

Finance and Corporate Committee Agenda

Date: Thursday, 30 August, 2018

Time: 9:00 am

Location: Council Chamber
Forum North, Rust Avenue
Whangarei

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

For any queries regarding this meeting please contact
the Whangarei District Council on (09) 430-4200.

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Finance and Corporate Committee – Terms of Reference

Membership

Chairperson: Councillor Shelley Deeming

Members: Her Worship the Mayor Sheryl Mai
Councillors Stu Bell, Gavin Benney, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Sue Glen, Phil Halse, Cherry Hermon, Greg Innes, Greg Martin, Sharon Morgan, Anna Murphy

Meetings: Monthly

Quorum: 7

Purpose:

To oversee Council and CCO's financial management and performance, including operation of the administrative and internal support functions of council.

Key responsibilities include:

- Progress towards achievement of the council's financial objectives as set out in the Long Term Plan.
- Preparation for recommendation to council:
 - Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP)
 - Financial policy related to the LTP and AP
 - Setting of rates
 - Preparation of the consultation document and supporting information, and the consultation process for the LTP and AP
 - Annual Report
- Financial/Planning and Control
 - Corporate accounting services
 - Treasury – debt and interest risk management
 - Procurement
- CCO Monitoring and Performance
 - Monitoring the financial and non-financial performance targets, key performance indicators and other measures of each Council Controlled Organisation (CCO) to inform the committee's judgement about the performance of each organisation.
 - Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs.
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews as required under section 17A of the Local Government Act 2002

- Shared Services – investigate opportunities for Shared Services for recommendation to council.

Delegations

- (i) All powers necessary to perform the committee's responsibilities, including, but not limited to:
 - (a) the approval of expenditure of less than \$5 million plus GST.
 - (b) approval of a submission to an external body.
 - (c) establishment of working parties or steering groups.
 - (d) power to establish subcommittees and to delegate their powers to that subcommittee.
 - (e) the power to adopt the Special Consultative Procedure provided for in Section 83 to 88 of the LGA in respect of matters under its jurisdiction (this allows for setting of fees and bylaw making processes up to but not including adoption).
 - (f) the power to delegate any of its powers to any joint committee established for any relevant purpose under clause 32, Schedule 7 of the Local Government Act 2002

Finance and Corporate Committee Meeting Minutes

Date: Thursday, 26 July, 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
Not in Attendance	Cr Anna Murphy
Scribe	C Brindle (Senior Democracy Adviser)

1. Declarations of Interest**2. Apologies**

Cr Anna Murphy (absent)
Cr Cherry Hermon (late arrival)

Moved By Cr Sue Glen

Seconded By Cr Greg Innes

That the apologies be sustained.

Carried

3. Confirmation of Minutes of Previous Finance and Corporate Committee Meeting**3.1 Minutes Finance and Corporate Committee 28 June 2018**

Moved By Cr Greg Innes
Seconded By Cr Greg Martin

That the minutes of the Finance and Corporate Committee meeting held on Thursday 28 June 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. Decision Reports

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

Moved By Her Worship the Mayor
Seconded By Cr Sue Glen

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

Carried

Noted: Alan Adcock, General Manager – Corporate, has a governance relationship with LGFA as Chair of the LGFA Shareholders' Council.

5. Information Reports

5.1 Financial Report for the 12 months ending 30 June 2018

Moved By Cr Greg Innes
Seconded By Cr Greg Martin

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

Carried

5.2 Operational Report Finance and Corporate July 2018

Moved By Cr Vince Cocurullo
Seconded By Cr Sue Glen

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

Carried

Cr Cherry Hermon joined the meeting at 9.36am during discussion on item 5.2

6. Public Excluded Business

There was no business conducted in public excluded.

7. Closure of Meeting

The meeting concluded at 9.38am.

Confirmed this 30th day of August 2018

Cr Shelley Deeming (Chairperson)

4.1 Council Controlled Organisation Exemptions

Meeting:	Finance and Corporate Committee
Date of meeting:	30 August 2018
Reporting officer:	Dominic Kula (General Manager, Strategy and Democracy) Nicolene Pestana (Acting Manager, Democracy and Assurance)

1 Purpose

To review the exemption status of Springs Flat Contractors Ltd, Whangarei Waste Limited and Northland Events Centre Trust.

2 Recommendations

That the Finance and Corporate Committee;

1. Resolves to exempt Springs Flat Contractors Ltd as an organisation exempted under Section 7 of the Local Government Act 2002 for three years ending 29 August 2021.
2. Resolves to exempt Whangarei Waste Limited as an organisation exempted under Section 7 of the Local Government Act 2002 for three years ending 29 August 2021.
3. Resolves to exempt Northland Events Centre Trust as an organisation exempted under Section 7 of the Local Government Act 2002 for three years ending 29 August 2021.

