

Finance and Corporate Committee Agenda

Date: Thursday, 25 October, 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, 27 September, 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 Sue Glen
Cr Phil Halse
Cr Cherry Hermon
Cr Greg Innes
Cr Greg Martin
Cr Sharon Morgan
Cr Anna Murphy

Not in Attendance

Cr Tricia Cutforth

Scribe C Brindle (Senior Democracy Adviser)

1. Declarations of Interest

Item 4.3 - Northland Regional Landfill Limited Partnership 2017-18 Annual Report

Item 4.6 - Financial Statements for 2017- 2018 - Northland Events Centre Trust and Whangarei Art Museum Trust

2. Apology

Cr Tricia Cutforth (leave of absence)

Moved By Cr Sue Glen

Seconded By Cr Vince Cocurullo

That the apology be sustained.

Carried

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

3.1 Minutes Finance and Corporate Committee meeting held 30 August 2018

Moved By Cr Vince Cocurullo

Seconded By Cr Greg Martin

That the minutes of the Finance and Corporate Committee meeting held on Thursday 30 August 2018, having been circulated, be taken as read and now confirmed and adopted as a true and correct record of proceedings of that meeting.

Carried

4. Information Reports

4.1 Financial Report for the 2 Months Ending 31 August 2018

Moved By Cr Phil Halse

Seconded By Cr Sharon Morgan

That the Finance and Corporate Committee notes the financial report for the two months ending 31 August 2018.

Carried

4.2 Whangarei District Airport Annual Report and Performance Summary 2017 - 2018

Moved By Cr Sue Glen

Seconded By Cr Anna Murphy

That the Finance and Corporate Committee notes the report on the performance of the Whangarei District Airport for the year 2017/18.

Carried

4.3 Northland Regional Landfill Limited Partnership 2017-18 Annual Report

Moved By Cr Sharon Morgan

Seconded By Cr Vince Cocurullo

That the Finance and Corporate Committee notes the 2017/18 Annual Report from the Northland Regional Landfill Limited Partnership.

Carried

Declarations of Interest:

Cr Martin and General Manager Alan Adcock declared an interest as Council appointed Directors to Northland Regional Landfill Limited Partnership.

4.4 Local Government Funding Agency - Annual Report 2017-2018

Moved By Her Worship the Mayor

Seconded By Cr Vince Cocurullo

That the Finance and Corporate Committee notes the Local Government Funding Agency Annual Report for 2017-2018.

Carried

4.5 Operational Report - Finance and Corporate - September 2018

Moved By Cr Sue Glen

Seconded By Cr Greg Innes

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

Carried

4.6 Council Controlled Organisations - Financial Statements for 2017-2018

Item 4.6 was distributed separate to the agenda but within the timeframe specified in LGOIMA.

Moved By Her Worship the Mayor

Seconded By Cr Gavin Benney

That the Finance and Corporate Committee notes the draft 2017/2018 financial statements of Northland Events Centre Trust (NECT) and Whangarei Art Museum Trust (WAMT).

Carried

Declarations of Interest:

Cr Halse declared an interest as council's appointed representative on the Northland Events Centre Trust.

Cr Morgan declared an interest as council's appointed representative on the Whangarei Art Museum Trust.

5. Public Excluded Business

There was no business conducted in public excluded.

6. Closure of Meeting

The meeting concluded at 9.53am.

Confirmed this 25th day of October 2018

Councillor Shelley Deeming (Chairperson)

4.1 Local Government Funding Agency – 2018 Annual Meeting Matters

Meeting: Finance and Corporate Committee
Date of meeting: 25 October 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To establish Council's position on the matters being put forward for consideration at the Local Government Funding Agency (LGFA) Annual Meeting (AM) on 21 November 2018.

2 Recommendations

That the Finance and Corporate Committee:

1. Notes the Local Government Funding Agency has advised that its Annual Meeting will be held on 21 November in Wellington.
2. Appoints General Manager Corporate/CFO Alan Adcock to attend the AM as the shareholder representative for Whangarei District Council.
3. Should Alan Adcock be unable to attend the meeting, appoints Craig Stobo, Local Government Funding Agency Chair, as Council's proxy in his place.
4. Agrees that the proxy or alternate votes in favour of the following proposals which require ordinary shareholder resolutions:
 - a. John Avery is re-appointed to the Local Government Funding Agency's board as an independent director;
 - b. Mike Timmer is re-appointed to the Local Government Funding Agency's board as a non-independent director;
 - c. Hamilton City Council is re-elected to the Shareholders' Council;
 - d. Tauranga City Council is re-elected to the Shareholders' Council;
 - e. Changes to the Local Government Funding Agency's foundation policies.

3 Background

The LGFA is a Council-controlled organisation (CCO), owned 11.1% by the Government and 88.9% by 30 local authorities. Whangarei District Council has an ownership stake of 3.3 %.

The LGFA was established to provide councils with improved access to cost-effective long term debt. It is a registered financial institution regulated by the Reserve Bank. Total loans

made to local government total around \$7.976 billion. Together, Auckland Council and Christchurch City Council have approximately 47% of the LGFA's issued debt, with the remainder shared between the other councils.

The LGFA's Shareholder's Agreement (SHA) provides that the board may comprise between four and seven directors, a majority of whom must be independent. Since inception in 2011, the board has had six directors, one of which was non-independent (aside from one very short period due to a time lag between the retirement of a director and the appointment of a replacement). The SHA provides that in each year, the longest serving independent director, and the longest serving non-independent director must retire from the board, but may offer themselves for re-election.

Current board members are Craig Stobo (Chair) who was initially appointed in 2011 and was re-appointed in 2017, John Avery and Philip Cory-Wright (both initially appointed in 2011), Linda Robertson and Mike Timmer (both appointed 2015) and Anthony Quirk, appointed 2017.

Council oversight is provided through a Shareholders' Council. These are Auckland Council, Christchurch City Council, Hamilton City Council, Bay of Plenty Regional Council, Greater Wellington Regional Council, Tasman District Council, Tauranga City Council, Wellington City Council, Western Bay of Plenty District Council and Whangarei District Council.

The SHA provides that the role of the Shareholders' Council is to advise shareholders on certain matters, and that it shall (in relation to the matters for resolution at the AM):

- review and report to shareholders periodically on the performance of the company and the board;
- make recommendations on the appointment, removal, re-election, replacement and remuneration of directors; and
- make recommendations to shareholders on, and endeavour to ensure that shareholders are fully informed on matters concerning the company.

Shareholders are entitled to attend and vote at the AM, with a proxy form for voting to be sent to LGFA at least 48 hours prior to the AM.

