

## Finance and Corporate Committee Agenda

**Date:** Thursday, 26 July, 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.

<b>1. Declarations of Interest</b>	
<b>2. Apologies</b>	
<b>3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting</b>	
3.1 Minutes Finance and Corporate Committee 28 June 2018	3
<b>4. Decision Reports</b>	
4.1 Local Government Funding Agency - Statement of Intent 2018-2019	7
<b>5. Information Reports</b>	
5.1 Financial Report for the 12 months ending 30 June 2018	25
5.2 Operational Report Finance and Corporate July 2018	29
<b>6. Public Excluded Business</b>	
<b>7. Closure of Meeting</b>	

## Finance and Corporate Committee – Terms of Reference

### Membership

**Chairperson:** Councillor Shelley Deeming

**Members:** Her Worship the Mayor Sheryl Mai  
Councillors Stu Bell, 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, 28 June, 2018  
**Time:** 9:00 a.m.  
**Location:** Council Chamber  
Forum North, Rust Avenue  
Whangarei

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

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**1. Declaration of Interest**

Item 4.3 – Northland Regional Landfill Partnership – Statement of Intent

**2. Apology**

Cr Gavin Benney (Absent)

**Moved By** Cr Greg Martin

**Seconded By** Cr Vince Cocurullo

That the apology be sustained.

**Carried**

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

#### **3.1 Minutes Finance and Corporate Committee 31 May 2018**

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Sharon Morgan

That the minutes of the Finance and Corporate Committee meeting held on Thursday 31 May 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**

*Item 5.1 was taken after Item 3.1.*

### **4. Decision Reports**

#### **4.1 Whangarei Art Museum Trust - Statement of Intent 2018 - 2019**

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Greg Innes

That the Finance and Corporate Committee receives the 2018 - 2019 Statement of Intent for the Whangarei Art Museum Trust.

**Carried**

#### **4.2 Whangarei District Airport Statement of Intent 2018-19**

**Moved By** Cr Sue Glen

**Seconded By** Cr Cherry Hermon

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

**Carried**

#### **4.3 Northland Regional Landfill Limited Partnership - Statement of Intent 2018-2019**

Subsequent to the agenda being circulated supplementary agenda Item 4.3.1, an amended Statement of Intent, was distributed separately within the timeframe specified in the agenda.

**Moved By** Cr Vince Cocurullo

**Seconded By** Cr Crichton Christie

That the Finance and Corporate Committee receives the amended 2018 - 2019 Statement of Intent for Northland Regional Landfill Limited Partnership (NRLLP).

**Carried**

*Declaration of Interest:*

*Cr Martin and Alan Adcock (GM Corporate) as directors of the Northland Regional Landfill Limited Partnership.*

## **5. Information Reports**

### **5.1 Financial Report for the 11 months ending 31 May 2018**

**Moved By** Her Worship the Mayor

**Seconded By** Cr Greg Innes

That the Finance and Corporate Committee notes the operating results for the eleven months ending 31 May 2018.

**Carried**

*Item 4.1 was taken after item 5.1.*

### **5.2 Corporate Capital Projects Report for the month ending 31 May 2018**

**Moved By** Cr Sue Glen

**Seconded By** Cr Greg Innes

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

**Carried**

### **5.3 Operational Report - Finance and Corporate - June 2018**

**Moved By** Cr Greg Innes

**Seconded By** Cr Greg Martin

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

**Carried**

## **6. Public Excluded Business**

There was no business conducted in public excluded.

**7. Closure of Meeting**

The meeting concluded at 9.47am.

Confirmed this 26<sup>th</sup> day of July 2018

Cr Shelley Deeming (Chairperson)



## 4.1 Local Government Funding Agency – Statement of Intent 2018-2019

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 26 July 2018  
**Reporting officer:** Nicolene Pestana

### 1 Purpose

To provide the Statement of Intent (SOI) for the Local Government Funding Agency (LGFA).

### 2 Recommendation/s

That the Finance and Corporate Committee agrees with the 2018-2019 Statement of Intent for the Local Government Funding Agency.

### 3 Background

Section 64 of the Local Government Act (2002) advises that Council Controlled Organisations (CCO's) must have a Statement of Intent. The draft SOI for LGFA was presented to this committee at its meeting on 29 March 2018.

The final SOI for the LGFA, of which Council has a shareholding, is attached. This document meets the obligations of Section 64, Schedule 8. Clause 9 (Contents of the Statement of Intent) in the Local Government Act (2002). The LGFA covering letter to shareholders is also attached.

This SOI was scheduled to be presented at the June Finance and Corporate Committee meeting, but was unfortunately not received in time.

### 4 Significance and engagement

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

### 5 Attachments

1. LGFA Statement of Intent 2018-2019
2. LGFA letter to shareholders dated 22 June 2018





## Statement of Intent 2018/19

### 1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

### 2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

### 3. Objectives

#### Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

#### Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

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

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and endeavour to visit each Participating Local Authority on an annual basis;
- LGFA will analyse finances at the Council group level where appropriate;
- LGFA will review its debt covenant methodology and assessment of council financial position at group vs parent. LGFA will present its findings to councils at the LGFA Shareholder-Borrower Day, including a comparison of LGFA methodology to that of the credit rating agencies;
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues; and
- LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

### **Additional objectives**

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
- Meet or exceed the Performance Targets outlined in section 5; and
- Comply with its Treasury Policy, as approved by the Board.