3 Background

Sections 64 – 70 of the Local Government Act 2002 detail the legislative reporting and auditing requirements of a Council Controlled Organisation (CCO), including the preparation of a Statement of Intent that complies with Clause 9 of Schedule 8. Section 7 of the LGA gives Local Authorities the power to exempt a CCO, by way of resolution, from these reporting requirements.

When considering whether to exempt a CCO, the Local Authority must consider the following:

- The nature and scope of the activities provided by the organisation; and
- The costs and benefits, if the exemption is granted, to the Local Authority, the CCO, and the community.

A Local Authority must review an exemption granted to a CCO every three years and may, at any time, revoke an exemption it has granted.

There are currently three exempt CCO's due for review:

- Springs Flat Contractors Ltd
- Whangarei Waste Limited
- Northland Events Centre Trust

4 Discussion

Springs Flat Contractors Ltd

Springs Flat Contractors Ltd was first exempted by Council on 24 June 2009. The exemption was last reviewed in May 2015. It was resolved not to change the exemption status.

Springs Flat Contractors Ltd is not operating and is retained because the company has tax losses which may be of benefit to Council in the future.

Given the dormant status of the company, it would be of no benefit to council, the CCO or the community for the company to produce an annual Statement of Intent and the compliance costs would not be justified.

It is recommended that no changes be made to the status of Springs Flat Contractors Ltd as an organisation exempted under Section 7 of the Local Government Act 2002.

Whangarei Waste Limited

Whangarei Waste Limited was first exempted by Council on 27 November 2013. The exemption was last reviewed in May 2015. It was resolved not to change the exemption status.

Whangarei Waste Limited has been set up as a general partner for council's Joint Venture Company, Northland Regional Landfill Limited Partnership (NRLLP). Whangarei Waste Limited serves as a legal entity only and does not have any financial transactions passing through its accounts.

Given that the company is a non-trading entity, it would be of no benefit to Council, the CCO or the community for the company to produce an annual Statement of Intent and the compliance costs would not be justified.

It is recommended that no changes be made to the status of Whangarei Waste Limited as an organisation exempted under Section 7 of the Local Government Act 2002.

Northland Events Centre Trust

Northland Events Centre Trust (NECT) was first exempted by Council on 24 July 2013. The exemption was last reviewed in May 2015. It was resolved not to change the exemption status.

The trust was established in 2010 and is a CCO as defined under Section 6 of the LGA by virtue of Council's right to appoint trustees to the board.

The Northland Events Centre Trust runs the Northland Events Centre under a management agreement with Council. Council employs the manager and all staff and provides administrative, IT and financial support to the Trust under this agreement.

NECT and Council staff are in the process of reviewing NEC operations to identify ways in which NEC could operate with an increased commercial focus, possibly more independently of council, but still using the systems and processes available under the management agreement.

Revoking the exemption of NECT is being considered as a way to achieve these objectives. Council would have to consider the CCO is suitable to be exempt from the reporting requirements of the LGA and the impacts and benefits of exemption on the CCO and Council. If Council decides to revoke the exemption, Council would need to identify its expectations of NECT and the high level areas it would expect the CCO's draft SOI to contain. These considerations are part of the ongoing discussions between NECT and Council.

The exemption is currently due to be reviewed, and until the work with NECT has been completed, it is recommended that no changes be made to the status of Northland Events Centre Trust as an organisation exempted under Section 7 of the Local Government Act 2002. However, the LGA provides that an exemption can be revoked at any stage once granted.

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.

5.1 Operating Report for the 12 Months Ending 30 June 2018

Meeting: Finance and Corporate Committee
Date of meeting: 31 August 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating results for the 12 months ending 30 June 2018.

2 Recommendation

That the Finance and Corporate Committee notes the operating results for the 12 months ending 30 June 2018.

3 Background

As advised in the July financial report, this agenda includes a 2017-18 full year interim (pre-audit) financial report.

Staff are progressing through our year-end process. While almost all matters relating to normal operating processes (such as accruals for work done in June but physically paid in July) are complete, staff are still finalising various non-cash International Public Sector Accounting Standards (IPSAS) adjustments. These are required to complete the 2017-18 Annual Report.

To isolate the operating result, the Income Statement includes an additional section at the bottom which provides **draft** year end and non-cash adjustments. Further work needs to be undertaken to finalise these figures, particularly with regards to roading capital expenditure.

Although subject to change and final audit, this information has been included to provide Council with some visibility of the expected Annual Report result.