The following matters are being considered at the AM:

- To receive and consider the financial statements for the year ended 30 June 2017
- Election of Independent Directors
- Election of Non-Independent Directors
- Election of Nominating Local Authorities to Shareholders' Council
- Changes to LGFA's Foundation Documents

Attachment 1 is the Local Government Agency Limited 'Notice of Annual Meeting', which includes Explanatory Notes and a marked-up copy of excerpts from the Treasury Policy. The associated 'Proxy Form' is at Attachment 2.

4 Discussion

The LGFA Shareholders' Council (SC) has considered the matters listed above and has written to Shareholders (Attachment 3).

The SC's role (as per the Shareholders' Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors
- make recommendations to Shareholders as to any matters which require the approval of Shareholders.

It should be noted that this letter has been sent by Alan Adcock as the SC Chair and represents the collective views of the SC. Their recommendations relating to non-Independent Director appointments differ from those contained in this report.

It is recommended that Council follows the recommendations of the SC on all matters, noting the information in their letter and the information presented below on each topic.

Item 2 – Election of Company Directors

Incumbent directors, Mr John Avery (independent director first appointed 2011), and Mr Mike Timmer (non-independent director first appointed 2015) are retiring by rotation and standing for re-election. There are no alternative candidates standing for the positions.

The LGFA Board seeks shareholder resolutions in favour of the re-election of both directors. Biographies for the directors are provided in an attachment to the Notice of Annual Meeting (refer Attachment A). The Shareholders' Council has noted in its recommendations that John Avery has made a significant contribution to the organisation's success to date.

Item 3 – Election of Nominating Local Authorities (NLAs) to the Shareholders' Council

Hamilton City Council and Tauranga City Council are retiring by rotation and standing for re-election.

Staff support the re-election of these members to the Shareholders' Council which is currently made up of representatives of the largest shareholders in the LGFA. Nine of the 30 nominating local authorities are represented on the Shareholders' Council (along with the Crown), and these nine have the highest capital at risk in the LGFA.

Item 4 – Changes to LGFA foundation policies

Two changes to the foundation policies are proposed as follows:

- Measuring council compliance with LGFA covenants at the group level to align with the approach taken by external credit agencies (currently compliance is measured at the parent level). Auckland Council is the most likely local authority to seek to have its covenants tested at the group level. This is because it has issued international debt securities, and having an aligned position with its credit agency is useful to it.
- Lending to Council-controlled organisations directly. Currently council can borrow from the LGFA and on-lend to CCOs when required. Direct lending between the LGFA and CCOs would reduce transaction and compliance costs.

The Shareholders' Council has made its support for the amended policies conditional on there being no additional risk to either lenders, guarantors or the Crown created. In its Letter of Expectations to LGFA, the Shareholders' Council will seek disclosure of relevant information periodically to enable an assessment of the impact on costs and risks to be made.

The Shareholders' Council supports both these policy changes as being consistent with the LGFA's primary objective to optimise the debt funding terms and conditions for participating local authorities.

Staff are comfortable with the proposed changes as being unlikely to increase the Council's risk as either a borrower or a shareholder of LGFA.

5 Significance and engagement

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

6 Attachments

1. LGFA – Notice of Annual Meeting
2. LGFA – AM Proxy Form
3. Letter – Shareholders' Council AM Recommendations

**NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED
NOTICE OF ANNUAL MEETING**

Notice is given that the 2018 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("**Company**" or "**LGFA**") will be held at the **Bolton Hotel, 12 Bolton Street, Wellington** on **21 November 2018** commencing at **2:00pm**.

BUSINESS

1. **FINANCIAL STATEMENTS AND REPORTS:** To receive and consider the financial statements of the Company for the year ended 30 June 2018 together with the directors' and auditor's reports to shareholders.

2. **ELECTION OF DIRECTORS**

In accordance with clause 3.3 of the SHA, **John Avery** retires by rotation and, being eligible, offers himself for re-election as an Independent Director.

In accordance with clause 3.3 of the SHA, **Michael Timmer** retires by rotation and, being eligible, offers himself for re-election as a non-Independent Director.

Accordingly, to:

- (a) Re-elect **John Avery** as an Independent Director of the Company, by way of Ordinary Resolution;
- (b) Re-elect **Michael Timmer** as a non-Independent Director of the Company, by way of Ordinary Resolution.

(See Explanatory Note 2)

3. **ELECTION OF NOMINATING LOCAL AUTHORITIES**

In accordance with clause 4.6 of the SHA, **Hamilton City Council** and **Tauranga City Council** retire by rotation. **Hamilton City Council** and **Tauranga City Council** being eligible, offer themselves for re-election.

Accordingly, to:

Re-elect **Hamilton City Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

Accordingly, to:

Re-elect **Tauranga City Council**

as a Nominating Local Authority, by way of Ordinary Resolution.

(See Explanatory Note 3)

4. **CHANGES TO FOUNDATION POLICIES**

In accordance with clause 5.1(c) of the SHA, to approve, by way of Ordinary Resolution, the amendments to the foundation policies of the Company ("**Foundation Policies**") as explained in Explanatory Note 4.

5. **GENERAL BUSINESS**

To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:



Craig Stobo, Chairman
24 September 2018

ORDINARY RESOLUTIONS: *Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.*

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: *Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Wednesday 21 November 2018 shall be entitled to exercise the right to vote at the meeting.*

CAPITALISED TERMS: *Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the SHA.*

EXPLANATORY NOTES

EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at **Level 8, City Chambers, 142 Featherston Street, Wellington 6145** not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

The SHA provides that, beginning at, and including, the annual meeting for 2013, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director shall retire from office at the annual meeting of the Company in each year. The Directors to retire shall be that Independent Director, and that director who is not an Independent Director, who have been longest in office since their last election. If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

In this case, **John Avery** (being an Independent Director) who has been longest in office since being re-elected on 24 November 2015 (Linda Robertson having been elected on 24 November 2015, Philip Cory-Wright having been re-elected on 24 November 2016, Craig Stobo having been re-elected on 21 November 2017 and Anthony Quirk having been elected on 21 November 2017) and **Michael Timmer** (being the only Director who is not an Independent Director) shall retire by rotation at this annual meeting. **John Avery** and **Michael Timmer**, being eligible, offer themselves for re-election.

The following biographies have been provided by the candidates;

John Avery Biography

John is a professional director with extensive experience across a range of business and industry sectors. He is a very experienced director, chair and committee chair. He has particular experience with both Council Controlled Organisations and Co-Operative style companies. Currently along with LGFA he is a director of Strategic Pay Ltd and Fund Managers Auckland Ltd

Former directorships include; The Warehouse Group Ltd, Independent Timber Merchants Ltd (ITM), NSM Contracting Ltd (a North Shore City Council CCO), Regional Facilities Auckland, Aotea Centre Board (an Auckland City Council CCO), Office Products Depo Ltd, Americas Cup Village Ltd (an Auckland City Council CCO), The New Zealand Guardian Trust Company Ltd, The Lawlink Group Ltd and The Royal New Zealand Ballet. He is also involved with several charities including The New Zealand School of Dance. Prior to becoming a fulltime director nine years ago, John was a commercial lawyer and former Managing Partner and Chair of an Auckland based law firm.

