operations

As at 31 March 2018 cash and term deposits held of \$32.2 million was comprised of:

- \$10.0 million of term deposits relating to short term borrowings not yet required.
- \$8.0 million of term deposits relating to excess cash not currently required.
- \$14.2 million of cash on hand.

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

Economic Outlook

The OCR remained at 1.75% in the March Policy Announcement 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 US interest rates have decreased as a result of uncertainty regarding the political and economic stability in the US. Long term NZ rates have followed suit, decreasing from 3.22% to 3.06% during March.

4 Accounts receivable and arrears

Total arrears as at 31 March 2018 was \$4.0 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

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

**MONTHLY KEY INDICATORS
MARCH 2018**



	YTD to March 2018					Full Year Forecast			
	YTD	Revised	Variance	YTD	YTD	Full Year	Revised	Variance	YTD
	(Surplus)/	(Surplus)/	(Surplus)/	Indicator	Trend	(Surplus)/	(Surplus)/	(Surplus)/	Indicator
	Deficit	Deficit	Deficit		Current /	Deficit	Deficit	Deficit	
	\$ m	\$ m	\$ m		previous	\$ m	\$ m	\$ m	
					month				
OPERATING									
Total Rates	(68.6)	(68.1)	(0.5)	●		(92.7)	(92.4)	(0.3)	●
User Fees	(15.8)	(15.5)	(0.3)	●		(21.0)	(20.7)	(0.3)	●
Operating Subsidies and Grants	(5.1)	(5.1)	0.0	●		(6.4)	(6.6)	0.2	●
Total Operating Income	(93.2)	(91.5)	(1.7)	●	↑	(125.6)	(124.3)	(1.3)	●
Personnel Costs	18.5	20.6	(2.1)	●		26.8	28.2	(1.4)	●
Professional Fees / R&M / Asset Operating Expenditure	20.3	21.6	(1.3)	●		30.2	29.4	0.8	●
Other Operating Expenditure	18.6	19.7	(1.1)	●		29.0	30.0	(1.0)	●
Total Operating Expenditure	92.0	98.9	(6.9)	●	↑	133.6	136.9	(3.3)	●
(Surplus)/Deficit from Operations	(1.2)	7.4	(8.6)	●	↑	8.0	12.6	(4.6)	●
CAPITAL									
Capital Subsidies	(10.3)	(10.7)	0.4	●		(14.7)	(17.1)	2.4	●
Development Contributions	(4.2)	(2.2)	(2.0)	●		(5.6)	(3.0)	(2.6)	●
Total Capital Income	(14.6)	(13.0)	(1.6)	●	↑	(23.0)	(22.7)	(0.3)	●
External Net Debt	109.8	127.2	(17.4)	●					
Net Interest on debt	4.7	5.6	(0.9)	●		6.8	7.6	(0.8)	●
Total (Surplus) / Deficit	(15.8)	(5.6)	(10.2)	●	↑	(14.5)	(9.6)	(4.9)	●

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 full year forecast unfavourable variance for subsidies is partly due to carrying forward part of the LED streetlight upgrade.

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

MONTHLY ACTIVITY SUMMARY

MARCH 2018

	YTD to 31 March 2018					Full Year Forecast			
	Actual YTD (Surplus) / Deficit \$m	Budget YTD (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	YTD Indicator	YTD Trend Current / previous month	Full Year Forecast (Surplus) / Deficit \$m	Revised Budget (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	Full Year Indicator
Total Council	(15.8)	(5.6)	(10.2)	●	↑	(14.5)	(9.6)	(4.9)	●
Transportation	6.7	7.1	(0.4)	●	↑	9.9	7.6	2.3	●
Water	(4.2)	(2.4)	(1.8)	●	↓	(5.7)	(3.6)	(2.1)	●
Solid Waste	(3.2)	(2.6)	(0.6)	●	↑	(2.9)	(3.0)	0.1	●
Waste Water	(6.4)	(5.1)	(1.3)	●	↑	(7.3)	(5.9)	(1.4)	●
Storm Water	2.8	3.4	(0.6)	●	↑	3.1	3.5	(0.4)	●
Flood Protection	(0.3)	(0.1)	(0.2)	●	↑	(0.3)	0.0	(0.3)	●
Community Facilities	12.6	14.6	(2.0)	●	↑	23.1	23.8	(0.7)	●
Economic Growth	0.9	1.4	(0.5)	●	↑	0.7	0.8	(0.1)	●
Planning & Regulatory	(0.2)	0.1	(0.3)	●	↓	0.7	0.7	0.0	●
Support Services	(24.6)	(22.0)	(2.6)	●	↑	(35.7)	(33.4)	(2.3)	●

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 MARCH 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	(39,561)	(39,771)	(53,059)	(53,590)	531
Activity Targeted Rates	(19,100)	(18,978)	(25,615)	(25,486)	(128)
Metered water	(9,981)	(9,355)	(14,001)	(13,275)	(726)
User Fees	(15,809)	(15,488)	(21,023)	(20,744)	(279)
Other Income	(2,561)	(2,409)	(4,444)	(4,191)	(253)
Interest Received - Cash Balances	(1,128)	(371)	(1,081)	(394)	(687)
Operating Grants & Subsidies	(5,057)	(5,121)	(6,423)	(6,649)	226
Total Operating Income	(93,196)	(91,492)	(125,645)	(124,329)	(1,316)
Operating Expenditure					
Personnel Costs	18,520	20,579	26,800	28,174	(1,374)
Professional Fees	4,190	3,861	6,214	5,809	404
Repairs and Maintenance	12,374	14,402	18,765	18,710	55
Asset Operating Expenditure	3,700	3,333	5,198	4,854	345
Other Operating Expenditure	18,580	19,690	28,978	30,024	(1,046)
Depreciation	28,735	30,988	39,791	41,322	(1,530)
Interest Expense - External Borrowings	5,854	6,002	7,891	8,009	(118)
Total Operating Expenditure	91,953	98,855	133,637	136,901	(3,264)
(Surplus)/Deficit from Operations	(1,243)	7,363	7,992	12,572	(4,581)
Capital Income					
Capital Subsidies	(10,279)	(10,725)	(14,746)	(17,074)	2,328
Capital Scheme Rates	(26)	(26)	(36)	(35)	(1)
Lump Sum Contributions	(117)	(40)	(79)	(53)	(26)
Development Contributions	(4,181)	(2,197)	(5,647)	(3,028)	(2,620)
Non Cash - Vested Assets	0	0	(2,500)	(2,500)	0
Total Capital Income	(14,604)	(12,988)	(23,008)	(22,689)	(319)
Capital Grant Expenditure					
Capital grant expenditure	8	0	546	540	6
Total Capital Grants	8	0	546	540	6
(Surplus)/Deficit from Operating Capital	(14,596)	(12,988)	(22,462)	(22,150)	(312)
Total (Surplus)/Deficit	(15,839)	(5,625)	(14,470)	(9,578)	(4,893)