3.1 Operating Result

The net operating surplus for the 12 months ending 30 June 2018 is currently \$12.9m compared with the Annual Plan operating surplus of \$3.2m, resulting in a favourable variance of \$9.7m.

The \$12.9m operating surplus is comparable with the forecast year end position presented in the May financial report which indicated a surplus of \$15.0m, a difference of \$2.1m.

Vested asset income has been reclassified as a non-cash adjustment within this Income Statement so as not to distort the operating result. In previous monthly reports this has been included within capital income. This accounts for \$2.5m of the variance, leaving a movement of \$0.4m.

The favourable operating surplus variance is due to:

- A \$2.0m favourable variance in Operating Income.
- A \$4.6m favourable variance in Operating Expenditure with the key items being:
 - Personnel costs of \$2.1m less than budget
 - Depreciation of \$2.7m less than budget
 - Other variances within operating expenditure line items which offset each other. Additional analysis will be undertaken at a department level to identify and investigate these variances.
- A \$5.7m favourable variance in Capital Income with the key items being:
 - \$3.3m of additional development contributions
 - \$1.7m of unbudgeted revenue from other capital contributions.
- A \$2.5m unfavourable variance in Capital Grant Expenditure due to the reclassification from CapEx to OpEx and timing of the grant for the Old Harbour Board Building Development project.

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 Income Statement for the year ended 30 June 2018
- 2 Key Indicators for the year ended 30 June 2018



**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

Council Summary	Actual 2017/18 \$000	Annual Plan 2017/18 \$000	Variance 2017/18 \$000
Operating Income			
General Rates	(53,005)	(53,564)	559
Activity Targeted Rates	(25,658)	(25,486)	(171)
Metered water	(13,309)	(13,275)	(34)
User Fees	(21,680)	(21,112)	(568)
Other Income	(5,186)	(4,191)	(996)
Interest Received - Cash Balances	(1,330)	(394)	(936)
Operating Grants & Subsidies	(6,436)	(6,629)	192
Total Operating Income	(126,604)	(124,651)	(1,953)
Operating Expenditure			
Personnel Costs	26,386	28,440	(2,053)
Professional Fees	7,252	4,865	2,387
Repairs and Maintenance	17,089	18,749	(1,660)
Asset Operating Expenditure	5,751	4,872	879
Other Operating Expenditure	29,958	31,097	(1,139)
Depreciation	38,651	41,329	(2,677)
Interest Expense - External Borrowings	7,668	8,009	(341)
Total Operating Expenditure	132,755	137,359	(4,605)
(Surplus)/Deficit from Operations	6,151	12,709	(6,558)
Capital Income			
Capital Subsidies	(13,996)	(13,312)	(684)
Capital Scheme Rates	(33)	(35)	2
Other Capital Contributions	(1,768)	(53)	(1,715)
Development Contributions	(6,339)	(3,028)	(3,312)
Total Capital Income	(22,136)	(16,428)	(5,708)
Capital Grant Expenditure			
Capital grant expenditure	3,067	540	2,528
Total Capital Grants	3,067	540	2,528
(Surplus)/Deficit from Operating Capital	(19,069)	(15,888)	(3,181)
Total (Surplus)/Deficit - Operating result	(12,919)	(3,180)	(9,739)
Year End / Non-cash adjustments			
Found Assets	(3,280)	-	(3,280)
Vested Assets	(10,219)	(2,500)	(7,719)
Swap revaluation	776	-	776
Investment property revaluation	(3,329)	-	(3,329)
Forestry revaluation	(235)	-	(235)
Other non cash adjustments	(546)	-	(546)
Gain on Sale of Assets	(324)	-	(324)
Loss on disposal/sale	4,789	-	4,789
Other provisions	1,500	-	1,500
Prior year adjustments	824	-	824
Total Year End / Non-cash adjustments	(10,043)	(2,500)	(7,543)
Draft (Surplus)/Deficit	(22,961)	(5,680)	(17,282)

**KEY INDICATORS
FOR THE YEAR ENDED JUNE 2018**



	2017/18 Full Year (Surplus)/ Deficit \$ m	2017/18 Annual Plan (Surplus)/ Deficit \$ m	2017/18 Variance (Surplus)/ Deficit \$ m	2017/18 Full Year Indicator
OPERATING				
Total Rates	(92.0)	(92.3)	0.3	●
User Fees	(21.7)	(21.1)	(0.6)	●
Operating Subsidies and Grants	(6.4)	(6.6)	0.2	●
Total Operating Income	(126.6)	(124.7)	(1.9)	●
Personnel Costs	26.4	28.4	(2.0)	●
Professional Fees / R&M / Asset Operating Expenditure	30.1	28.5	1.6	●
Other Operating Expenditure	30.0	31.1	(1.1)	●
Total Operating Expenditure	132.8	137.4	(4.6)	●
(Surplus)/Deficit from Operations	6.2	12.7	(6.5)	●
CAPITAL				
Capital Subsidies	(14.0)	(13.3)	(0.7)	●
Development Contributions	(6.3)	(3.0)	(3.3)	●
Total Capital Income	(22.1)	(16.4)	(5.7)	●
External Net Debt	112.6	140.1	(27.5)	●
Net Interest on debt	6.3	7.6	(1.3)	●
Total (Surplus) / Deficit	(12.9)	(3.2)	(9.7)	●