#### 4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2021 are:

<b>FINANCIAL YEAR (\$M)</b>	<b>SOI FINAL</b>		
<b>Comprehensive income</b>	<b>Jun-19</b>	<b>Jun-20</b>	<b>Jun-21</b>
Interest income	230.7	232.9	250.1
Interest expense	212.1	215.9	228.9
<b>Net Interest income</b>	<b>18.6</b>	<b>17.0</b>	<b>21.2</b>
Issuance and on-lending costs	2.3	2.4	2.4
Approved Issuer Levy	2.1	1.6	1.6
Operating expenses	3.3	3.4	3.6
<b>Issuance and operating expenses</b>	<b>7.7</b>	<b>7.4</b>	<b>7.5</b>
<b>P&amp;L</b>	<b>10.9</b>	<b>9.6</b>	<b>13.7</b>

<b>Financial position (\$m)</b>	<b>Jun-19</b>	<b>Jun-20</b>	<b>Jun-21</b>
Capital	25.0	25.0	25.0
Retained earnings	49.2	57.5	69.7
Total equity	74.2	82.5	94.7
Shareholder funds + borrower notes / Total assets	2.4%	2.5%	2.6%
Dividend provision	1.4	1.5	1.5
Total assets (nominal)	8,345.9	8,616.6	8,606.4
Total LG loans - short term (nominal)	325.0	325.0	325.0
Total LG loans (nominal)	7,724.0	8,095.5	7,860.8
Total bills (nominal)	378.3	370.0	370.0
Total bonds (nominal) ex tsy stock	7,799.0	7,939.0	7,929.0
Total borrower notes (nominal)	123.6	129.5	125.8

Note that there is some forecast uncertainty around the timing of Net Interest Income, Profit and Loss, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their March 2019, April 2020 and May 2021 loans. LGFA will work with council borrowers to reduce this uncertainty.

## 5. Performance targets

LGFA has the following performance targets:

- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:
  - 30 June 2019 will be no more than 0.10%.
  - 30 June 2020 will be no more than 0.10%.
  - 30 June 2021 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
  - 30 June 2019 will be less than \$5.67 million.
  - 30 June 2020 will be less than \$5.80 million.
  - 30 June 2021 will be less than \$5.94 million.
- Total lending to Participating Local Authorities<sup>1</sup> at:
  - 30 June 2019 will be at least \$8,105 million.
  - 30 June 2020 will be at least \$8,477 million.
  - 30 June 2021 will be at least \$8,242 million.
- Savings on borrowing costs for council borrowers:
  - LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

## 6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

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<sup>1</sup> Subject to the forecasting uncertainty noted previously

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

## **7. Governance**

### **Board**

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice<sup>2</sup> with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no fewer than 6 times each year.

### **Shareholders' Council**

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

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<sup>2</sup> Best practice as per NZX and Institute of Directors guidelines



## **8. Information to be provided to Shareholders**

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

### **Annual Report**

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

### **Half Yearly Report**

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

### **Quarterly Report**

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.

- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

### **Statement of Intent**

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

### **Shareholder Meetings**

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

## **9. Acquisition/divestment policy**

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

## **10. Activities for which compensation is sought from Shareholders**

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

## **11. Commercial value of Shareholder's investment**

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be

to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

## **12. Accounting policies**

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

**The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2017 (updated where necessary).**

### **ATTACHMENT: Statement of accounting policies**

#### **a. Reporting Entity**

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

#### **b. Statement of Compliance**

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

## **c. Basis of Preparation**

### **Measurement base**

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

### **Foreign currency conversions**

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

### **Changes in accounting policies**

There have been no changes in accounting policies.

### **Early adoption standards and interpretations**

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

### **Standards not yet adopted**

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows:

NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

## **d. Financial instruments**

### **Financial assets**

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence

demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

### **Financial liabilities**

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

### **Derivatives**

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

### **Fair value hedge**

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

### **e. Other assets**

#### **Property, plant and equipment (PPE)**

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

### **Intangible Assets**

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

### **f) Other liabilities**

#### **Employee entitlements**

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

### **g) Revenue and expenses**

#### **Revenue**

#### **Interest income**

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

### **Expenses**

Expenses are recognised in the period to which they relate.

### **Interest expense**

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

### **Income tax**

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

### **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.

#### **h. Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### **i. Segment reporting**

LGFA operates in one segment being funding of participating local authorities in New Zealand.

#### **j. Judgements and estimations**

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.





22 June 2018

Dear Shareholder

### **Statement of Intent 2018/19**

Please find attached the Statement of Intent (SOI) for the 2018/19 year.