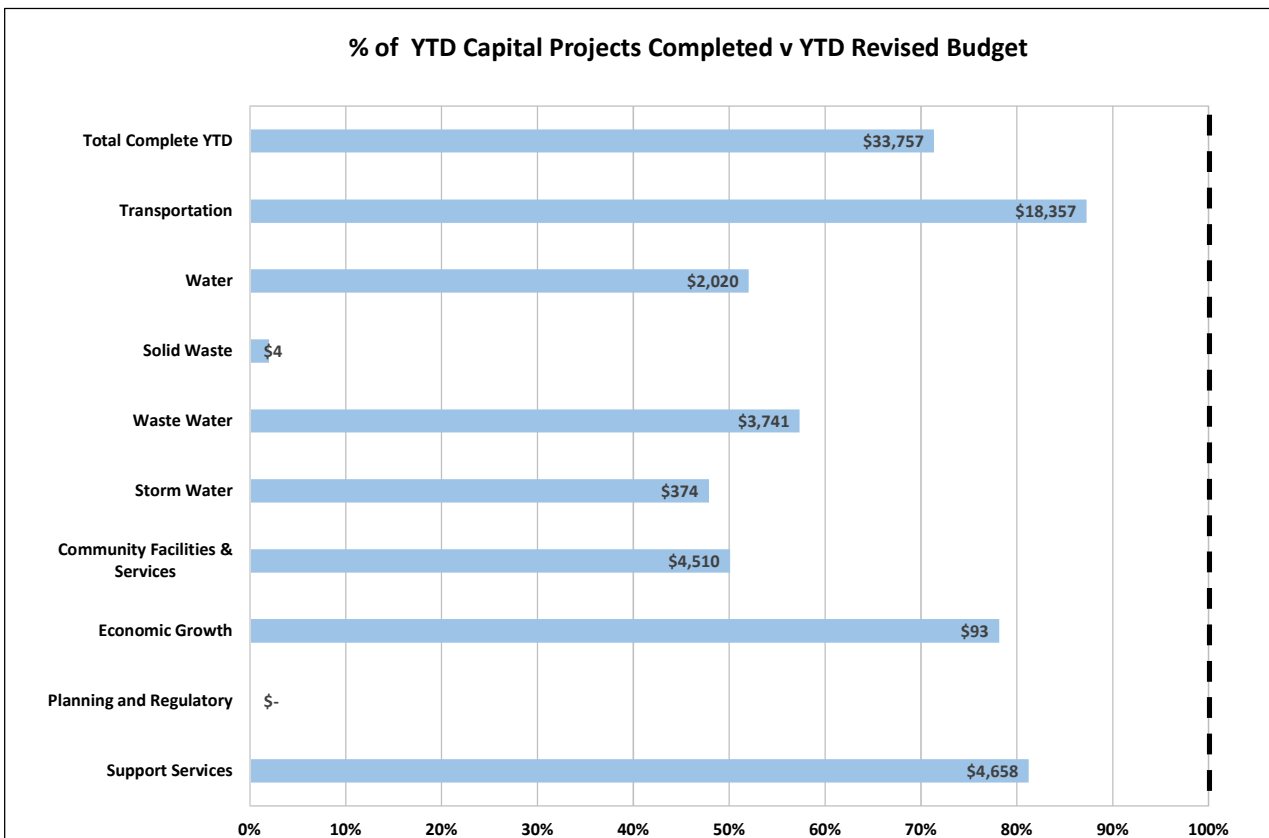
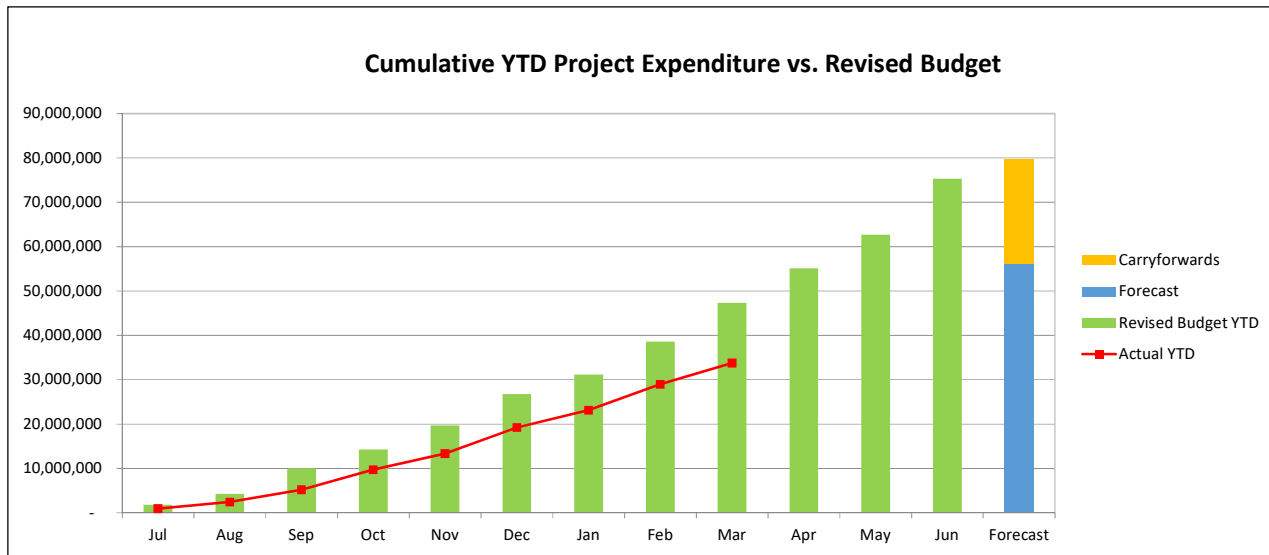
QUARTERLY CASH FLOW STATEMENT YTD TO MARCH 2018

	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)	81,659	78,489	102,603
Grants & Subsidies received	11,283	15,801	19,792
Other income	2,950	2,958	3,103
Receipts from customers and services	18,688	16,369	19,023
Interest & dividends received from investments	1,870	722	934
Rental of property	3,303	2,835	4,949
Payments to suppliers and employees	(61,936)	(60,260)	(88,181)
Rates - Northland Regional Council	(9,984)	(9,613)	(10,934)
Interest paid	(5,902)	(5,757)	(8,009)
Net cash (to) / from operating activities	41,932	41,544	43,280
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	279	3,695	-
Maturity of investments and loans	20,320	-	-
Purchase and development of fixed assets	(32,001)	(26,789)	(61,994)
Purchase of investments and loans provided	-	(20,320)	-
Net cash flows (to) / from investing activities	(11,402)	(43,414)	(61,994)
Cash flows from financing activities			
Loans raised	30,000	50,000	18,314
Loan repayments received	166	149	-
Repayment of public debt	(50,000)	(40,000)	-
Loans granted	-	-	-
Net cash flows (to) / from financing activities	(19,834)	10,149	18,314
Net Cash Movement increase / (decrease)	10,696	8,279	(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	32,231	23,959	281
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	10,696	8,279	(400)