KEY	
●	Favourable to budget
●	Unfavourable, but within 5% of budget
●	Unfavourable, over 5% of budget

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.

5.2 Financial Report for the Month Ending 31 July 2018

Meeting: Finance and Corporate Committee
Date of meeting: 30 August 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide a short-form financial report for the month ending 31 July 2018.

2 Recommendation

That the Finance and Corporate Committee notes the financial report for the month ending 31 July 2018.

3 Background

Please note that a full financial report has not been prepared for the month ending 31 July 2018 because:

- the Finance team are in the process of finalising the 2017/18 results which impact on opening balances for the 2018/19 year
- phasing of the 2018/19 revised budget is currently being undertaken

3.1 External Net Debt and Treasury

Total net external debt at the end of July 2018 was \$120.8m compared to year to date budgeted net debt of \$126.3m, resulting in net debt being \$5.5m under budget.

This positive variance is due to assumptions made regarding the opening net debt balance of the 2018-28 Long Term Plan. A revised budgeted net debt figure will be provided in September.

3.2 WDC Treasury Operations

As at 31 July 2018 cash and term deposits held of \$31.5m was comprised of:

- \$10.0m of term deposits relating to prefunding undertaken
- \$10.0m of term deposits relating to short term borrowings not yet required
- \$6.0m of term deposits relating to excess cash not currently required
- \$5.2m cash on hand.

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

3.3 Economic

The Official Cash Rate (OCR) remained at 1.75% in the August Monetary Policy Statement as expected. The Reserve Bank has adjusted their future expected rate movements – with the next increase not expected until late 2020.

Long term rates have remained mostly unchanged during July with the NZ 10 year swap rate increasing from 3.00% to 3.04%.

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

4 Accounts receivable in arrears

Total arrears as at 31 July 2018 was \$3.3m, compared to \$3.0m 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 31 JULY 2018



STANDARD AND POORS CREDIT RATING:

AA

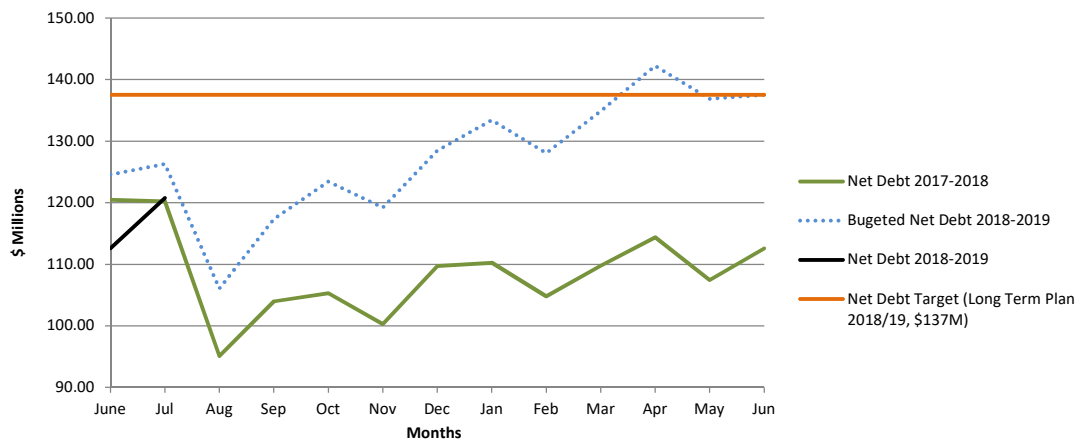
Outlook: Stable

DEBT SUMMARY:

As at 31 July 2018

External Debt		
Opening public debt as at 1 July 2018		
		152,000,000
Plus loans raised during month	5,000,000	
Less loan repayments made during month (Note: Facility movement has been netted)	(5,000,000)	
Net movement in external debt		-
Total External Debt		152,000,000
Less: Cash balances (excluding funds held on behalf)	5,221,815	
Term deposits (Funds held on deposit until required for project funding)	26,000,000	
Total cash and term deposits		31,221,815
Total Net External Debt		120,778,185
<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
Total		152,000,000