He is a Chartered Fellow of the Institute of Directors in New Zealand, a Barrister and Solicitor of the High Court and remains an associate member of the New Zealand Law Society.

Michael Timmer Biography

Mike has over 10 years' experience in senior finance roles in Local Government having joined Wellington Regional Council as Treasurer in January 2007.

He holds a Bachelor of Agricultural Science and a Bachelor of Business Studies degree both from Massey University and is a certified Chartered Accountant and an INFNZ (cert) professional.

As Treasurer, his responsibilities include Treasury activities involving commercial paper issuance, bond placement, standby facilities, interest rate risk management, balance sheet structure, security documentation, funding and optimising subsidiary company borrowings. Other responsibilities include risk management, insurance, business assurance (internal audit), and managing Council's WRC Holdings board.

He has also been acting Chief Financial Officer for the council for around two years in total. Previous roles have involved Treasury and Accounting activities and working in the dealing room at Citibank for 5 years.

He has been active with local and sector CFO groups, has served on the initial Local Government Risk Agency establishment group and the LGFA establishment committee. Mike has been involved with the establishment of the LGFA initiating the idea and was one of the tight nine representatives setting up the LGFA documentation. He has been on the Shareholders' Council since its inception where he was vice chairman prior to taking up the LGFA directorship role.

Mike is a member of the Institute of Directors. He is Chairman of the Finance Committee of Physiotherapy New Zealand Incorporated and has been a director of the LGFA since 2015.

EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES

The SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("**Nominating Local Authority**") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

The SHA provides that, beginning at, and including, the annual meeting for 2013, the shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Hamilton City Council, which was deemed to have been last elected as a Nominating Local Authority on 7 December 2011, and Tauranga City Council, having been re-elected as a Nominating Local Authority on 19 November 2013, are the Nominating Local Authorities who have been longest in office since their last election (Western Bay of Plenty District Council having been re-elected as a Nominating Local Authority on 25 November 2014, Tasman District Council having been re-elected as a Nominating Local Authority on 24 November 2015, Auckland Council having been elected as a Nominating Local Authority on 24 November 2015, Wellington City Council having been re-elected as a Nominating Local Authority on 24 November 2016, Christchurch City Council having been elected as a Nominating Local Authority on 24 November 2016 Whangarei District Council having been re-elected as a Nominating Local Authority on 21 November 2017 and Bay of Plenty Regional Council having been re-elected as a Nominating Local Authority on 21 November 2017). Accordingly, being the longest in office since their last election, **Hamilton City Council** and **Tauranga City Council** shall retire by rotation at this annual meeting.

The Shareholders Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of **Hamilton City Council** and **Tauranga City Council** there are currently two positions available.

Hamilton City Council offer themselves for re-election as a Nominating Local Authority.

Tauranga City Council offer themselves for re-election as a Nominating Local Authority.

EXPLANATORY NOTE 4 – CHANGES TO FOUNDATION POLICIES

This resolution seeks shareholders' approval for amendments to the Foundation Policies of the Company.

The current Foundation Policies of the Company are set out in schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Company's Foundation Policies unless it is approved by Ordinary Resolution of the Company's shareholders (or, if required by law, a Special Resolution).

There are two proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution.

1. Measurement of council compliance with LGFA covenants at the group level:

Currently LGFA tests each council borrower's compliance with either the Foundation Policy or Lending Policy covenants at the parent council level i.e. it excludes any debt, revenue or interest payments made by a subsidiary entity from the calculations. This might not reflect the most accurate representation of a council's financial position if the council delivers some of its services or activities or holds assets through a subsidiary entity.

It is proposed that a council can apply to the LGFA Board to be tested at the group level rather than at the parent level for compliance with LGFA covenants. It is important to note that:

- The Foundation Policy Covenants (if the council had an external credit rating) or Lending Policy Covenants (if no external credit rating) would still apply to the council regardless of being measured on a parent or group basis.
- The Senior Manager Credit and External Relationships would provide analysis and recommendation to the LGFA Board for consideration as to whether they should approve the request.
- To provide certainty to the council, the testing at the group level would apply for the life of the existing loans from LGFA.
- We expect that this will apply to only a small group of councils and our current expectation is that only Auckland Council would wish to have their covenants calculated at group level.

2. Lending to Council Controlled Organisations ("CCOs"):

Currently LGFA only lends to the parent council and not to any other related entities. This is not ideal as;

- Several councils borrow and on-lend to CCOs e.g. Christchurch City Council, New Plymouth District Council, Rotorua District Council, Marlborough District Council and Auckland Council have previously borrowed and on-lent to Christchurch City Holdings Limited, New Plymouth Airport, Rotorua Regional Airport, Marlborough District Council Holdings and Watercare respectively. The proposed changes will provide the councils with greater flexibility in structuring their borrowing and on-lending activities.
- LGFA cannot currently lend to multiple owned CCOs. While there are currently very few of these entities which have borrowings, they may become established in the future e.g. jointly owned water companies.
- Dunedin City Council ("DCC") borrows via a CCTO subsidiary company, Dunedin City Treasury Limited. This is one reason why DCC has not become a member of LGFA.

To ensure that LGFA does not bear any additional risk than that incurred with lending to a parent council, it is proposed that LGFA could lend to a CCO provided;

- The parent council (or group of shareholding councils) of the CCO must each be a guarantor of the loan in favour of LGFA.
- LGFA will only lend to a CCO if:
 - there is uncalled capital from the parent council that is at least equal to the financial obligations of the CCO; or
 - there is a guarantee from the parent council in respect of the CCO.
- LGFA will undertake credit analysis on the CCO as well as the parent council.
- The CCO would be subject to LGFA Board approval before borrowing.
- The LGFA Board would apply bespoke financial covenants to the CCO taken into consideration factors such as the ownership structure, cashflow and balance sheet quality and what activity or services the CCO is delivering on behalf of the parent council shareholder(s).

Why is LGFA proposing these changes to the Foundation Policies?

We are proposing these changes because of feedback from member and non-member councils. LGFA has built a successful track record of continuous improvement and evolving to meet council needs e.g. short dated lending and bespoke lending.

Auckland Council delivers a large amount of services through Watercare and Auckland Transport and is analysed on a group basis by the credit rating agencies.

There are some council members who currently borrow and on-lend to their CCO subsidiaries, so this proposal will give them the option to streamline the borrowing process and provide more flexibility in how they structure their borrowing.

Is there more risk for LGFA guarantors?

No as regardless of being measured on a group or parent basis the council must remain compliant with the LGFA covenants and we have recourse over rates revenue as security.