QUARTERLY BALANCE SHEET AS AT 31 MARCH 2018

Council Summary	Actual 2017-18 YTD \$000	Annual Plan 2017-18 Full Year \$000	Variance \$000
Assets			
Current assets			
Cash and Cash Equivalents	32,231	281	31,950
Debtors and Other Receivables	15,419	18,093	(2,674)
Prepayments	1,435	533	902
Inventories	196	183	13
Other Financial Assets	287	266	21
Derivative Financial Assets	1	-	1
Total current assets	49,569	19,356	30,213
Non-current assets			
Investment Properties	51,496	53,225	(1,729)
Forestry Assets	787	800	(13)
Property Plant and Equipment	1,540,647	1,613,362	(72,715)
Intangible Assets	5,062	6,632	(1,570)
Other Financial Assets	12,131	13,573	(1,442)
Derivative Financial Assets	64	-	64
Total non-current assets	1,610,186	1,687,592	(77,406)
Total assets	1,659,755	1,706,948	(47,193)
Liabilities			
Current liabilities			
Creditors and other Payables	17,038	20,744	(3,706)
Derivative Liability Current	395	382	13
Provisions	2,258	2,620	(362)
Current borrowings	9,000	29,000	(20,000)
Total current liabilities	28,690	52,746	(24,056)
Non-current liabilities			
Creditors and other Payables	156	589	(433)
Non current borrowings	133,000	121,477	11,523
Provisions	1,820	1,468	352
Derivative Financial Liabilities	11,073	12,009	(936)
Total non-current liabilities	146,049	135,543	10,506
Total liabilities	174,739	188,289	(13,550)
Net assets	1,485,016	1,518,659	(33,643)
Equity			
Retained Earnings	870,275	855,622	14,653
Reserves and special funds	77,148	67,412	9,736
Asset revaluation reserve	537,592	595,625	(58,033)
Total equity attributable to Council	1,485,016	1,518,659	(33,643)

CAPITAL PROJECT EXPENDITURE AS AT 31 MARCH 2018



TREASURY REPORT
31 MARCH 2018



STANDARD AND POORS CREDIT RATING:

AA

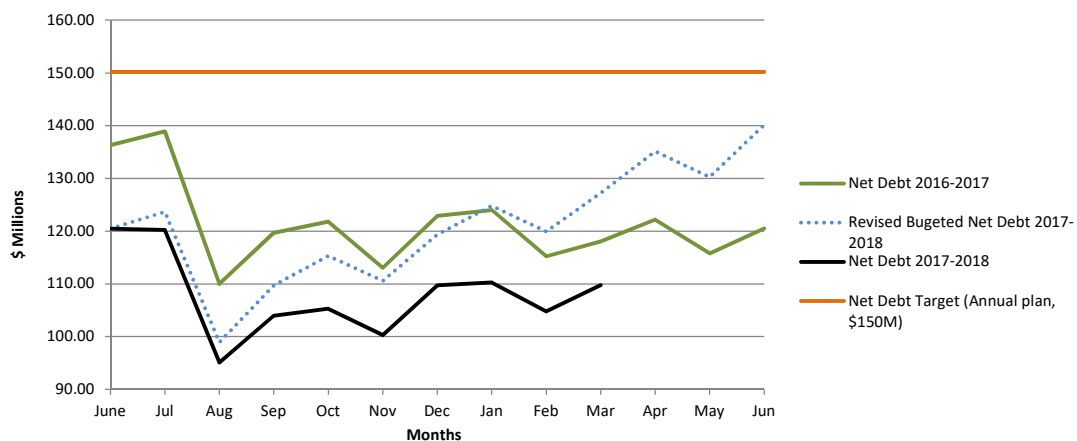
Outlook: Stable

DEBT SUMMARY:

As at 31 March 2018

External Debt		
Opening public debt as at 1 March 2018		142,000,000
Plus loans raised during month	-	
Less loan repayments made during month (Note: Facility movement has been netted)	-	
Net movement in external debt		-
Total External Debt		142,000,000
Less: Cash balances (excluding funds held on behalf)	14,230,982	
Term deposits (Funds held on deposit until required for project funding)	18,000,000	
Total cash and term deposits		32,230,982
Total Net External Debt		109,769,018
<i>Note: Council also holds \$2.0m of LGFA borrower notes. These are not included in net external debt as per Council's Treasury Risk Management Policy.</i>		
External debt is represented by:		
Less than 1 Year		9,000,000
1-3 Years		40,000,000
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		10,189,717
Property Reinvestment Reserve - Available for Reinvestment	1,577,151	
Property Reinvestment Reserve - Accumulated	28,652,619	
		30,229,771
Water Reserve		34,961,391
Total		75,380,879

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

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

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

4.2 Corporate Capital Projects Report for the month ending 31 March 2018

Meeting: Finance and Corporate Committee
Date of meeting: 26 April 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

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

2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 31 March 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 March 2018 is currently \$1.5 million less than budget. Corporate is forecasting to spend a total of \$1.7 million against the \$10.3 million budget, with forecast carryforwards of \$8.5 million. \$7.2 million of this relates to the Council Premises which is awaiting LTP consultation before further work can be done.

Delays in IT spend are primarily related to the timing that system upgrades are available from TechnologyOne which have affected the overall program.

5 Significance and engagement

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

6 Attachment

Corporate Capital Projects Report

CORPORATE CAPITAL PROJECTS REPORT

AS AT 31 March 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	330	(330)	60	7,274	(7,214)	7,214	(0)
Council Vehicle Replacements	149	210	(61)	164	210	(46)	0	(46)
Information Centre Upgrade	22	148	(126)	122	148	(26)	0	(26)
Office Furniture	20	0	20	11	0	11	0	11
Business Support Total	192	688	(496)	357	7,632	(7,275)	7,214	(61)
<i>ICT</i>								
Accounts Payable Automation	37	60	(23)	41	60	(19)	0	(19)
Asset Management Software Upgrade	15	40	(25)	42	94	(53)	53	0
Computer Tech for Building, Animal Control & Parking	0	20	(20)	0	124	(124)	124	0
Decision Support System Development	0	45	(45)	15	80	(65)	65	0
Digitisation of Records	252	638	(385)	451	850	(399)	399	0
Electronic Agenda Management System	14	0	14	14	0	14	0	14
IB Project	50	53	(2)	49	53	(3)	0	(3)
IT Network Upgrades	0	60	(60)	0	60	(60)	60	0
Minor ICT Projects	18	0	18	11	0	11	0	11
OC Project	106	305	(199)	252	650	(398)	398	0
Performance Management System Development	0	75	(75)	159	174	(15)	15	0
Web & Intranet Development	12	205	(193)	297	337	(40)	40	0
Workflow Systems Development	0	55	(55)	0	158	(158)	158	0
ICT Total	505	1,555	(1,050)	1,332	2,639	(1,307)	1,312	4
<i>People & Capability</i>								
Office Furniture	6	7	(2)	8	10	(2)	0	(2)
People & Capability Total	6	7	(2)	8	10	(2)	0	(2)
Support Services Total	702	2,251	(1,548)	1,697	10,282	(8,584)	8,526	(59)
Total	702	2,251	(1,548)	1,697	10,282	(8,584)	8,526	(59)

4.3 Whangarei District Council Credit Rating

Meeting: Finance and Corporate Committee
Date of meeting: 26 April 2018
Reporting officer: Alan Adcock – General Manager Corporate/CFO

1 Purpose

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

2 Recommendation

That the Finance and Corporate Committee receives the 2018 Standard and Poors credit rating report and notes its contents.