LGFA remains focused on delivering strong results for our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2018/19 SOI are worth noting

- The SOI performance targets are similar to the previous year's targets.
- There remains some uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding as this depends upon the timing of council borrowing. We are uncertain what impact the other infrastructure initiatives announced by Central Government will have on those eligible council's borrowing requirements over the forecast period. Because of these uncertainties, we have adopted a conservative approach to forecasting council borrowing demand.
- The timing and amount of refinancing of council loans maturing in March 2019 and the associated repayment of the LGFA March 2019 bonds might also have an impact on the SOI forecasts.
- We have standardised the base on-lending margin to 10 bps (0.10%) regardless of the term of borrowing. The previous on-lending margin was between 9 bps and 11 bps depending upon the loan term.
- LGFA will be undertaking a review of its debt covenant methodology and assessment of council financial position at group vs parent. LGFA will present these findings to councils at our LGFA Shareholder-Borrower Day on 24<sup>th</sup> July 2018.

The changes made to the Final SOI compared to the Draft SOI that you received in February 2018 for comment have been

- Net interest income has increased by \$140,000 in the 2018/19 year reflecting a higher level of assets (\$175 million) as the starting position.
- Expenses have increased by \$82,000 for the 2018/19 year reflecting savings from a lower forecast utilisation of the DMO standby facility but offset by increased legal, regulatory and personnel costs. These forecast legal costs are higher due to an increase in the number of councils joining LGFA and an increase in short-term borrowing activity. Personnel costs are higher than the Draft SOI forecast as we look to increase our headcount by one (to seven) reflecting the growing number of LGFA member councils and investor activity.

We can provide you with a tracked change version of the Draft and Final SOI documents if you wish.

Please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely



Mark Butcher  
Chief Executive

## 5.1 Financial Report for the 12 months ending 30 June 2018

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

### 1 Purpose

To provide the operating results for the twelve months ending 30 June 2018.

### 2 Recommendation

That the Finance and Corporate Committee notes the operating results for the twelve months ending 30 June 2018.

### 3 Background

#### Operating Result

The usual monthly financial report for the period ending 30 June 2018 has not been prepared.

Following the end of the financial year on 30 June a number of non-cash and year end adjustments need to be made which are still being worked on. These will be completed as part of the year end process and an updated full year operating financial report will be provided to Council as part of the August 2018 Finance and Corporate Committee agenda.

#### Capital Project Expenditure

Capital expenditure has not been included in this agenda. Year end accruals cannot be completed until after the 20 July payment run has been processed. Accruals are required in order to accurately capture all capital expenditure relating to the year ended 30 June 2018.

A final capital expenditure report, including revised carry forwards will be provided as part of the August 2018 Council meeting agenda.

#### External Net Debt and Treasury

Total net external debt at the end of June 2018 was \$112.6 million compared to year to date revised budgeted net debt of \$140.1 million, resulting in net debt being \$27.5 million under budget.

## **WDC Treasury Operations**

As at 30 June 2018 cash and term deposits held of \$39.4 million was comprised of:

- \$10.0 million of term deposits relating to prefunding undertaken during June 2018.
- \$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 due to the May rates instalment.
- \$3.4 million of cash on hand.

## **Economic Outlook**

There was no change to the Official Cash Rate (OCR) during June. However, the Reserve Bank indicated it would be prepared to adjust interest rates either up or down if necessary.

Long term US rates remained low during June as trade tensions between the US and China/EU continue to rise. This was offset by slightly stronger than expected manufacturing and labour data.

Long term NZ rates have followed suit, decreasing from 3.08% to 3.00% during June.

## **4 Accounts receivable and arrears**

Total arrears as at 30 June 2018 was \$3.7 million compared to \$3.6 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 Attachment**

Treasury report

# TREASURY REPORT 30 JUNE 2018



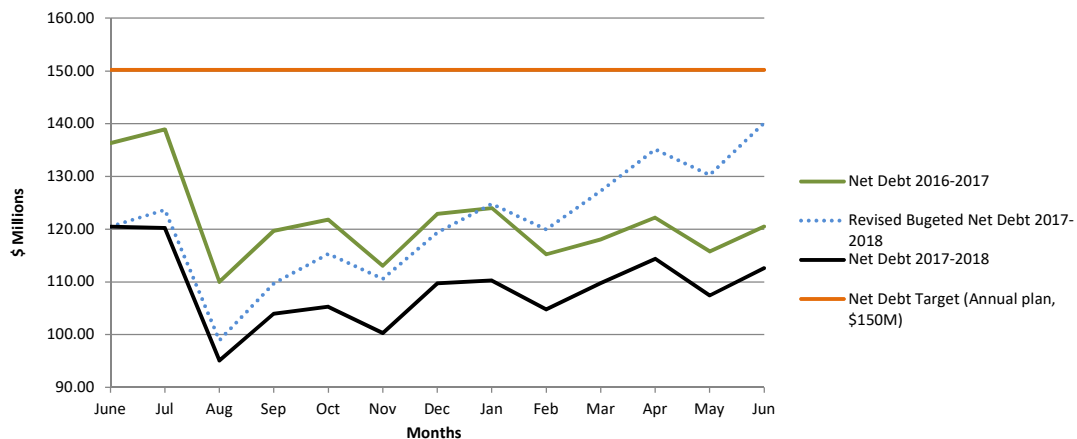
STANDARD AND POORS CREDIT RATING:

AA

Outlook: Stable

**DEBT SUMMARY:****As at 30 June 2018**

External Debt		
Opening public debt as at 1 June 2018		142,000,000
Plus loans raised during month	15,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(5,000,000)	
Net movement in external debt		10,000,000
<b>Total External Debt</b>		<b>152,000,000</b>
Less: Cash balances (excluding funds held on behalf)	3,413,619	
Term deposits (Funds held on deposit until required for project funding)	36,000,000	
Total cash and term deposits		39,413,619
<b>Total Net External Debt</b>		<b>112,586,381</b>
<i>Note: Council also holds \$2.1m 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		29,000,000
1-3 Years		43,000,000
3-5 Years		30,000,000
Greater than 5 Years		50,000,000
<b>Total</b>		<b>152,000,000</b>

**NET EXTERNAL DEBT COMPARED TO BUDGET:**

Internal Funding		
Community Development Funds		10,261,119
Property Reinvestment Reserve - Available for Reinvestment	1,601,701	
Property Reinvestment Reserve - Accumulated	28,793,765	
		30,395,467
Water Reserve		37,367,555
<b>Total</b>		<b>78,024,141</b>

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

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

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

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

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

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



## 5.2 Operational Report – Finance and Corporate – July 2018

**Meeting:** Finance and Corporate Committee  
**Date of meeting:** 26 July 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 July 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 July 2018 and provides some further comment on future planned activities.

### 4 Discussion

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 – July 2018





# Operational Report – Finance and Corporate – July 2018

## Information Communications Technology (ICT)

ICT Teams are working to finalise the end of fiscal year activities and continue to monitor the stability of our systems. This is one of the busiest times of the year for the ICT staff. As the suite of projects ramp up, the project team workloads are also increasing.

### ICT Operations

While service levels for the month of June were ahead of target at 96.3%, the team's workload has increased significantly. This was to be expected as we prepared to update the new rates charges (rates setting) and end of financial year. The backlog of incidents and requests from June has decreased in most areas except the Applications Team.

There were no critical outages experienced during the month. However, we were exposed to a minor data breach via a third-party application provider (Typeform) used to support our heretowhere.co.nz website, with some of the data entered by six respondents who entered their details on our Momentum 2020 form was exposed. They have been all been contacted directly and the vendor has initiated a comprehensive review of their system, which is used by multiple entities globally.

Operational activities include:

- Conducting a third-party security review – planned for October but might be brought forward
- Introducing a cyber training management plan
- Reviewing and managing minor work requests
- Automate Windows10 monthly updates for all Desktop users
- CA Service Desk clean-up to ensure accurate reporting
- Application and Desktop support – business as usual.

We are still awaiting the findings from the annual review by Audit NZ which is part of the Annual Report process, but expect a positive report once more

### ICT Projects

All Trilogy Phase 2 projects are continuing to progress well. The next month will see an increase in programme activity as several projects move to the next stage.

- **Upgrade Technology One to Ci Anywhere** – next software upgrade
  - Design Phase – Teams and Key Business Users continue working through verification sessions to confirm the design of the upgraded system.
- **Corporate Performance Management** – implementation of software to track, trace, monitor manage and report key performance indicators across Council.
  - Execution Phase – Final testing of Phase1 is still in progress and the team are on track for a Go Live of 30 July. This first phase will include the delivery of 2018 – 28 LTP performance measure tracking.
- **Website Platform Redevelopment (Digital Platform)** – Review and re-development of our existing WDC websites

- Design Phase – Design workshops have been scheduled across July – August. These sessions will provide input into scope and implementation plans.
- **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 – a preferred supplier has been selected from the closed request for proposal (RFP) process. Final due diligence is now in progress, targeted to complete in July.
- **Digitisation of Property Files** – Execution Phase
  - Digitisation of Subdivision files is complete. Digitisation of Land Use consent files is in progress.

## Finance

### End of Financial Year

June 30 brings the end of another financial year. The Finance team in conjunction with ICT have performed the necessary processes to 'roll over' and set-up the system ready for a smooth transition into the new financial year.

### LTP

With the LTP adopted, the Finance team will now work with the rest of the business to confirm carry forwards so that the revised budget can be completed and phasing of the budget undertaken.

### Annual Report

Planning and early preparation work for the 2017-18 Annual Report is now in full swing. The Finance team is working through items highlighted by Audit NZ in their audit planning document.

### Purchase to Pay

A work program has been established to address a number of areas for improvement in the purchase to pay process across the business. This is ongoing.

## Revenue

### Land Rates

Maintenance of the rating information database (RID) was prioritised in order to ensure integrity of the district's valuation roll and the rating information database (RID) for 30 June 2018. The roll balanced at year end, allowing the rates can be set for the new rating year.

The rates remission and postponement policies, funding impact statement and rates resolution were all adopted in June

Average property sales per month for the last financial year were 258, with 333 in May and 262 in June. Sales were 14% less than the previous year.