No as a CCO who borrows from LGFA will have the benefit of a parent council guarantee or uncalled capital. LGFA would negotiate lending documentation with each CCO and LGFA would undertake credit analysis of the CCO as well as the parent council or councils.

Why would the LGFA Board grant bespoke covenants to CCOs?

While councils are very similar to each other, there can be significant differences between CCOs. In addition, CCOs also do not have rates revenue. Therefore, the LGFA Board, following advice from LGFA management and external legal advisors, would need to negotiate bespoke covenants with the CCO. While covenants may vary between CCOs, the underlying recourse remains the uncalled capital or parent guarantee.

Will the credit rating agencies and investors be concerned?

We don't think these key groups will be concerned with measurement on a group basis rather than a parent basis if requested. As outlined previously, all councils must remain compliant with LGFA covenants and the underlying security remains unchanged.

We don't think they will be concerned with lending to CCOs as the guarantee retains the strength of the LGFA structure e.g. Christchurch City Council has the same credit rating as Christchurch City Holdings Limited ("CCHL") because of the uncalled capital that exists within CCHL. Lending to CCOs will also diversify the LGFA lending book and could bring in new council members to LGFA.

Will this facilitate the establishment of separate water entities?

No and in fact we think this would strengthen the case for keeping any possible new water entities in local government ownership as it allows lending to multiple owned CCOs. Any new water entity would also benefit from borrowing at a lower cost of funds than in their own name. The bespoke covenants for a water entity could possibly be set be higher than the current LGFA financial covenants so the multiple owned water entities could borrow more and therefore reduce pressure on parent council balance sheets.

Could a Council Controlled Trading Organisation ("CCTO") borrow from LGFA?

Currently under section 62 of the Local Government Act 2002 a council cannot give any guarantee, indemnity or security in respect of the performance of any obligation by a CCTO. For a CCTO to borrow under this proposed structure, uncalled capital could be used, or the parent council could continue to borrow from LGFA and on-lend to the CCTO.

Will the proposed changes make it easier for councils to borrow more or to avoid a covenant breach?

No as the LGFA Board approves the testing of a council at the group or parent level. The LGFA Board will consider whether a move to testing at the group level will weaken the credit profile of the council before deciding on the change. Regardless of the basis for measurement, the LGFA Board expects all council borrowers to maintain sufficient headroom under the LGFA covenants.

SCHEDULE 1 FOUNDATION POLICIES (Clause 5.1)

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause 5.1.

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company (~~ie~~i.e. not enter into facility arrangements).
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
 - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
 - Lending policy covenants outlined in the following table with the approval of the Board;
 - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
 - Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be required to comply with the lending policy covenants in the following table⁷ and can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
 - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- If the principal amount of a Local Authority's borrowings is at any time equal to, or greater than, NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total debt less liquid financial assets and investments.

Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.

During the initial three years of operation the Auckland Council will be limited to a maximum of 60% of the Company's total Local Authority assets-(including Council-Controlled Organisation ("CCO")) assets. After three years Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCO) assets.

No more than the greater of NZD 100 million or 33% of a Local Authority's or CCO's borrowings from the Company will mature in any 12 month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (which may be a Council-Controlled Trading Organisation ("CCTO")), an approved CCO may borrow from the Company provided that:

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act 2002;
- Each Local Authority that holds voting rights or rights of appointment in the CCO is a "CCO Shareholder";
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital within the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture security for its equity commitments to the Company and guarantee liabilities to the security trustee;
- Each CCO Shareholder complies with Lending policy financial covenants or Foundation policy financial covenants required by the Board;
- The CCO complies with any covenants required by the Board; and
- If required by the Board, the CCO will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Cash and Liquid Investment Policy

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority and CCO securities are excluded from the Company's cash and liquidity portfolio.

Counterparty ¹	S & P Credit Rating or equivalent (Short-term / long-term)	Maximum % Limit (Total Cash + Liquid Assets)	Maximum New Zealand Dollar counterparty Limit (millions)	Maximum term (years)
NZ Government or RBNZ ²	N/A	100%	Unlimited	No longer than the longest dated LGFA maturity on issue
Category 2	A1+ / AAA	80%	200	3
	A1+; A1 / AA+	80%	150	3
Category 3	A1+; A1 / AA	80%	150	3
	A1+; A1 / AA-	80%	125	3
Category 4	A1+; A1 / A+,	60%		
	NZ Registered Bank		125	1
	Other Issuers		30	1

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued and unpaid capital plus outstanding borrower notes.

Derivative Policy

The Company will only enter into derivative transactions with the New Zealand Debt Management Office as counterparty.

Market Risk

The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$40,000³.

¹ Category 2, 3, and 4 counterparties do not include the RBNZ or the NZ Government.

² At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.

³ PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example, a PDH of \$40,000 means that the portfolio value will fall by \$40,000 for a one basis point fall in interest rates. The PDH limit will be set at .0025% of the 12 month forecast portfolio amount until this forecast reaches \$1 billion, following which this \$40,000 limit applies.

The Company's total portfolio Value at Risk (VaR) daily limit is \$400,000⁴.

Foreign exchange risk policy

The Company will take no foreign exchange risk.

Operational Risk

The Company will outsource the following functions to the New Zealand Debt Management Office as follows:

- Hedging – New Zealand Debt Management Office is the LGFA interest rate swap counterparty.

Dividend policy

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company's cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the part period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

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

⁴ VaR measures expected loss for a given period with a given confidence. For example, 95% confidence, daily VaR of \$250,000 means that it is expected that the portfolio will lose \$250,000 on 5% of days. i.e. 1 day in 20 the portfolio value will decrease by \$250,000.

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED



PROXY FORM

I/We _____

of _____

being a shareholder of New Zealand Local Government Funding Agency Limited ("**Company**") appoint

of _____ or failing him/her _____

of _____ as my/our proxy to vote for me/us at the annual meeting of the Company to be held on 21 November 2018 and at any adjournment thereof.

If you wish to direct the proxy how to vote, please indicate with a ✓ in the appropriate box below. If the proxy can vote as he or she thinks fit, please indicate with a ✓ in the following box: ☐

	For	Against
1. To re-elect John Avery as an Independent Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Michael Timmer as a non-Independent Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Hamilton City Council as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Tauranga City Council as a Nominating Local Authority	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the changes to the foundation policies of the Company	<input type="checkbox"/>	<input type="checkbox"/>

(Please refer to the notice of meeting for details of the resolutions)

Signature of Shareholder

Dated: 2018

Notes:

1. If you wish you may appoint as your proxy the chairperson of the meeting.
2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate's express or implied authority.
3. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to **Level 8, City Chambers, 142 Featherston Street, Wellington 6145. It must be received at least 48 hours before the time for holding the meeting.**
4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.
5. If you return this form without directing the proxy how to vote on any particular matter, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.
6. Capitalised terms in this proxy form have the meanings given to them in the shareholders' agreement dated 7 December 2011 (as amended from time to time) between the Company and its shareholders.