3 Background

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

4 Discussion

Whangarei District Council's Credit Rating AA (Stable)

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

Strong, disciplined and consistent financial management has seen WDC lift its credit rating from AA- to AA in the three years since the current financial strategy was adopted in the 2015 – 2025 Long Term Plan.

WDC Credit Profile stronger than NZ Government

In the commentary S&P state that *"if we were to raise our ratings on the sovereign, we would likely raise our ratings on Whangarei because the council's stand alone credit profile is currently stronger than our foreign currency rating on the sovereign"*. This is an exceptional result and is directly attributable to Council preparing and sticking to a robust financial strategy.

Future Outlook

S&P note that they WDC is still finalising the 2018-28 Long Term Plan and have based their review on the draft material presented to date. They have considered the increase in planned capital expenditure and consequent increase in external debt and are comfortable that this has not materially altered our overall position as *“the stable outlook reflects our expectation that Whangarei will continue to prudently manage its budget and debt while it delivers a larger capital program”*.

However, they also indicate that *“we could lower the ratings if the council’s after-capital-account deficits widened significantly and over a longer timeframe than we currently forecast, resulting in a greater rise in debt”*.

5 Conclusion

Standard and Poors have assessed WDC credit worthiness in considerable detail and concluded that our credit rating is extremely strong.

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

6 Significance and engagement

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

7 Attachment

2018 Credit Rating Report

RatingsDirect®

Research Update:

Whangarei District Council 'AA/A-1+' Ratings Affirmed; Outlook Remains Stable

Primary Credit Analyst:

Martin J Foo, Melbourne + + 61396312016; Martin.Foo@spglobal.com

Secondary Contact:

Anthony Walker, Melbourne + (61)396312019; anthony.walker@spglobal.com

Table Of Contents

Overview

Rating Action

Outlook

Rationale

Key Statistics

Ratings Score Snapshot

Key Sovereign Statistics

Related Criteria

Related Research

Ratings List

Research Update:

Whangarei District Council 'AA/A-1+' Ratings Affirmed; Outlook Remains Stable

Overview

- Whangarei District Council (Whangarei) plans to increase its capital expenditure during the next few years. We now expect the council to record after-capital-account deficits during the forecast period, leading to a modest rise in debt.
- Debt-service coverage is lower than last year, though this is a function of the debt maturity profile and not indicative of a weakening in liquidity management. The ratings on Whangarei are underpinned by its high level of fiscal flexibility, strong financial management, and New Zealand's excellent institutional settings.
- We are affirming our 'AA' long-term and 'A-1+' short-term ratings on Whangarei.
- The stable outlook reflects our expectation that Whangarei will continue to prudently manage its budget and debt while it delivers a larger capital expenditure program.

Rating Action

On April 17, 2018, S&P Global Ratings affirmed its 'AA' long-term foreign-currency and local-currency ratings and its 'A-1+' short-term issuer credit ratings on Whangarei District Council (Whangarei), a New Zealand local government. The outlook on the long-term ratings remains stable.

Outlook

The stable outlook reflects our expectation that Whangarei will continue to prudently manage its budget and debt while it delivers a larger capital expenditure program.

Downside scenario

With a stand-alone credit profile stronger than the foreign-currency rating on the New Zealand sovereign, it would take a substantial deterioration in Whangarei's credit metrics to warrant lower ratings. We could lower the ratings if the council's after-capital-account deficits widened significantly and over a longer timeframe than we currently forecast, resulting in a greater rise in debt. Such actions might also cause us to reappraise our view of

Whangarei's financial management.

Upside scenario

If we were to raise our ratings on the sovereign, we would likely raise our ratings on Whangarei because the council's stand-alone credit profile is currently stronger than our foreign-currency rating on the sovereign.

Rationale

We have updated and extended our forecasts for Whangarei through FY2019-20. Following this, we still expect Whangarei's high level of fiscal flexibility, strong financial management, and New Zealand's excellent institutional settings to support its credit profile. Meanwhile, we expect the council to increase its capital expenditure during the next few years, which will lead to a period of after-capital-account deficits and a modest rise in debt. Debt-service coverage is lower than last year; this is a function of the debt maturity profile and not indicative of a weakening in liquidity management.

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

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

We expect Whangarei's local economy to continue to perform soundly. The district had an average GDP per capita of about US\$31,400 over 2014 to 2016 (the latest year for which data are available), according to figures from New Zealand's Ministry of Business, Innovation and Employment. This is high by international standards but a little lower than New Zealand's three-year average of around US\$39,800. The local economy is somewhat reliant on manufacturing, which accounts for about 23% of local GDP. Whangarei is home to the only oil refinery in New Zealand and is a recognized boatbuilding and marine engineering hub. Its population in 2017 was 89,700.

The institutional framework within which New Zealand local governments operate is a key factor supporting Whangarei's credit profile. We believe this framework is one of the strongest and most predictable globally. It promotes a robust management culture, fiscal discipline, and high levels of disclosure.

High level of budgetary flexibility helps to offset projected deficits and weaker debt-service coverage

Like all New Zealand councils, Whangarei is currently in the process of preparing a triennial long-term plan that will set out its priorities in fiscal years 2019 (i.e. the year ending June 30, 2019) to 2029. The draft budget calls for capital spending of NZ\$68.8 million in fiscal 2019 (or 35.5% of total expenditures that year) and NZ\$87.1 million in fiscal 2020 (or 40.6% of total expenditures that year). Meanwhile, revenue from rates and council fees and charges should grow at a moderate pace over the next ten years. As a result, we expect Whangarei's after-capital-account balance to tip into deficit this year and remain there for the next few years, with a relatively large deficit of 14.8% of adjusted total revenues projected for fiscal 2020. We expect operating surpluses to remain robust, averaging about 22.1% of adjusted operating revenues over the next three fiscal years. The outturn for fiscal 2017 was stronger than we previously forecast, partly because of higher-than-expected receipts from development contributions and unbudgeted asset sales.