## Water Rates

Details of water rates transactions are as follows:

Water Rates Summary - June							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	\$798,000	\$54,000	\$3,000	\$6,000	\$14,000	-\$26,000	326,000
Transactions (Number)	3,852	3,826	114	149	654	28	1,574
Average (\$)	207.17					- 928.57	

## Collection and Recovery

Land rate arrears at 30 June including the current year and prior years' arrears are:

- \$2,499,000 (June 2017 \$2,246,000)
- Māori Freehold Land comprises \$1,246,000 (June 2017 \$1,244,000) of arrears.

In June, we sent arrears letters to ratepayers informing them that recovery action will follow unless payment or an arrangement to pay is made.

Over the year direct debit payments increased almost 1,500 (7%).

Land Rates Arrears 30 June 2018						
	\$			Number of Properties		
Arrears analysed amount outstanding	<\$2000	\$2000-\$5000	>\$5000	<\$2000	\$2000-\$5000	>\$5000
No Mortgage	175,000	94,000	104,000	566	29	11
Mortgage	168,000	85,000	57,000	144	36	4
Arrangement	234,000	93,000	242,000	487	32	15
Arrangement MFL	8,000	62,000	174,000	8	16	22
Maori Freehold Land	26,000	66,000	910,000	24	19	74
Other	-	-	-	-	-	-
<b>Total</b>	<b>611,000</b>	<b>400,000</b>	<b>1,487,000</b>	<b>1,229</b>	<b>132</b>	<b>126</b>

Water rates arrears are \$325,000 (1,574 debtors), with \$124,000 (751 debtors) being 90 days or more.

Sundry debtors' arrears are \$277,000 with \$101,000 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 top initiatives.

**Reviewing the Building Control Department processes and systems end-to-end** starting with the Building Consents process (and focusing 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 Made:

- The entire Building Consent process has been documented after workshops with representatives from all stages.
- An Options Analysis document has been produced specifying all known issues and suggestions for hardware, software and process improvements and automation.
- The requirements were documented and reviewed by each department involved prior to the Options analysis being produced. The Options Analysis document has since been reviewed again by Customer Services Representatives, Building Control Officers and PIM/LIM teams.
- The Building Control Leadership team have prioritised their requirements in preparation for the upcoming TechOne Verification workshop.
- Building Control have held a TechOne Verification workshop held on 27 June 2018 with representatives from all stages. This workshop covered the existing features that the Tech One Building Control Model offers. As WDC is an early adopter of the TechOne Building Consents module, we have an opportunity to influence what is included in the go-live version.
- We were therefore able to specify additional functionality and workflows that we would like to see included, in relation to our earlier prioritisation session.

#### Current/Next steps:

- This functionality will be documented by Tech One who will make further investigations and endeavour to include as many of these requirements as possible for the live release in approximately September 2019.
- It was acknowledged that Building Control has many additional features that it would like to see included. Most of these have already been documented in the Options Analysis Document.
- Document all other areas of Building Control. Quick wins to be agreed and implemented, and requirements to be documented.

## Business Support

### Information Management

#### Kete Environment

The ICT Operations team and Information Management (IM) are looking at the relationship with Information Leadership, the vendor behind our implementation of Kete. Initial discussions have been held and we are waiting for a response with items we see as being critical to the success of our future IM environment:

- A Roadmap that will determine the future developments in SharePoint.
- The development of a user group for all Councils on the Information Leadership product.
- Business improvement opportunities to manage requests, future developments and issues.
- Potential for the provision of Records Management as a Service (specifically in relation to reporting and management of the backend) to free up IM staff to get out into the business more.
- Proposal for a full post go-live review.

The lack of understanding in the organisation around the original Kete framework often results in additional workarounds, so in preparation for a post go-live review, we are hosting workshops to increase the understanding of this and mitigate any risk to the future management of the public records.

We are looking at improvements to the management of digital imagery for the Communications team, specifically for the information assets that cannot be saved in Kete. A controlled space that is compliant with the Public Records Act will be established for these assets.

### **Archives and Physical File Management**

The lease of our archives space at Walton Plaza is due to expire early 2019, and as such has sparked a review of the overall management of archival spaces.

The development of a strategy will include:

- Options for ongoing archives space management considering all factors including a new civic centre.
- Aligning any changes in archives to projects on vital and protected records recognised as a gap in our compliance.
- Initiating physical file retention and disposal as part of the work.

Our archives hold significant items that are of historic value both to us as a Council as well as the wider community including researchers. The implementation of this strategy will go a long way to ensure these items are safe and discoverable as public records.

### **Procurement**

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

The final report for the internal audit of Procurement processes has been reviewed by the Audit and Risk Committee and the final iterations of the Procurement Policy have been circulated for comment.