11 October 2018

The Shareholders

NZ Local Government Funding Agency

Dear Shareholder

You have recently received papers from the LGFA for its Annual General Meeting (AGM) on 21 November 2018. The Shareholders' Council (SC) has considered this material and wishes to make recommendations to help with your decision making prior to the AGM.

Our role (as per the Shareholders' Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors.
- make recommendations to Shareholders as to any matters which require the approval of Shareholders

Our recommendations on the different AGM resolutions are as follows:

Resolution 1 - Re-election of John Avery – Independent Director

The SC supports this re-appointment.

John Avery has been on the Board Chair since inception; leading the LGFA successfully through its formative stages and subsequent development into a successful organisation that is now the primary lender to the local government sector. His experience in the governance of cooperative-based organisations is particularly relevant to LGFA.

As the longest-serving Independent Director, John is required to retire under the terms and conditions of the LGFA Constitution.

A biography for John is included in the Explanatory Notes to the AGM Notice of Meeting.

The SC acknowledges the significant contribution John has made to the organisation's success to date, and fully endorses his re-election.

Resolution 2 – Re-election of Mike Timmer – Non-Independent Director

The SC supports this appointment.

Mike Timmer is the incumbent Non-Independent Director.

As the only Non-Independent Director he is required to retire under the terms and conditions of the LGFA Constitution.

Mike was appointed to the Board following the recommendation of the SC in 2015 and re-elected in 2016 and 2017. Mike is the Treasurer of Greater Wellington Regional Council and seeks re-election.

A biography for Mike is included in the Explanatory Notes to the AGM Notice of Meeting.

Resolutions 3 & 4 - Re-election of Nominating Local Authorities

The SC supports both these re-appointments.

Hamilton City Council has been represented by David Bryant since 2016.

Tauranga City Council will be represented by Mohan de Mel, who has been involved with LGFA since its inception.

Both councils have been Participating Local Authorities since the inception of the LGFA.

We are not aware of any other Councils that wish to have direct representation on the SC at this time and no other nominations have been received.

Resolution 5 - Changes to Foundation Documents

The SC supports these changes.

Both changes have been initiated through requests by shareholding councils and reflect the growing evolution of LGFA's service delivery model to meet the overall needs of the sector.

The 2018/19 Letter of Expectation included a request for the Board to "examine the way debt covenants are calculated, to see whether it would be appropriate to have the LGFA methodology more closely aligned with the calculations used by rating agencies".

This led to a commitment in the 2018/19 LGFA Statement of Intent for LGFA to "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".

Lending directly to CCO's has been under discussion for some time. These entities are used in a variety of ways across the sector; in some cases providing significant levels of services on behalf of a local body. Allowing direct lending to CCO's in appropriate circumstances has the potential to reduce lending margins and lower transactional and compliance costs.

Both proposed changes were presented at the 2018 LGFA Shareholders-Borrower Day and have been discussed with the Shareholders' Council as they were developed.

The Shareholders' Council supports both changes as they reinforce LGFA's primary objective, which is to optimise the debt funding terms and conditions for Participating Local Authorities.

However, this support is given on the basis that as the changes to the Foundation Documents are transformed into operational policies and practices, they ensure that no additional risk to either lenders, guarantors or the Crown is created. We have been assured by LGFA's management team and Board that they will ensure this happens.

However, specific mention of these requirements will be made in the Letter of Expectation for the 2019/20 LGFA Statement of Intent.

We will also seek disclosure through LGFA reporting of any lending to CCO's and whether the credit assessment for each participating Local Authority is made on a Group or Parent basis.

We urge all Shareholders to either attend the AGM or complete the necessary proxies to allow the Chair (or another nominated party) to cast a vote on your behalf.

If there are any matters arising from this letter that you wish to discuss please call me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Alan Adcock', with a stylized, flowing script.

Alan Adcock

Chair – LGFA Shareholders Council

GM Corporate / CFO

Whangarei District Council

DDI (09) 430 4228

5.1 Financial Report for the 3 months ending 30 September 2018

Meeting: Finance and Corporate Committee
Date of meeting: 25 October 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the operating result for the three months ending 30 September 2018.

2 Recommendation

That the Finance and Corporate Committee notes the operating results for the three months ending 30 September 2018.

3 Background

3.1 Operating Result – Full Year Forecast

The year to date position is a surplus of \$4.3 million, compared to a budgeted deficit of \$1.9 million, resulting in a favourable variance of \$6.2 million. It is important to note that timing differences between when the budget is phased and when costs are actually incurred directly impact the year to date result.

The forecast completed in September indicates a net surplus for the financial year ending 30 June 2019 of \$14.2 million compared with a budgeted surplus of \$12.0 million, resulting in a favourable variance of \$2.2 million.

3.2 Capital Project Expenditure

The Capital Projects expenditure as at 30 September 2018 is currently \$3.8 million less than budget. At this point Council is forecasting to spend a total of \$76.3 million against the \$84.9 million budget, with a forecast carry forward of \$9.8 million. The major carry forwards are:

- Whau Valley New Water Treatment Plant \$4.4m
- Recycling Bins Purchase \$1.5m
- Sports and Recreation LoS (Pohe Island development) \$1.3m
- New Airport evaluation \$1.3m

Decisions regarding the new Civic centre will also affect the final carry forward position.

A paper outlining the likely Infrastructure carry forwards and suggesting bringing forward other projects to offset them is coming to the October Council meeting.

3.3 External Net Debt and Treasury

Total net external debt at the end of September 2018 was \$98.6m compared to year to date budgeted net debt of \$117.3m, resulting in net debt being \$18.7m under budget.

This positive variance is partly 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 November.

3.4 WDC Treasury Operations

As at 30 September 2018 cash and term deposits held of \$53.3m was comprised of:

- \$10.0 million of term deposits relating to prefunding undertaken
- \$10.0 million of term deposits relating to short term borrowings not yet required
- \$30.0 million of term deposits relating to excess cash not currently required as a result of the August rates instalment
- \$3.3m cash on hand.

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

3.5 Economic Outlook

The Official Cash Rate (OCR) remained at 1.75% in the September OCR Announcement as expected. The Reserve Bank made little change to their future expected rate movements – with the next increase not expected until late 2020 although they indicated the next move could be a cut.

Long term rates remained steady during September with the NZ 10 year swap rate falling slightly from 2.91% to 2.89%.

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 and arrears

Total arrears as at 30 September 2018 was \$4.5 million compared to \$4.2 million in the previous year.