As some of the capital works program will be funded by new borrowings, we expect Whangarei's total tax-supported debt as a proportion of consolidated operating revenues to grow to 152% by the end of fiscal 2020, up from 134% at the end of fiscal 2017. Similar to many of its domestic peers, Whangarei typically under-delivers on its capital plans each year. As such, our base-case forecasts incorporate a 25% haircut to budgeted capital expenditure in fiscal 2018 and 20% thereafter, roughly in line with the council's historical execution.

The ratings on Whangarei continue to be supported by its very high level of budgetary flexibility. We estimate that about 94% of the council's operating revenues are modifiable, which means they can be raised or lowered at the council's discretion. Although the focus of the council's infrastructure strategy over the next ten years will be renewals of core infrastructure, like roads and storm-water assets, the capital works budget also contains a mix of projects to improve community amenity. The largest single projects over the next three years are a new civic center for Whangarei, which is budgeted at NZ\$37 million, and a replacement of the Whau Valley water treatment plant, which is budgeted at NZ\$21.3 million.

We expect the council's debt-servicing needs during the next 12 months to comprise NZ\$10 million in maturing commercial paper (which is regularly rolled over), NZ\$19 million in notes maturing in March 2019, and about NZ\$8.4 million in interest payments. We also expect the council to maintain an average of about NZ\$11.1 million in free cash plus access to an undrawn NZ\$30 million facility with Bank of New Zealand. As a result, we estimate that Whangarei's free cash and available committed bank lines stand at about 110% of the next 12 months' debt service. This ratio is weaker than it was at the same time last year, when it stood at 146%. We note that in the past, Whangarei has pre-funded upcoming maturities and held the proceeds in linked term deposits, reducing its refinancing risk. If it continues with this strategy, debt-service coverage may improve throughout the year.

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

Whangarei's contingent liabilities are limited. January 2018 saw the resolution of a civil case between Whangarei and a group of engineering contractors regarding faulty infrastructure built at a new development at Marsden City. Whangarei is guarantor to a number of small community and sporting organization bank loans totaling NZ\$250,000. The council also has various outstanding claims against it under the Weathertight Homes Resolution Service, for which it has allowed a contingency of NZ\$1.55 million. Like many of its domestic peers, Whangarei is a shareholder and joint guarantor of the LGFA's borrowings. We consider it very unlikely that this guarantee will be activated in the near future.

Key Statistics

Table 1

Whangarei District Council Key Statistics						
	--Year ended June 30--					
(mil. NZ\$)	2015	2016	2017	2018BC	2019BC	2020BC
Selected Indicators						
Operating revenues	106.68	113.14	122.74	123.13	126.86	132.08
Operating expenditures	85.07	82.45	89.27	95.86	100.05	101.84
Operating balance	21.60	30.69	33.47	27.27	26.80	30.24
Operating balance (% of operating revenues)	20.25	27.13	27.27	22.14	21.13	22.90
Capital revenues	12.15	17.99	23.01	16.34	16.31	17.29
Capital expenditures	31.03	42.77	40.84	46.50	55.08	69.66
Balance after capital accounts	2.72	5.91	15.64	-2.89	-11.97	-22.13
Balance after capital accounts (% of total revenues)	2.29	4.50	10.73	-2.07	-8.36	-14.81
Debt repaid	69.11	57.49	50.99	60.85	59.85	60.85
Gross borrowings	56.36	64.41	60.29	62.89	70.97	82.13
Balance after borrowings	-10.03	12.83	24.94	-0.85	-0.84	-0.84
Modifiable revenues (% of operating revenues)	90.76	94.41	93.79	92.84	94.14	94.21
Capital expenditures (% of total expenditures)	26.73	34.16	31.39	32.66	35.50	40.62
Tax-supported debt (outstanding at year-end)	145.27	154.28	163.93	167.16	179.12	201.25
Tax-supported debt (% of consolidated operating revenues)	136.18	136.37	133.56	135.76	141.20	152.37

Table 1

Whangarei District Council Key Statistics (cont.)						
	--Year ended June 30--					
(mil. NZ\$)	2015	2016	2017	2018BC	2019BC	2020BC
Interest (% of operating revenues)	7.86	7.35	6.31	6.24	6.50	7.02
Local GDP per capita (single units)	41,466	42,694	N/A	N/A	N/A	N/A

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

Ratings Score Snapshot

Table 2

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

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

Key Sovereign Statistics

Sovereign Risk Indicators, Oct. 13, 2016. Interactive version available at <http://www.spratings.com/sri>.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Governments - International Public Finance: Methodology: Rating Non-U.S. Local And Regional Governments Higher Than The Sovereign, Dec. 15, 2014
- Criteria - Governments - International Public Finance: Methodology For Rating Non-U.S. Local And Regional Governments, June 30, 2014

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

Related Research

- Public Finance System Overview: New Zealand's Institutional Framework For Local And Regional Governments, Dec. 11, 2016

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

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

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

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

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

Ratings List

Ratings Affirmed

Whangarei District Council
Issuer Credit Rating

AA/Stable/A-1+

S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings' credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

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

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

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

4.4 Operational Report – Finance and Corporate – April 2018

Meeting: Finance and Corporate Committee
Date of meeting: 26 April 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 April 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 for April 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 – April 2018

Operational Report – Finance and Corporate – April 2018

Information Communications Technology (ICT)

The ICT teams are functioning at peak capacity, managing both the next phase of Trilogy along with business as usual. To enable the teams to deliver both the projects and operations activities to expected service levels, a business wide moratorium on additional ICT change (i.e. change over and above what has already been approved and agreed via the Trilogy programme) has been put in place. This will remain in place for the duration of Trilogy phase 2.

Award for Trilogy

On 12 April the first phase of the Trilogy program was recognised as the joint winner of the ‘Transforming Service Delivery’ section of the 2018 SOLGM Local Government Excellence Awards.

The judges noted that “Trilogy has shown a real financial benefit for the ratepayers of Whangarei. This was a complete makeover of the Council’s information technology systems. To have brought an IT project of this scale within time and within budget, and with a measurable outcome so quickly has lessons that any organisation whether public or private sector can learn from.

This builds on previous recognition for this program of work; with Kete (our Electronic content management system) winning Microsoft’s “All of Government” Business Partner award last year.

ICT Operations

Service levels dropped slightly during mid-March due to a large backlog from February; however the team managed to keep service attainment on track for the close of the month. There have been no major outages across the March period and cyber intrusion detection systems indicate that threat levels, while fluctuating across the March period, are now back to normal/average month levels.

Disaster Recovery and Business Continuity plan scenario testing has been completed, with a live “production” system test scheduled for the weekend 14–15 April.

Operational activities include:

- Managing the rollout of the Windows 10 upgrades - to complete in April
- 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. Resource schedules for key business users have been developed across all the projects, allowing department managers to plan strategies to “backfill” staff that are allocated to a Trilogy project.