Procurement is in progress for:

- Civic Cleaning Services
- Security
- Towing Services
- Pensioner Housing
- Events Strategy Consultant

## Property Assets

### Civic Buildings

- Civic Cleaning Contract – Requests for Proposal have been evaluated and workshops have been conducted with the preferred supplier
- Kamo Library Re-roof project has been awarded to Guyco.
- Security Guard and Alarm Monitoring – Registration of Interest is about to be released. Work has been completed on the site specifications and finalising the document internally. Procurement of this service will be handled in-house and not outsourced to Council's external consultant. Included in this contract for the first time – opening and closing of public toilets, parks gates, clearing of all parking machines and physical banking collections from our public facing spaces.

### Fleet

- The 18/19 fleet capital budget will be reviewed to determine the priorities for the business in the current financial year. SLT will be requested to review the vehicle register, focussing in particular, with those vehicles we are holding that are outside Council's vehicle policy for replacement, alongside the new requests in the business. For example, Building Control have requested an additional new vehicle for a new appointment.
- Council has made a commitment to reducing carbon emissions and replacing petrol vehicles with electric vehicles as indicated by the needs of the business and as the capital budget allows. We are currently also trialling two electric bikes for staff to use for short journeys around Whangarei. The electric vehicle (EV) landscape is evolving rapidly and we are ensuring to do due diligence before making recommendations to Council on the long term approach to utilising EV's for Council business and returning a policy for adoption. As a part of our due diligence we are exploring a leased EV model introduced in Christchurch City by a consortium of 12 organisations.

### Lease/Asset Management

- Work is nearing completion on finalising the annual on-charging for Council's commercial tenants for outgoings such as rates and power.

## Communications

### Digital Council

As we move more Council services and processes into the digital space we need to introduce some operational oversight and governance to ensure consistency, alignment, data management and integration. A cross-organisational 'Digital Council' working group has been established to provide this.

A draft *Workplan* and *Terms of Reference* is ready for review. Once agreed, the Workplan will allow Council to scope and plan digital governance across the business for the next 12 months.

We are also highly active in supporting digital activities across the business with several of our key staff assigned to supporting the ICT department as Key Business Users over the coming months, together with regular management input at CiA, Trilogy, ICT Think Tank, Digital Platform project and Digital Platform Steering Committee meetings.

## Graphics and Communications

We handled weekly Council News production together with the usual communications and marketing content production service requests from within Council. Other campaigns worked on across the team included producing publicity for and promoting Matariki Whanau Day, Urban Plan and Services pre-consultation, Representation Review pre-consultation, and the *Walking and Cycling Strategy*. We have been finalising the training programme for the Image Library on Kete, which will eventually allow all staff to search and access digital images from any part of the organisation – rather than the current system that few users can access.

We are customising a series of short animated videos from Guru Digital that show Council building processes in an easily understood and engaging way. Once complete these will be able to be shared with our community on our social media and website platforms.

The Graphics department has also produced the Fees and Charges booklet and Capital Projects document.

A planned 'Let Us Know' campaign that encourages customers to let us know when they see a problem e.g blocked drains, a broken street light or litter is on hold until spring when contractors and staff are better placed to deal with increased calls.

## Internal Communications

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

## Long Term Plan

Production of the Long Term Plan is complete after some intense editing and graphical layout hours over June. Publicity for the adoption of the LTP has included news releases, social media posts, website articles and we are currently finalising a rates insert to go to all ratepayers this month highlighting the key points of this LTP.

## Mayoral communications

We researched and wrote speeches for the Mayor and Deputy Mayor, plus crafted the fortnightly Whangarei Report column. We also managed communications for the Mayor's office including letters of complaint, congratulations, thanks, 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 June:

- QSM for Richard Shepherd
- Member of Order of NZ for Disability Advisory Group chair Jonny Wilkinson
- storm damage
- annual residents' survey
- Helmsdale Road condition
- Waipu flooding
- Ruakaka skate park vandalism
- Shearwater Street playground
- Free native plants available
- debate over civic centre

- Hundertwasser funding
- Hundertwasser project commences
- Northtec art students exhibiting in public places
- Mair's Landing used for outdoor learning
- public feedback sought for district's representation
- location sought for day shelter for homeless
- housing on Puriri Park
- Australian interest in Quarry Gardens
- SH1 safety poles
- speed zones to be reduced at State Highway intersections
- minor sewer spill at Woods Road
- Maori cultural tourism guide launched
- repairs for weak pile at Town Basin
- pipe failure causes sewer to flow into Hatea river
- dogs in kiwi zone
- storm damage
- Wrack Street intersection closed for shared path works
- cheap city parking
- household tsunami sirens
- Otangarei Matariki celebration includes new playground
- court rules against Council in leaky homes case
- Tikipunga resident picks up litter
- Camera Obscura funding applications declined
- 4.3% rate increase for next decade
- Matariki Festival
- most dangerous roads
- high vacancy rate in CBD
- flooding in Roger Hall Memorial Park
- census information unavailable for WDC representation review
- One Tree Point Road litter clean-up
- flood dam proves value in storing storm water
- new location for Dali mural
- Dent/Walton street traffic lights out after damage to pole and control box
- Matariki Festival, 2018 LTP adopted by Council
- rural plan change
- safer State Highway intersections
- plan sets rate increases for next decade
- Otangarei playground opened during Matariki event
- Wright Road sealing
- special Council meeting for code of conduct complaint.