NET EXTERNAL DEBT COMPARED TO BUDGET:



Internal Funding*		
Community Development Funds		
		10,285,544
Property Reinvestment Reserve - Available for Reinvestment	1,609,885	
Property Reinvestment Reserve - Accumulated	28,840,814	
		30,450,699
Water Reserve (note: estimate until 207/18 balance finalised)		37,264,782
Total		78,001,025

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

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

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

5.3 Operational Report – Finance and Corporate – August 2018

Meeting: Finance and Corporate Committee
Date of meeting: 30 August 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 August 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 August 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 – August 2018

Operational Report – Finance and Corporate – August 2018

Information Communications Technology (ICT)

ICT Teams have finalised the end of fiscal year activities and continue to monitor the stability of our systems as well as support the organisation with BAU requests, incidents and critical infrastructure improvements. Project work is not without challenges but overall progressing well.

ICT Operations

While service levels for the month of July were on target at 95.45%, the team's workload increased by 10% in July. The backlog for July has decreased in most areas.

We had two critical outages impacting our remote sites:

- Work was done next to Walton Plaza (Albert Street) cutting the fibre link
- Uber link unavailable for four hours due to work being carried out by the vendor.

Both incidents have since been resolved and a post incident review was submitted by Uber.

Operational activities include:

- Conducting a third-party security review – planned for October but might be brought forward
- Cyber training management plan – solution procured and deployment dates to be confirmed
- All user devices have been upgraded to the latest ESET antivirus
- Managing our vendor Service Level Agreements
- 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

Trilogy Phase 2 projects continue to progress well with one project going live; cost negotiations, scoping, and vendor/product selection taking place across the others.

- **Upgrade Technology One to Ci Anywhere** – next software upgrade for Core Council system.
 - Design Phase – Almost complete. The next key work will include training ICT Project team followed by configuration of the system.
- **Corporate Performance Management** – implementation of software to track, trace, monitor manage and report key performance indicators across Council.
 - Phase1 went live as planned on 30 July, encompassing 2018–28 LTP performance measure tracking. Support for Phase 1 in progress and Phase 2 planning is the next step. Phase 2 will include measure tracking of operational key performance indicators from the Organisational Strategy.

- **Website Platform Redevelopment (Digital Platform)** – Review and re-development of our existing WDC websites.
 - Design Phase – Data workshops and workshops to understand how people will want to interact with the system have been conducted. 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. Due diligence is now in progress, completion for this has delayed until August due to complexities around integration to GIS.
- **Digitisation of Property Files** – Execution Phase
 - Digitisation of Land Use consent files is in progress. Work has begun on tidying metadata relating to archived files.

Finance

2018/19 Budget

Carry forwards have been finalised which allows the 2018/19 budget to be revised for subsidy and opex changes. Budget managers will then be asked to phase their budgets, ready to report against actual spend.

Annual Report

Preparation of the Annual Report for the year ended 30 June 2018 is now underway, with adoption scheduled for 27 September 2017. The draft operational financial result was finalised in mid-August, and is included within the Financial Report of the August Finance and Corporate agenda. The overall result including non-cash accounting adjustments is being finalised to enable the preparation of the draft Annual Report for Audit NZ's arrival in late August.

The audits of Northland Events Centre Trust, Whangarei Art Museum Trust and Whangarei District Airport are currently underway.

Revenue

The cashiers and Revenue back office processed 9,646 dog registrations before the discount period ended. The number of discounted registrations this year increased by 4%, however additional effort was required by the team as the registration period opened two weeks later this year. 9,634 were processed from 1 July compared to 7,331 last year (31% increase). Approximately half the registrations were over the counter and the remainder were online. Last year a further 2,211 (20%) registrations were processed during the rest of the year.

The rates rebates office opened mid-July and has been well attended. Some home visits were made in the last week of July to the ratepayers that cannot visit our offices. We are taking the mobile bus to Hikurangi and Waipu in August. Visits to the retirement villages and further home visits are also planned in August. The volume is similar to last year.

Land Rates

The rates for the 2018-2019 year have been set, and rates notices were sent in mid-July.

Work on the 2018 triannual General Revaluation has started. Opteon, our valuation service provider is planning to report on the revaluation at October's council meeting, before the notices are sent to the owners and ratepayers early November.

Water Rates

Details of water rates transactions are as follows:

Water Rates Summary - July 2018							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	991,434	47,902	6,205	9,363	14,419	16,876	360,744
Transactions (Number)	3,492	3,478	220	181	649	32	1,732
Average (\$)	283.92					527.39	

Collection and Recovery

Land rate arrears at 31 July arrears are:

- \$2,215,000 (June 2018 \$2,499,000)
- Māori Freehold Land comprises \$1,038,000 (June 2018 \$1,246,000) of arrears.