- 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.
 - Design Phase – the final design for the first phase deliverables is complete, along with the initial configuration. Test design and Executive engagement is now in progress.
- Website Platform Redevelopment (Digital Platform) – Review and re-development of our existing WDC websites
 - Planning Phase – initial key stakeholder workshops have been delivered and the focus is now on building an understanding of the key customer journeys and experiences with our external facing digital technology. This allows us to build a platform that meets the needs of many different “types” of persona.
- 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 – initial scoping sessions have been completed. Work has commenced on the planning for the initial closed RFP process to select the software supplier from our enterprise stack (Technology One and Infor/Hansen).
- Digitisation of Property Files – Execution Phase
 - Building consent digitisation is now complete. Land Use consent digitisation is currently in progress.

Finance

LTP

The Finance team has reviewed the LTP budgets with the Senior Leadership Team. We are now working through responses from a review of the budget by the business, given the original budgeting supporting the Consultation Document was completed prior to Christmas. The team also continues to review targeted areas. Results of this will flow into a paper prepared for the deliberations meeting highlighting any errors, omissions or savings.

Annual Report

Planning for YE 2018 is progressing both internally and through continued communication with Audit NZ. Focus is on items highlighted by Audit NZ in their audit planning document. Audit NZ's interim audit begins in May.

Finance Team Direction Setting

The team continues to develop future direction and objectives for the Finance Department. The intention is to hold internal workshops with key stakeholders over the next month or so.

Purchase to Pay

The implementation of Psi Capture (optical character recognition software) to get data from supplier invoices into Tech One, has highlighted a number of areas for improvement in the purchase to pay process across the business. A project has been established to address these.

Revenue

Land Rates

Average property sales per month are 250, with 281 in February and 268 in March. Sales are tracking approximately 15% less than the previous two years.

Water Rates

Details of water rates transactions for March are as follows:

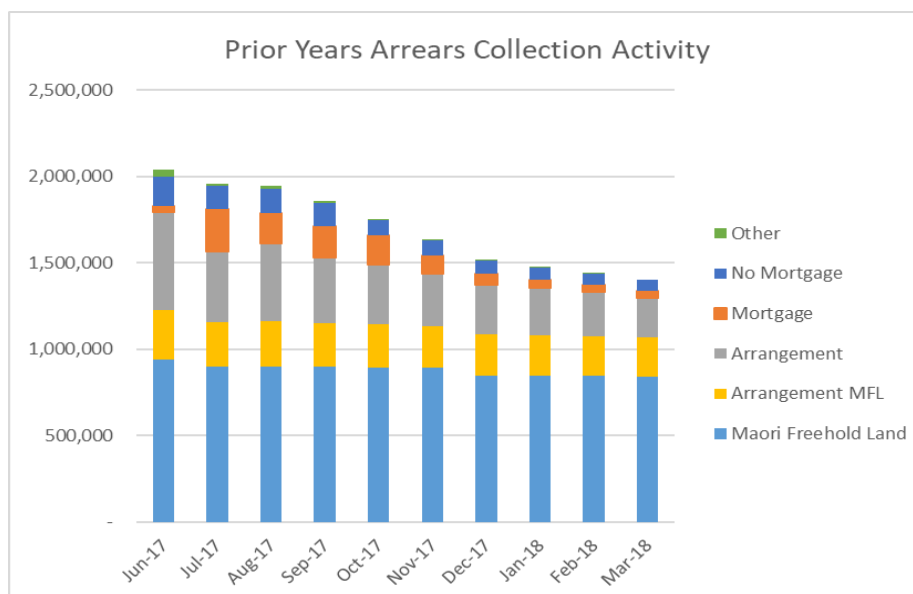
Water Rates Summary - March						
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission
Amount(\$)	\$1,584,000	\$89,000	\$14,000	\$6,000	\$7,000	-\$25,000
Transactions (Number)	6,276	6,244	395	145	483	25
Average (\$)	252					- 1,000

Collection and Recovery

Land rate arrears are:

- \$1,976,000 (February \$1,954,000) of which:
 - \$1,420,000 (February \$1,440,000) relate to prior years' arrears.
 - Māori Freehold Land comprises \$1,069,000 of prior years' arrears.

The collection activity (contact by mail and telephone) is tracked below. The arrears are following the same trend as last year.



Water rates arrears are \$264,000 (1,600 debtors), with \$126,000 (789 debtors) being 90 days or more. The arrears have reduced 20% from last month.

Sundry debtors' arrears are \$589,000 with \$120,000 being 90 days or more.

Business Improvement

The Business Improvement Department is 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 (H&S) processes in relation to the organisation's Enterprise solutions. Progress to date:

Achieved March:

- Identified improvement that has resulted in proactive communication benefits plus savings of approximately 9 hours per month for H&S team.
- Discussions underway with Finance – possibility of removing a handoff which will remove a 2-3 day turnaround time and manually managing return handback.
- Completed process overview with H&S Rep, their feedback incorporated and a new process created.
- Kete Contractor Register cost approved and work request submitted to vendor.
- Training roll out to staff planned.

Upcoming in April:

- Knowledge transfer session to H&S manager and Field Officer booked (prepare them to deliver roll out training and be responsible for any future process changes).
- Review new processes against existing training material and update material.
- Plan informational walk through of new processes with key staff (decide who these will be as most key staff already involved).

2. Reviewing the Building Control Department processes and systems end-to-end, starting with the Building Consents process (and focussing on digitisation at this stage). 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 (in conjunction with the Digitisation project):

- All Building Control processes have been modelled in Promapp.
- Hardware and Software options will be delivered by 13 April.

There are potential improvements outside of what has been identified as part of the Digitisation Project that will need to be worked through. This will occur in April/May. Outside of the Digitisation Project.

3. Reviewing the Venues and Events Department (V&E) 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:

- Process mapping meetings have continued with staff who undertake booking procedures at both venues. Workshops are scheduled during April to map the processes for Operations and Major Events planning with Marketing to follow.
- Workshops are also scheduled during April to identify the specification for an electronic system at the various stages of the Department's activities with a view to preparing a Business Requirements Definition document to guide discussions around the way forward in relation to replacement/upgrading of the current system, Rendezvous.

4. Review how the organisation manages and controls projects and looks for improvements and consistency for controlling projects.

Progress Made:

- Conducted meetings with stakeholders from 11 departments.
- Documentation of process maturity, challenges, business needs, action items etc. for each department is underway.

Next Steps:

- Meetings scheduled with remaining three departments.
- Current-state report to be submitted in mid-April.

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.

Progress Made:

- Process models, business requirements, wireframes and functional specification completed.
- Discussed with Information Leadership to clarify scope and requirements for statement of work (SOW).

Next Steps:

- Awaiting SOW from Information Leadership for the discovery phase to deliver a minimum viable product.
- Remaining requirements and other functional requirements identified during discovery. Dashboard and reporting capabilities are planned to be delivered in second phase.

Business Support

Information Management

The LTP submissions have been completed as per the agreed process.