The following topics were raised in Letters to the Editor (Northern Advocate):

- Council spending
- HWM response
- Hundertwasser figures
- Swimming pool compliance
- Bascule Park puddle
- lack of pedestrian crossings on Hatea Drive
- Puriri Park
- praise for contractor working on Kent Road water main replacement
- rates
- demolishing NRC building for Hundertwasser
- flood protection



- apology for previous letter to editor
- Hundertwasser funding
- Hundertwasser costs
- uneven paths at Hundertwasser
- call for more events like Matariki Festival
- parking charges
- letter from Cr Glen re positive news item.

## Website and social media

Social media during the recent wet weather and flooding was successful in reaching many in our community. A post on 21 June showing road closures reached 19,557 people. Our Facebook publicity for the draft Walking and Cycling Strategy is continuing but has already gathered lots of interest from the community (final engagement figures still to come).

We are 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.

Our social media and website activity includes the following:

- WhangareiNZ.com – attractions, accommodation and event information is updated approximately three times weekly; plus fresh content is created, published and refreshed bi-weekly
- Facebook / Whangarei:LoveltHere – posts made daily through the week and some weekends
- Facebook WDC & Twitter – share fresh stories weekly and post relevant news topics/events daily
- Neighbourly – link to website stories
- Instagram / WhangareiNZ – mostly destination marketing posts made daily
- main website – fresh news stories to our Latest news weekly.

## People and Capability

We have hit the middle of the year at pace! People are busy finalising financials, learning the new LTP requirements, reviewing the past year and planning for the year ahead.

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

New Employees/Transfers	Name	Start Date
Building Control Officer	Riki Comins	5-Jun-18
Traffic Engineer - NTA	Zander Cutang	18-Jun-18
Swimming Pool Administrator (Fixed Term)	Lanieta Ramacake	18-Jun-18
Swimming Pool Inspector (Fixed Term)	Judy Field	18-Jun-18
Community Development Adviser	Jacki Cooper	25-Jun-18
Team Leader – Infrastructure Support & Contract Payments	Zana Mellor	25-Jun-18
Roles filled and waiting to start	Name	Start Date
Swimming Pool Inspector (Fixed Term)	Holly Hetaraka	2-Jul-18
Customer Services Representative	Iliseva Gaunio	2-Jul-18
Sector Lead Government	Jill McPherson	2-Jul-18
Building Control Officer	Sam Nobes	9-Jul-18
Team Leader – Environmental Health	Tamsin Sutherland	9-Jul-18
Roading Corridor Assistant	Liz Newson	16-Jul-18
Roading Projects Engineer – NTA	Jon Wyeth	16-Jul-18

Business Analyst	Trish Mathews	16-Jul-18
Team Leader – Development Engineering	Kathryn O'Reilly	TBA
<b>Roles not yet filled</b>	<b>Status</b>	
Senior Project Engineer – Pavements (NTA)	Advertising	
Roading Project Engineer	Advertising	
Community Development Adviser	Advertising	
Graduate Accountant	Advertising	
Senior Management Accountant	Advertising	
Support Assistant – Building Inspections	Advertising	
Capital Project Accountant	Advertising	
Systems Engineer	Readvertising	
Team Leader – Revenue	Readvertising	
Water Treatment Coordinator	Readvertising	
Laboratory Technician	Shortlisting	
Team Leader – Operations (Venues & Events)	Shortlisting	
Manager – Democracy & Assurance	Shortlisting	
Senior Planner – RMA Consents	Shortlisting	
District Plan Planner	Shortlisting	
Democracy Adviser (part time)	Shortlisting	
Data Analyst	Shortlisting	
Manager – Finance	Shortlisting	
Manager – Infrastructure Development	Shortlisting	
Project Manager	Shortlisting	
Data Warehouse Administrator	Shortlisting	
Rates Rebates Administrators (Fixed Term)	Under offer	
Team Leader – Environmental Health	Offered	
Customer Services Representative (2)	1 offered, 1 fixed term remaining	
Building Control Officer	Offered	
Roading Corridor Assistant	Offered	
Swimming Pool Inspectors (Fixed Term)	Offered	
Team Leader – Development Engineering	Offered	
Bibliographic Services Librarian	Reviewing	
<b>Leavers</b>		
Dean Alsop	Laboratory Technician	
Hsi-En Soo	Democracy Adviser	
Yvonne Connop	Serials Librarian	
Nicole Butturini	Management Accountant	
Kevin Barry	Roading Projects Engineer	
Jo Wheat-Connelly	Manager - ICT	
Bronwyn Jeeves	Senior Management Accountant	

## Democracy and Assurance

The Democracy Team supported eight Council and Committee meetings and briefings. Twenty-nine liquor licence applications were processed for determination by the Chair of the District Licensing Committee and the Democracy Team supported one District Licence Public Hearing.

### Official information requests

Thirty five official information requests were received by Council in the last month. The following is a summary of the June/July requests:

- Time series data of the area within the Whangarei District boundaries that is covered in indigenous vegetation and retrospective data at decade intervals.
- Name and postal address data for Glendale Road.