In July we sent "intention to demand" letters to mortgagees; any unpaid arrears will be requested in November.

Land Rates Debtors 31 July 2018						
	\$			Number of Properties		
Arrears analysed amount outstanding	<\$2000	\$2000-\$5000	>\$5000	<\$2000	\$2000-\$5000	>\$5000
No Mortgage	76,000	66,000	41,000	437	23	3
Mortgage	127,000	67,000	57,000	132	28	4
Arrangement	181,000	70,000	235,000	330	23	15
Arrangement MFL	9,000	71,000	130,000	9	19	16
Maori Freehold Land	31,000	68,000	938,000	41	20	78
Other	4,000	16,000	28,000	2	5	3
Total	428,000	358,000	1,429,000	951	118	119

Water rates arrears are \$361,000 (1,732 debtors), with \$133,000 (804 debtors) being 90 days or more. Water rates arrears were not addressed in July as staff were working on dog registrations and rates rebates.

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.

Armourguard Contract Initiative

The objective of this initiative is to formalise the responsibilities of Armourguard with respect to the bylaw enforcement activities they undertake as our agents:

- Pools
- Dogs
- Noise
- Freedom Camping
- Parking
- Bylaw enforcement.

Progress Made

- All operational processes completed and published, currently obtaining sign-off from WDC and Armourguard stakeholders
- Started the handover of the processes to business as usual
- Control and audit processes under development
- Identified and investigating two areas for improvement/clarification: CRM handling and rules/process for empty pools.

Next Steps

- Complete the control and audit processes
- Resolve the improvement/clarification processes
- Complete sign-off
- Finalise handover.

Delegations Register

The aim of this project is to centralise the Delegations Register within a system that makes it easy for staff to understand what their delegations are, and for changes to be easily work-flowed to stakeholders. The system which is being used to provide this functionality is Kete, which has built-in workflow functionality.

Progress Made

- A spreadsheet capturing all delegations has been developed and reviewed by all stakeholders to confirm it accurately reflects current delegations.
- Delegations functionality has been built into Kete and the delegations spreadsheet has been uploaded and is currently being finalised.

Next Steps

- Kete Delegations register to be finalised
- Process for updating the Delegations register to be reviewed and agreed
- Adopted delegation's approval through Council to be completed
- Testing and training by the Project team and stakeholders who have delegations to be completed
- Communications to be provided on Delegations process and register.

Business Support

Information Management

Information Management Capacity Building

The Team Leader and ECM Administrator have begun rolling out a workshop to build better understanding of our information management environment with specific emphasis on the taxonomy (classification) structure and how this applies to Kete.

To date the workshop has been held with Business Improvement and ICT with a positive response and will ensure there is a good balance between legislative compliance (Public Records Act 2005), excellence in information management practice and innovation in any future projects or request for change.

Below is one slide from the workshop outlining the importance of a managed taxonomy from a pure records management perspective however it will also aid us in the management of information and data for our digital transformation work streams ahead.

Taxonomy

- enables **identification of records over time** by ensuring records are titled in a consistent manner;
- **assists retrieval** of all records relating to a business activity, as it provides links from previous naming/titling conventions to current business terminology
- establishes links between individual records ... to provide a **continuous record of organisational activity**
- **controls the language** for titling and indexing records in specific business contexts
- aids in determining **security protection and access levels**, or .use. permissions, appropriate for particular sets of records
- **assists in managing retention periods** and disposal actions for records.



Digitisation Work

The uplift of files from archives has seen us dispatch just over 29,000 physical property files to Wellington for digitisation.

This is a significant piece of work that the team have been fully immersed in and has provided opportunity to improve the data that surrounds the more historical files;6 in turn significantly improving findability and delivery across all business processes and out to our customers.

Procurement

Attendance at the Local Government Strategic Procurement Group was useful, providing good networks, information and shared expertise.

The Account Manager for NZ Govt Procurement and Property discussed the resources available in MBIE to support councils. In addition, the Manager of the Commercial pool discussed the depth of

project and procurement expertise available to councils and how such an arrangement can benefit both parties.

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

Procurement is in progress for:

- Civic Cleaning Services
- Security
- Towing Services
- Pensioner Housing
- Events Strategy Consultant
- Parks and Coastal Structures.

Property Assets

Civic Buildings

- Civic Cleaning Contract – preferred supplier identified.
- Kamo Library Re-roof project has been awarded to Guyco.
- Security Guard and Alarm Monitoring – Registration of Interest has been released.