Work planned:

- Review of Kete use and adoption across the organisation.
- Completion of archive appraisal and planning for archives space management with the lease coming up for renewal in 2019.
- Completion of retention and disposal implementation in Kete to manage information over time ensuring compliance.
- Uplift and dispatch of all property files in archives as part of the digitisation work.

Procurement

Procurement support and advice continues to be available across the business.

The review of the Procurement Policy, is on track with a target date for adoption by the end of the financial year. A Briefing for Elected Members is scheduled for early May.

We have been working with Audit and Risk and BDO on an internal audit of Procurement processes. The final report will go to the Senior Leadership Team in May and will then go to the Audit & Risk Committee.

Procurement project work has been done for:

- Civic Building Security and Alarm Monitoring
- Civic Building Cleaning
- Civic Building Warrant of Fitness
- Pensioner Housing Maintenance
- Digital Dashboard – social media
- Whau Valley Water Treatment plant construction.

In addition, we have provided advice and assistance to Departments on a number of projects including:

- Sand Removal – Ruakaka
- Catchment Management Strategy
- Health and Safety (H&S) documentation review
- Regional Development fund project management
- Brand elevation project
- Recycling bins.

Property Assets

Civic Buildings

- Initial discussions progressing surrounding Walton Plaza area consolidation and staff moves.
- Meeting scheduled with Award Inspections for a Forum North Condition Survey – dependant on the outcome, price and format we may engage Award to undertake these surveys across the civic portfolio to better prepare asset management plans.
- Quotes received and contract awarded for Kamo Library re-roof.

Fleet

- We have officially taken delivery of two e-bikes and one conventional push bike. These are to be integrated into the vehicle fleet. Staff will be encouraged to take them for a test ride (after safety training) and begin using them as a viable alternative for CBD meetings.
- A new Holden Trax has arrived to be assimilated into the vehicle pool. This will replace a high km Mazda 3.
- WDC Fleet Coordinator attended the Leading the Charge EV information roadshow on the Canopy Bridge last week. WDC provided one of our Renault Zoe's as a display vehicle.
- There are preliminary discussions with NRC regarding a combined submission to the EECA Low Emission Vehicles Contestable Fund as part of the Crimson Highway project. More information will follow as it comes to hand.
- We are exploring the Christchurch City Council strategy around a leased fleet of EV's that can be shared for both council and public use.

Communications

Brand

Two sessions have been held with Elected Members to discuss strategic recommendations for the WDC brand. As expected it has prompted a lot of constructive debate as the implications of various options have been tabled. Potential changes to our branding are now being socialised publicly for further feedback.

Digital Council

The newly formed Digital Council (DC) group had its second meeting on Wednesday 11 April to determine:

- how staff and other sub-groups will engage with the DC (e.g. business cases)
- what the scope of the group is
- what operational decisions we need to make now and in the future.

The DC is tasked with managing and making decisions on the operational aspects of our digital landscape including:

- digital marketing and branding alignment for affected processes and systems
- social media functions
- digital services oversight (including the review of potential changes and projects) and decision making
- Digital Services Policy decisions and direction.
- cross-overs between digital communication mediums and other customer service channels.

It is becoming increasingly apparent that Council needs to form a 'digital relationship' with all external customers; which in time will be used to replace mail notifications for most (but not all) people.

Graphics BAU

Work for our graphics team included weekly Council News production, Fritter Festival and signs for the Waitaia Awa project. The Whangarei Tapestry brochure is completed; telling the story of the Tapestry. The Sculpture Symposium booklet was produced for Creative Northland and 'Our Korero' posters plus desk-drop material have been produced for internal use.

Long Term Plan

Council News stories have outlined the key issues from the Consultation Document, the public meetings have been promoted through social media and radio advertising. Work has now started on the layout of the final LTP document.

Mayoral communications

We researched and wrote speeches for the Mayor and the Deputy Mayor and wrote the fortnightly Whangarei Report column highlighting LTP consultation. We also managed communications for the Mayor's office including letters of complaint, congratulations and thank yous, forewords, requests for mayoral media statements and articles for local publications.

Media and public relations

The following Council related matters were covered by the media in February:

- broken water main in Tarewa Road
- new playground at Ruakaka
- Doctors Hill Road bridge to be upgraded
- LTP meetings
- Ruakaka primary school building consent
- Waipu water safe even though water contamination at Piroa Falls
- Hikurangi swamp eels
- Whangarei businesses profit from Lions tour
- Parihaka track upgrades
- new marina proposed
- government funding for Northland
- Whananaki freedom camping
- freedom camping working group to be established
- Whau Valley dam pine tree harvesting
- Fritter Festival
- Cyclone Hola causes little damage in Northland
- pupils clear rubbish from wetland
- sculpture symposium
- Limestone Island kiwi transferred to Parua Bay
- dead kiwi photo misleading
- rubbish truck hits Rust Avenue overbridge
- Six60 tickets sold out
- Port Nikau development
- Fritter Festival
- options for new civic centre

- school bans children from library after spitting
- district-wide funding of sports facilities in NRC LTP
- no funding in LTP for Ruakaka Multi-Generational Facility
- Ruakaka waste disposal
- residential development on Waipu future reserve space
- car racing on Peter Snell Road
- Ruakaka bus service
- totara trees cut down at Waipu
- funding in LTP for Ruakaka cemetery
- Town Basin car park
- Poroti Springs sustainability
- camera obscura site blessing
- kiwi freed in Pukenui Forest
- plan to enhance city centre released
- freedom camping
- tsunami siren testing
- new civic centre
- Bream Bay LTP meeting
- Marsden City infrastructure
- rubbish cleared from Waiarohia stream bank.
- Mt Parihaka car parks closed
- sculpture symposium
- Mt Parihaka track improvements
- Matakohē Island successful kiwi haven
- Easter rubbish collection.

The following topics were raised in letters to the editor:

- speed bumps useless
- Lions tour profits
- footbridge for Limeburners Creek
- Town Basin parking, freedom camping
- Port Nikau development and other issues
- Town Basin parking
- dead kiwi featured in brochure
- air services
- One Tree Point boat ramp car park sealing
- speed bumps
- Poroti Springs water
- CBD parking.

Website and social media

Work is continuing with the District Plan department on the upcoming urban plan change pre-consultation. This will be dove-tailed into the *heretowhere* website, using the same simple layout and format. This is due to launch in early May.

We are also continuing to support planning and design of the new website under the ICT department's Digital Platform project, together with monthly attendance at the ICT Think Tank and Digital Council.

We have now started using Facebook Business Manager to help manage Facebook administration and will bring all Council pages into one central location over time.

People and Capability

Our korero - Organisation survey

Our korero is a business survey looking at our progress in our new way of working. The survey questions are specifically written for local government organisations. The benchmark is made up of data from 1700 participants from eight other councils.

Participation

89% of our staff participated in the survey. This is a very high rate, the industry benchmark is 74%. We are really pleased with this, it means that people are keen to have their say on how we are doing and the results are reflective of the views of most of our people, not just a few.