- All information held by Council relating to the Provincial Growth Fund.
- Four separate requests for noise related data for specified addresses.
- A series of questions relating to the disposal of Council buildings and land over the last five years.
- De-prioritisation of Wright Rd sealing from the Long-Term Plan.
- Information relating to heritage trees in the Whangarei District and applicable planning rules.
- The names of officers responsible for delivering an infringement fine.
- All information relating to the disposal of a property within council's commercial portfolio.
- Various questions regarding parking and access in the Town Basin near the Hundertwasser site.
- The number of permits issued for diesel heaters between 1 April 2017 and 31 March 2018.
- Any photographs held on file relating to a potential animal welfare prosecution.
- Information relating to council's current menacing dogs classification programme.
- Various questions relating to Wright Rd sealing and the cost of producing the Long Term Plan.
- Correspondence relating to an Ombudsman investigation.
- Records of Council sewage spills since 2013.
- An urgent request for building consent related records for a specified address.
- Historical records of rates payments for a specific address.
- A copy of the 1995 Coastal Structures Policy approved by council on 22 November 1995.
- The number of incidents of angry, abusive, threatening, or violent behaviour reported at council libraries over the past year and related questions.
- The average residential rates take for the 2018/19 financial year and whether this includes rubbish collection, recycling collection and water charges.
- Two separate requests for debts and/or rates owed to Council by specified companies and individuals.
- Copies of all consents, compliance notices and inspection reports in relation to a specified address.
- Request for copy of all council records relating to a named individual.
- Correspondence relating to a complaint matter.
- Various questions relating to State Highways, NZTA and Roding responsibilities.
- Various questions regarding the Chief Executive's contract and remuneration.
- A follow-up request regarding the Council purchase of a property in Maungakarama in 2009.
- Questions relating to Council's approach to greywater recycling systems.
- Questions relating to Council's investigation of a requestors submission on the 2016/17 Annual Plan.
- Questions relating to employment within Council's library service.

## Audit and Risk

The June Audit and Risk Committee was well attended and prompted good discussion. This aligns with the increase in maturity of risk management across the organisation. Many departments are now using the risk lens as part of their BAU reviews.

Staff continue to monitor insurance and process claims. The insurance renewal process has begun with the first renewal of statutory and employer's liability completed, aviation liability insurance will be next and work has begun on gathering data for the infrastructure (underground asset renewal) as well as for the largest schedule on general assets under the material damage schedule. These are due to be submitted to brokers in the next month.

Project work continues on the two new Kete based registers. These projects will bring the Policy register and the Delegations register to life within the Kete system to allow staff to monitor and

update as changes are required. Ongoing ownership for both registers will sit with the Audit and Risk Analyst, with external policies being managed by the Strategy team.

Staff have also been involved in support for investigation and risk management of several incidents, including project support for the swimming pool audits.

## **Consultation and Engagement**

Letters responding to those that submitted to the Long Term Plan have been sent, mostly by email if provided. The remainder have been posted.

Work is continuing on the development of a Council Consultation Programme. Most teams have provided their upcoming projects over the next three years. Once confirmed, this will be promoted across the organisation and be used to support consultation activities.

The Consultation Toolkit is being developed alongside this programme.

## **Maori Liaison and Development**

Attendance of the National Māori Forum (Te Pae Urungi) was invaluable for understanding consistent issues faced by Māori Relationships and their respective territorial authorities throughout Aotearoa. Bay of Plenty Regional Council hosted the forum in Whakatane on 25-26 June 2018. A healthy turn out by several Council representatives from as far South as the Wakatū region Nelson City Council to Te Tai Hauauru South Taranaki District Council. Ngati Awa in the Bay of Plenty have similar issues to Te Tai Tokerau associated to water, like many kaitiaki they are drawn into the RMA framework as a Treaty Partner with the Crown. They were happy to share their experience and key learnings from a Māori perspective for both Council and Māori.

Two key calendar events for Māori in local government Te Waka Awhina and Te Mātāpuna have been noted for 2018 and 2019 respectively, host Councils are Te Waka Awhina (Kaunihera o Tamaki Makaurau), Te Mātāpuna (Kaunihera o Poneke).

Māori Business Awards 29 June 2018, hosted and coordinated by Te Hiringa Business Promotions was well attended by many Māori organisations and businesses. The Awards evening continues to celebrate Māori Business excellence in Tai Tokerau. Whangarei District Council supported this initiative by sponsoring an award for Best Not for Profit Maori Enterprise category.

Plan Change discussions are scheduled between District Plan staff and Te Huinga on 11 July to work through the District Plan rolling review plan changes (PC88, PC109, PC136 and PC115). The team are also planning to attend Te Kārearea.

Matariki morning tea was well attended by staff at Walton Plaza. This internal initiative has raised an awareness associated to the lunar cluster Matariki. As the region, and indeed the nation, embraces this Māori calendar event, Whangarei District Council similarly has laid the foundation for more Māori events to be recognised.

**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.*