5 Significance and engagement

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

6 Attachments

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

MONTHLY KEY INDICATORS
SEPTEMBER 2018

	YTD to September 2018				Full Year Forecast			
	YTD	Revised Budget	Variance	YTD	Full Year Forecast	Revised Budget	Variance	YTD
	(Surplus)/ Deficit	(Surplus)/ Deficit	(Surplus)/ Deficit	Indicator	(Surplus)/ Deficit	(Surplus)/ Deficit	(Surplus)/ Deficit	Indicator
	\$ m	\$ m	\$ m		\$ m	\$ m	\$ m	
OPERATING								
Total Rates	(21.8)	(22.1)	0.3	●	(96.9)	(97.3)	0.4	●
User Fees	(5.5)	(5.2)	(0.3)	●	(21.3)	(20.9)	(0.4)	●
Operating Subsidies and Grants	(1.5)	(1.6)	0.1	●	(6.5)	(6.5)	0.0	●
Total Operating Income	(30.2)	(29.5)	(0.7)	●	(129.5)	(129.1)	(0.4)	●
Personnel Costs	7.3	8.0	(0.7)	●	29.7	30.3	(0.6)	●
Professional Fees / R&M / Asset	6.7	6.8	(0.1)	●	32.2	30.9	1.3	●
Operating Expenditure	6.6	8.2	(1.6)	●	31.9	33.4	(1.5)	●
Total Operating Expenditure	31.8	34.3	(2.5)	●	139.6	139.9	(0.3)	●
(Surplus)/Deficit from Operations	1.6	4.7	(3.1)	●	10.1	10.7	(0.6)	●
CAPITAL								
Capital Subsidies	(2.0)	(2.1)	0.1	●	(15.3)	(15.3)	0.0	●
Development Contributions	(3.1)	(1.2)	(1.9)	●	(6.1)	(4.6)	(1.5)	●
Total Capital Income	(6.4)	(4.5)	(1.9)	●	(26.0)	(24.4)	(1.6)	●
External Net Debt	98.6	117.3	(18.7)	●				
Net Interest on debt	1.3	1.5	(0.2)	●	6.5	6.5	0.0	●
Total (Surplus) / Deficit	(4.3)	1.9	(6.2)	●	(14.2)	(12.0)	(2.2)	●

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

Key Contributors to Unfavourable Variances

During forecasting budget managers often reallocate budget between various lines to better reflect the type of expenditure. This can cause variances between expense lines.

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

**MONTHLY ACTIVITY SUMMARY
 SEPTEMBER 2018**

YTD to 30 September 2018					Full Year Forecast			
	Actual YTD (Surplus) / Deficit \$m	Budget YTD (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	YTD Indicator	Full Year Forecast (Surplus) / Deficit \$m	Revised Budget (Surplus) / Deficit \$m	Variance (Surplus) / Deficit \$m	Full Year Indicator
Total Council	(4.3)	1.9	(6.2)	●	(14.2)	(12.0)	(2.2)	●
Transportation	2.7	4.0	(1.3)	●	9.7	9.9	(0.2)	●
Water	(2.3)	(1.4)	(0.9)	●	(2.8)	(2.6)	(0.2)	●
Solid Waste	(0.8)	(0.7)	(0.1)	●	(2.7)	(2.6)	(0.1)	●
Waste Water	(3.5)	(3.1)	(0.4)	●	(9.2)	(8.6)	(0.6)	●
Storm Water	0.9	0.9	0.0	●	4.1	4.1	0.0	●
Flood Protection	0.0	0.0	0.0	●	(0.1)	(0.1)	0.0	●
Community Facilities	6.6	8.4	(1.8)	●	36.0	35.9	0.1	●
Planning & Regulatory	(0.3)	0.6	(0.9)	●	7.6	8.3	(0.7)	●
Support Services	(7.3)	(7.3)	0.0	●	(58.6)	(58.1)	(0.5)	●
Governance & Strategy	(0.2)	0.4	(0.6)	●	1.7	1.8	(0.1)	●

KEY:

Favourable to budget

Unfavourable, but
within 5% of budget

Unfavourable, over 5% of budget



Favourable to previous month



Unfavourable to previous month

MONTHLY INCOME STATEMENT

30 SEPTEMBER 2018

Council Summary	Actual YTD \$000	Revised Budget YTD \$000	Forecast 2018-19 \$000	Revised Budget 2018-19 \$000	Variance 2018-19 \$000
Operating Income					
General Rates	(12,058)	(12,241)	(56,264)	(56,517)	253
Activity Targeted Rates	(6,271)	(6,326)	(26,692)	(26,688)	(4)
Metered water	(3,461)	(3,522)	(13,993)	(14,085)	92
User Fees	(5,499)	(5,157)	(21,295)	(20,906)	(389)
Other Income	(773)	(653)	(4,390)	(4,404)	14
Interest Received - Cash Balances	(643)	(12)	(348)	(53)	(294)
Operating Grants & Subsidies	(1,503)	(1,632)	(6,485)	(6,482)	(3)
Total Operating Income	(30,208)	(29,545)	(129,465)	(129,135)	(331)
Operating Expenditure					
Personnel Costs	7,275	7,997	29,687	30,334	(647)
Professional Fees	1,364	1,273	6,238	6,126	112
Repairs and Maintenance	4,117	4,585	20,832	20,014	818
Asset Operating Expenditure	1,197	991	5,116	4,791	325
Other Operating Expenditure	6,581	8,247	31,944	33,407	(1,463)
Depreciation	9,414	9,678	39,021	38,712	309
Interest Expense - External Borrowings	1,898	1,509	6,828	6,558	270
Total Operating Expenditure	31,847	34,281	139,607	139,884	(277)
(Surplus)/Deficit from Operations	1,638	4,736	10,141	10,749	(608)
Capital Income					
Capital Subsidies	(2,013)	(2,141)	(15,315)	(15,316)	1
Capital Scheme Rates	(9)	(8)	(34)	(34)	()
Lump Sum Contributions	(1,285)	(1,172)	(1,488)	(1,376)	(112)
Development Contributions	(3,125)	(1,160)	(6,140)	(4,640)	(1,500)
Non Cash - Vested Assets	0	0	(3,000)	(3,000)	0
Total Capital Income	(6,432)	(4,481)	(25,978)	(24,366)	(1,612)
Capital Grant Expenditure					
Capital grant expenditure	500	1,617	1,617	1,617	0
Total Capital Grants	500	1,617	1,617	1,617	0
(Surplus)/Deficit from Operating Capital	(5,932)	(2,864)	(24,361)	(22,750)	(1,612)
Total (Surplus)/Deficit	(4,293)	1,872	(14,220)	(12,001)	(2,219)