Main findings

Our highest scores related to people in their roles, their managers' behaviours and Health and Safety.

Our lowest scores related to remuneration, obtaining information from systems and resourcing.

When compared to the benchmark we did well in the areas of manager communication and behaviours. Areas for improvement in relation to the benchmark were training and development, defining roles and responsibilities and developing clear strategy for the organisation.

Organisation scores

Overall Survey Score - WDC	62%
Benchmark Score	63%
Overall People Score - WDC	63%
Benchmark People Score	66%

Awards

We have recently entered three of our initiatives for awards:

- SOLGM Local Government Excellence Awards - Capability Group Award for Innovation in Organisation and People Development – *Councils growing together – achieving more for Northland*
- Safeguard – Health and Safety Rep Excellence Award – *Judith Collett our brilliant Rooding H&S Rep*
- Safeguard – Organisation Award – *Cultural Supervisors Sitesafe initiative.*

New Employees, Transfers, Vacant Positions and Leavers

New Employees/Transfers	Name	Start Date
Senior Building Control Officer	Paul Tomlinson	12-Mar-18
Property Assessment Officer	Lee Wood	19-Mar-18
Water Treatment Technician	Shaun Marais	19-Mar-18
Building Control Development Coordinator	Les Smith	26-Mar-18
Collections Officer	Jennylyn Carlos	26-Mar-18
Non-Fiction Librarian	Matthew Pastula	2-Apr-18
Project Engineer – Waste & Drainage	Judith Ellensohn	3-Apr-18
Roles filled and waiting to start	Name	Start Date
Water Treatment Technician	Shane Gebhardt	TBA
Team Leader – Infrastructure Planning	Sarah Irwin	TBA
Roles not yet filled	Status	
Data Warehouse Administrator	Advertising	
Team Leader – RMA Consents	Readvertising	
Manager - Health & Bylaws	Readvertising	
District Plan Planner	Readvertising	
Systems Engineer	Shortlisting	
Manager – Democracy & Assurance	Shortlisting	
Community Development Adviser	Shortlisting	
Support Assistant – Building Inspections	Shortlisting	
Business Analyst	Shortlisting	
Traffic Engineer – NTA	Shortlisting	
Senior Project Engineer – NTA	Shortlisting	
Building Control Officers	Shortlisting	
Project Engineer (Fixed Term - 12 Months)	Interviewing	
Building Approvals & Compliance Officer	Interviewing	
Team Leader – Infrastructure Support & Contract Payments	Interviewing	
GM – Strategy & Democracy	Interviewing	
Team Leader – Infrastructure Planning	Offered	
Team Leader – Development Engineering	Under review	
Water Treatment Coordinator	Under review	
Team Leader – Rates	Under review	
Leavers		
Deb Martin	Support Assistant – Health & Bylaws	
Jvana Paraku	Cadet – Building Control	
Jason Marris	Manager – Democracy & Assurance	

Democracy and Assurance

The updated Elected Member's Code of Conduct was adopted at the March Council meeting.

The Democracy Team supported ten Council and Committee meetings and briefings and one District Licensing Committee public hearing. Additionally, 31 liquor licence applications were determined by the Chair of the District Licensing Committee.

Official information requests

25 new official information requests have been received since March 2018. This brings to 62 the total number of requests received since the beginning of the year, many of which have been complex in nature and contain multiple questions. This figure represents close to half the number of requests received for the whole of 2017. The following is a summary of the March requests:

- All decisions and plan changes made in the last 10 years affecting three specified properties.
- Three separate requests for a detailed breakdown of average costs associated with applying for residential and commercial building consents respectively.
- Four separate requests for a range of information relating to a complaint made to council by the requestor.
- A range of information relating to pedestrian access on Hatea Drive.
- A range of information relating to dog safety education provided by Council in Whangarei.
- Various detailed questions relating to dog related complaints for a specified address.
- Five separate requests raising a range of questions in relation to Council's approach to dust mitigation and sealing with reference to Wright Road.
- A range of information relating to a decision not to notify a resource consent application.
- The financial information and minutes of the Tutukaka Marina Trust
- Parking ticket data for 2017 in relation to parking on footpaths and invalid vehicle registrations.
- Details of statutory provisions allowing certain types of signage as a permitted activity.
- All information relating to building and dog related complaints made in relation to a specified property since December 2017
- All information relating to licence to occupy arrangements, building and resource consents and council decisions for specified properties at Whananaki beach.
- Details of all noise related complaints for a specified property for the last two years.
- Details of all complaints for a specified property since December 2017.
- Details of all complaints for a specified property since August 2017.

Audit and Risk

The first round of risk reporting was presented to the Audit and Risk Committee at the March meeting. This was a change in reporting style to consider risks across the organisation as well as highlight strategic risks to Council.

The first internal audit for this year (2018) is underway with a review of the procurement process. The report for this audit will be available to the June Audit and Risk Committee.

The updated Fraud and Whistleblower policy was presented to the March Audit and Risk Committee. This has been approved and is being communicated to staff.

Consultation and Engagement

The Long Term Plan public consultation meetings and engagement activities are nearly complete. The traditional hearings, held in council chambers, are being programmed for Friday 20 April. We have run 16 public meetings, two information stands at the Growers Market, four promotional visits to work sites and a Have Your Say event. We have distributed over 600 Consultation Documents. With submissions closing Sunday 8 April we have approximately 530 submissions at this stage and are still processing more.

Over 50 staff from all areas of the organisation assisted with these engagement activities.

Maori Liaison and Development

Treaty of Waitangi Settlements

Minister Little is hoping for a quick resolution and both Tūhoronuku (TŪH) and Te Kotahitanga (TKT) are wanting to navigate a successful pathway for Treaty of Waitangi settlements for Ngapuhi.

A proposed pathway to settlement yet to be agreed advised of a one Post Settlement Governance Entity (PSGE) sitting in 5 regions with a separate collective for commercial redress.

Collectively TŪH and TKT are adamant not see the next generation having to deal with Treaty issues.

Crown Māori Relationships Consultation Hui

There were two opportunities in Te Tai Tokerau to share your whakaaro, kanohi ki te kanohi, with the Minister for Crown/Māori Relations, the Honourable Kelvin Davis. Whangarei hosted a hui on Sunday 8 April 2018, 11am at Terenga Paraoa marae.

The government is seeking views on how to rejuvenate the Crown/Māori relationship and finalise the scope and priorities of the Crown/Māori Relations portfolio with input from the Māori communities and various other government agencies.

Terenga Paraoa marae was at full capacity and the attendees were in full voice with suggestions to Minister Davis. Due to demand another hui was organised for Friday 13 April 2018 to be hosted in the mid north.

Māori Relationships Department

The Māori Relationships Department has been very active providing cultural advice with numerous departments within the organisation on the following matters:

- Te Reo also incorporating Te Wiki o Te Reo Māori
- Treaty of Waitangi training
- Cultural awareness training
- Matariki whanau event
- Māori tourism initiative.

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.