Fleet

- The 18/19 fleet capital budget has been reviewed to determine the priorities for the business in the current financial year, including the options to increase the number of electric vehicles in the fleet.
- The Strategic Leadership Team 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.
- 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.
- On the horizon is also the trend to hydrogen powered vehicles. Power consortiums are working with central government to explore the feasibility of this for New Zealand.

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

The Communications Team is 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. Campaigns worked on across the team included producing publicity for and promoting Urban Plan and Services pre-consultation, Representation Review consultation, the *Walking and Cycling Strategy*, the new fire bylaw and dog registrations. We have begun the first training sessions for the new Image Library on Kete which has raised a few issues with the new system that we need to resolve.

Communications team members have also been involved in working on the Carpark to Park working group, redesigning the Northland Events Centre logo and producing signage opportunities and naming rights packages for Venues and Events, new signage for Otuihau/Whangarei Falls, Award-winning reserves street flags, designing the latest Projects booklet (that replaces what was previously called the Capital projects booklet) and producing a video for social media on using recycling services.

We also worked with staff from Building and Resource Consents departments to tailor a series of animated videos that we will preview at the next All Staff meeting. These videos show Council building processes in an easily understood and engaging way.

Other large pieces of work included preparing bids for the 2021 Women's Rugby World Cup and the Vodafone Warriors 2019 pre-season trial bid.

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.

Annual Report

We are in the initial stages of preparing content for the Annual Report.

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. Work has begun on writing the citations for this year's Civic Honour recipients.

Media and public relations

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

- LGNZ remits
- Whau Valley dam car park
- Kamo Primary students learn about stormwater pollution
- Matapouri beach sand replenishment
- Camera Obscura project
- Parihaka tracks closed
- more tsunami boards erected
- litter clean up organised by Cr Benney
- Kamo shared path costs escalate
- Slip reduces Waipu Gorge Road to one lane
- naming rights for events centre
- luxury hotel proposed
- litter clean-up
- feedback on proposed planning changes
- Parihaka track work complete
- upgrading SH1/Tarewa Road intersection
- Tarewa wastewater project almost completed
- Cameron Street retailers fed up with loitering youth
- proposed ward changes
- alcohol bylaw review
- old Harbour Board building
- Hotel proposed for Riverside Drive site
- more smoke-free cafes
- Army Hall spruced up for homeless
- naming rights for Okara Park.

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

- Voting systems
- reporting debt
- Matapouri Bay sand replenishment
- pedestrian crossing safety
- refuse collection workers safety
- applause for WDC banning release of GMOs
- Okara stadium naming rights
- proposed hotel, Tarewa/SH1 intersection
- rubbish pick-up, Hundertwasser
- rubbish charges
- Riverside Drive site may not be right for hotel
- thanks to WDC for changing lights on Town bridges to reflect daffodil day
- proposed hotel development
- loitering youth
- cruise ships at Northport.

Website and social media

Urban Plan Changes campaign on Facebook is closing on 24 August. It is reaching many in our community with six posts reaching over 33,400 people in total.

Publicity on the Active Recreation and Sport Strategy has just kicked off, with an online survey. It is closing on 6 September.

Engaging on the Walking and Cycling Strategy was successful with three Facebook posts reaching over 24,500 people.

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:LoveItHere – 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

Over the last month we have run a training programme Mental Health 101 for those staff who are working with people with mental illness. The feedback from the training has been very positive with people feeling better equipped in these situations.

We have also completed the annual review of remuneration for all staff.

New Employees, Transfers, Vacant Positions and Leavers

New Employees/Transfers	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
Team Leader – Environmental Health	Tamsin Sutherland	9-Jul-18
Manager – Finance	Delyse Henwood	9-Jul-18
Roading Corridor Assistant	Liz Newson	16-Jul-18
Business Analyst	Trish Matthews	16-Jul-18
Roading Projects Engineer – NTA	Jon Wyeth	16-Jul-18
Laboratory Technician	Jeremy Taylor	23-Jul-18
Project Engineer	Spencer Nichols	30-Jul-18
Roles filled and waiting to start	Name	Start Date
Building Control Officer	Sam Nobes	6-Aug-18
Team Leader – Development Engineering	Kathryn O'Reilly	TBA
Roles not yet filled	Status	
Bibliographic Services Librarian	Reviewing	