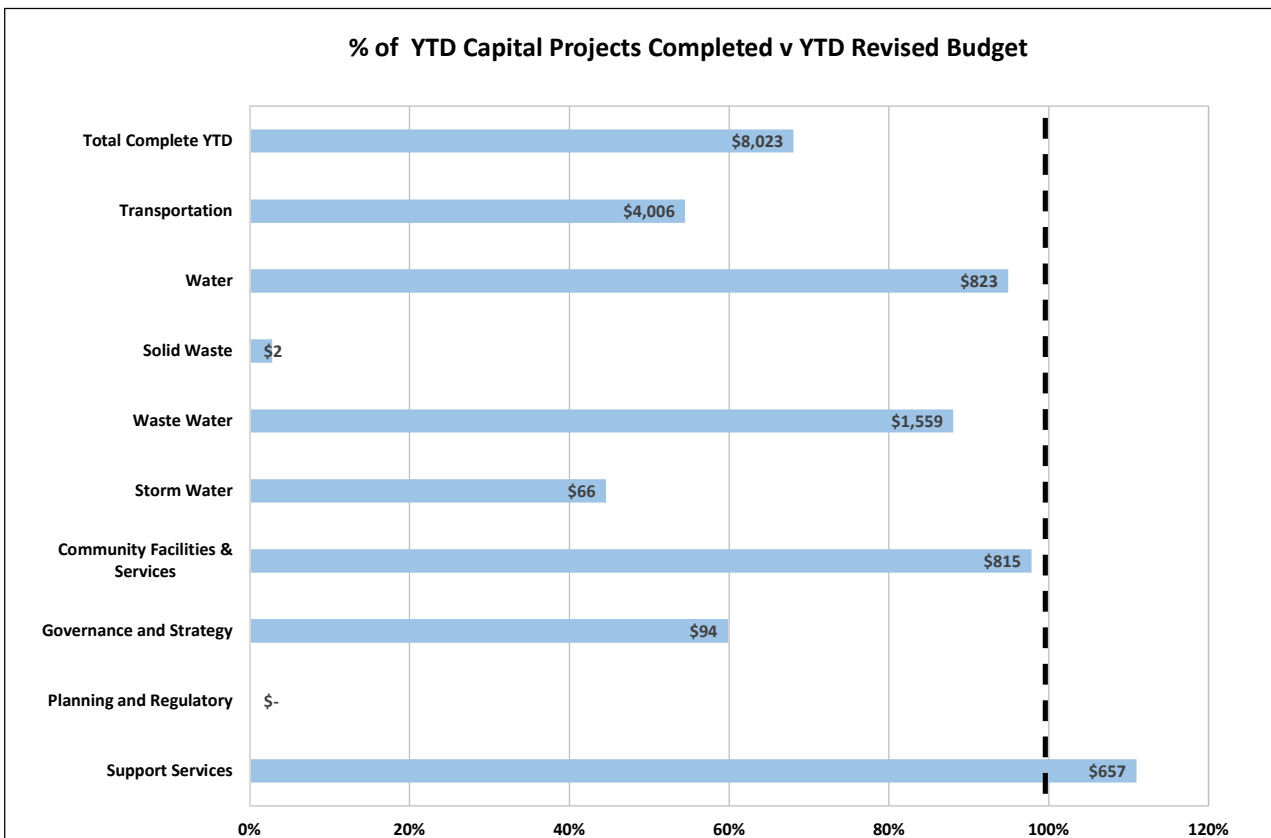
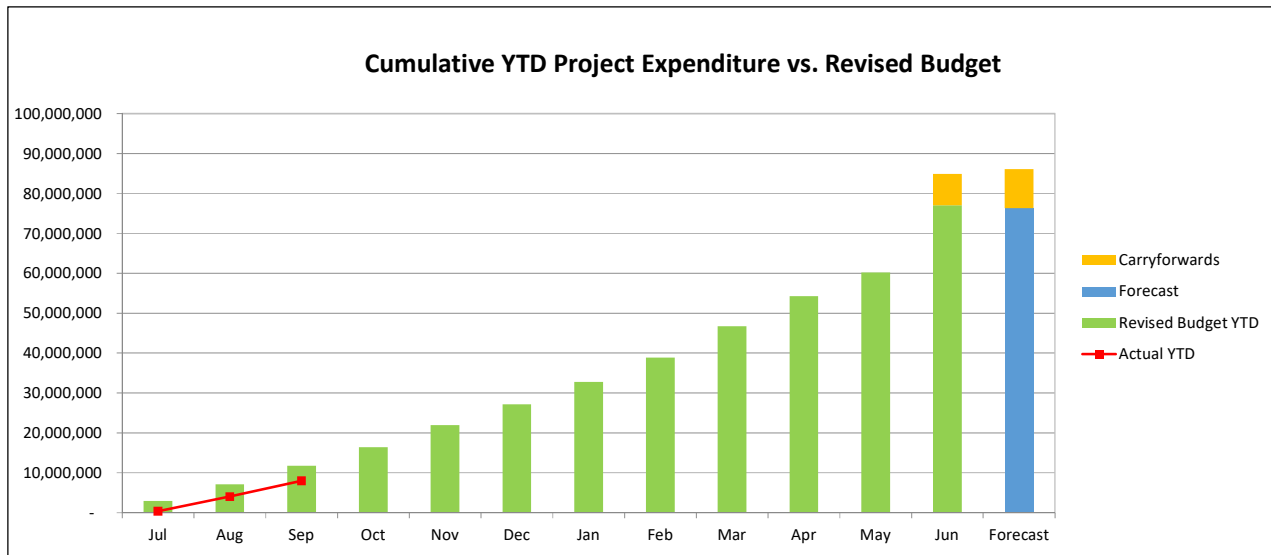
QUARTERLY CASH FLOW STATEMENT
YTD TO SEPTEMBER 2018

	Actual 2018-19	Actual 2017-18	Annual Plan 2018-19
Council Summary	YTD	YTD	Full Year
	\$000	\$000	\$000
Cash flows from operating activities			
Rates (inc metered water)	34,976	34,215	96,625
Grants & Subsidies received	1,591	1,099	22,373
Other income	12,276	10,033	27,155
Interest & dividends received from investments	978	703	590
Payments to suppliers and employees	(25,037)	(20,888)	(94,345)
Interest paid	(1,811)	(2,016)	(6,609)
Net cash (to) / from operating activities	22,974	23,146	45,789
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	1,623	76	-
Maturity of investments and loans	-	-	-
Purchase and development of fixed assets	(10,781)	(6,780)	(58,763)
Purchase of investments and loans provided	-	-	-
Net cash flows (to) / from investing activities	(9,158)	(6,704)	(58,763)
Cash flows from financing activities			
Loans raised	10,000	10,000	12,974
Loan repayments received	140	59	-
Repayment of public debt	(10,000)	(10,000)	-
Loans granted	-	-	-
Net cash flows (to) / from financing activities	140	59	12,974
Net Cash Movement increase / (decrease)	13,956	16,501	-
Cash Reconciliation			
Cash, cash equivalents and bank overdrafts at the beginning of the year	39,414	21,535	300
Cash, cash equivalents and bank overdrafts at the end of the period	53,369	38,036	300
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	13,956	16,501	-