Team Leader – Rates	Reviewing
Data Warehouse Administrator	Hold
Data Analyst	Referencing
Community Development Adviser	Interviewing
Support Assistant – Building Inspections	Interviewing
Systems Engineer	Interviewing
Water Treatment Coordinator	Interviewing
Team Leader – Operations (Venues & Events)	Interviewing
Manager – Democracy & Assurance	Interviewing
Customer Relations Coordinator (2)	Interviewing
Team Leader – Property Assets	Interviewing
Senior Project Engineer – Pavements (NTA)	Shortlisting
Roading Project Engineer	Shortlisting
Graduate Accountant	Shortlisting
Senior Management Accountant	Shortlisting
Capital Project Accountant	Shortlisting
Senior Planner – RMA Consents	Shortlisting
District Plan Planner	Shortlisting
Democracy Adviser (part time)	Shortlisting
Manager – ICT	Shortlisting
Collections Assessment Librarian	Shortlisting
DVD and Serials Librarian	Shortlisting
Environmental Health Officer	Shortlisting
Operations Engineer – Waste & Drainage	Shortlisting
EA to GM Community	Shortlisting
Stormwater Engineer	Shortlisting
Information Analyst (Fixed Term – 18 months)	Shortlisting
Manager – Infrastructure Development	Readvertising
Information Consultant (Part Time)	Advertising
Manager – District Development	Advertising
Property Assessment Officer	Advertising
Project Manager	Advertising
Leavers	
Nobby Clarke	Customer Services Representative
Gina Aylett	Property Assessment Officer
Caine Varley	Team Leader – Property Assets

Democracy and Assurance

The Democracy Team supported eleven Council and Committee meetings and briefings and one Public Hearing. 79 liquor licence applications were processed for determination by the Chair of the District Licensing Committee. The Democracy Team administered one Resource Consent Hearing.

Official information requests

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

- Confirmation of legal road area at Whananaki North beach.
- Formal reports and correspondence regarding a complaint matter.
- Noise complaints for a specified address.
- Armourgard stock incident report relating to an accident involving stock on the road in Waipu.
- Report on an independent preliminary investigation into a complaint.
- Council policies on alcohol advertising.

- All information relating to the council assessment of a swimming pool fence for a specified address.
- The use of 1080 by council.
- Copy of recording and transcript of a recent Council hearing.
- Information on community initiatives in Woodhill.
- Various questions relating to the referral of consenting matters to an external contractor in Christchurch for processing.
- Ratepayer name and postal address details for a specified property.
- Dog related complaints in relation to a specified address.
- Various questions regarding the recording of a recent Council hearing.
- Report on an independent investigation into a complaint.
- Request for elected members interest declarations for 2016-2018.
- Complaint related information for a specified address during July 2018.
- Payment information since 2014 in relation to a specified address.

Audit and Risk

The insurance renewal process is well underway with the infrastructure insurance information already submitted and the statutory and employer's liability completed. Staff are currently working across the organisation to review and confirm the items under the material damage insurance which is due with the insurers later this month.

We have seen a lot of interest from the Council Controlled Organisations (CCOs) regarding insurance for this renewal round and staff are working with a number of trustees to ensure that the CCO's understand their insurance cover that is placed via Council.

Staff continue to work 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. The Delegations register will need to be reviewed by full Council once we have completed all of the updates.

Ongoing ownership for both the Delegations register and the Policy register will sit with the Audit and Risk Analyst. Regular management of the external policies will be via the Strategy team.

Consultation and Engagement

All responses have now been sent to submitters to the Long Term Plan. There have been 17 requests for further responses to submitters who requested information relating to their specific submissions. Hard copies of the plan have been posted to four people who requested them.

Work is nearly complete on the draft Consultation Programme. This will assist with organisation wide visibility. The aim is to have this programme available to the public so that they have an overview of consultations. They will also have more time to prepare if submitting on behalf of a group.

Work is continuing on a Business Improvement project defining the requirements of the technology platform used for receiving and managing submissions. We want to have this capability in place before the next large consultation process.

Maori Liaison and Development

Parihaka Tracks Re-opening

Earlier this year a korowai wairua (spiritual cloak) was placed upon the maunga by local hapū representative Winiwini Kingi to allow Council contractors to upgrade the Drummond, Ross and Dobbie tracks. Recently they were re-opened for the public to use and the korowai wairua lifted.

Matakohe Island – New Jetty

Te Parawhau hapū members alongside Council staff participated in the pre-construction blessing for the upgrade of the jetty on Matakohe Island. Hapū and Council agreeing that this process has enhanced better understanding and relationships between each other.

Te Parawhau/ New Zealand Transport Agency (NZTA)/Whangarei District Council (WDC) Roothing Hui

Roothing network projects within Council's jurisdiction has created an opportunity for a collective hapū and agencies (NZTA and WDC) discussions, leading to a wide range of topics for discussion.

He Waka Eke Noa Early Learning Centre Opening

Formerly known as the Forum North Childcare Centre, Her Worship and staff representatives from Property and Māori Liaison departments were invited to the opening on Friday 10 August 2018. For this centre, it has been a long process and the respective Council departments have had a significant input to their journey and were duly acknowledged at the opening.

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.