QUARTERLY BALANCE SHEET AS AT 30 SEPTEMBER 2018

Council Summary	Actual 2018-19 YTD \$000	Annual Plan 2018-19 Full Year \$000	Variance \$000
Assets			
Current assets			
Cash and Cash Equivalents	3,369	300	3,069
Debtors and Other Receivables	19,648	17,057	2,591
Prepayments	490	822	(332)
Other Financial Assets	272	607	(335)
Total current assets	23,780	18,786	4,994
Non-current assets			
Investment Properties	53,965	55,919	(1,954)
Forestry Assets	891	787	104
Property Plant and Equipment	1,569,535	1,610,830	(41,295)
Intangible Assets	4,985	8,540	(3,555)
Other Financial Assets	62,130	14,513	47,617
Derivative Financial Assets	7	10	(3)
Total non-current assets	1,691,513	1,690,599	914
Total assets	1,715,293	1,709,385	5,908
Liabilities			
Current liabilities			
Creditors and other Payables	30,212	21,615	8,597
Derivative Liability Current	304	283	21
Provisions	4,842	2,586	2,256
Current borrowings	29,000	29,000	0
Total current liabilities	64,358	53,484	10,874
Non-current liabilities			
Creditors and other Payables	101	156	(55)
Non current borrowings	123,000	108,860	14,140
Provisions	1,741	1,767	(26)
Derivative Financial Liabilities	11,881	11,233	648
Total non-current liabilities	136,723	122,016	14,707
Total liabilities	201,082	175,500	25,582
Net assets	1,514,212	1,533,885	(19,673)
Equity			
Retained Earnings	900,245	896,165	4,080
Reserves and special funds	75,014	71,933	3,081
Asset revaluation reserve	538,952	565,787	(26,835)
Total equity attributable to Council	1,514,212	1,533,885	(19,673)

CAPITAL PROJECT EXPENDITURE AS AT 30 SEPTEMBER 2018



TREASURY REPORT
30 SEPTEMBER 2018



STANDARD AND POORS CREDIT RATING:

AA

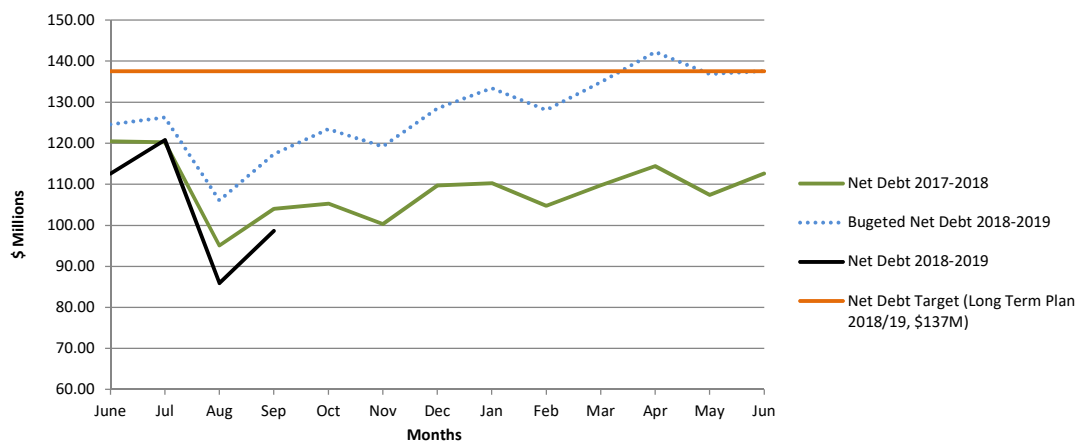
Outlook: Stable

DEBT SUMMARY:

As at 30 September 2018

External Debt		
Opening public debt as at 1 September 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)	3,364,307	
Term deposits (Funds held on deposit until required for project funding)	50,000,000	
Total cash and term deposits		53,364,307
Total Net External Debt		98,635,693
<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		10,333,363
Property Reinvestment Reserve - Available for Reinvestment	3,253,251	
Property Reinvestment Reserve - Accumulated	28,934,911	
		32,188,163
Water Reserve		31,353,000
Total		73,874,525

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 Corporate Capital Projects Report for the month ending 30 September 2018

Meeting: Finance and Corporate Committee
Date of meeting: 25 October 2018
Reporting officer: Alan Adcock (General Manager – Corporate/CFO)

1 Purpose

To provide the Corporate Capital Projects Report for the month ending 30 September 2018.

2 Recommendation

That the Finance and Corporate Committee notes the Corporate Capital Projects Report for the month ending 30 September 2018.

3 Background

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

4 Discussion

The Capital Projects expenditure for Corporate as at 30 September 2018 is currently \$50k more than budget. Corporate is forecasting to spend a total of \$15.4 million against the \$16.2 million budget, with forecast carryforwards of \$0.8 million. These carry forwards relate to ICT projects.

However, the bulk of this expenditure relates to the Civic Centre project and its timing will be affected by some complex decisions over the next few months.

5 Significance and engagement

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

6 Attachment

Corporate Capital Projects Report

CORPORATE CAPITAL PROJECTS REPORT

AS AT 30 September 2018

(Figures include both Operating and Capital Expenditure)

	Actual YTD \$000	Revised Budget YTD \$000	Variance YTD \$000	Full Year Forecast \$000	Full Year Revised Budget \$000	Forecast (Underspent)/ Overspent \$000	Forecast Carry Forwards \$000	Total (Underspent)/ Overspent \$000
Support Services								
<i>Business Improvement</i>								
Business Improvement Projects	0	7	(7)	100	100	0	0	0
Workflow Systems Development	0	19	(19)	226	226	0	0	0
Business Improvement Total	0	26	(26)	326	326	0	0	0
<i>Business Support</i>								
Business Support Projects	0	0	0	102	102	0	0	0
Council Premises	5	5	0	9,968	9,968	0	0	0
Council Vehicle Replacements	45	24	22	235	235	0	0	0
Furniture Renewals	0	2	(2)	9	10	(1)	0	(1)
Information Centre Upgrade	0	0	0	126	126	0	0	0
Business Support Total	51	31	20	10,440	10,441	(1)	0	(1)
<i>ICT</i>								
Accounts Payable Automation	4	23	(19)	27	23	4	0	4
Asset Management Software Upgrade	98	96	1	610	854	(245)	245	0
CiA Upgrade	107	94	13	1,227	1,480	(253)	253	0
Computer Tech for Building, Animal Control & Parking	0	0	0	104	124	(20)	20	0
Corporate Performance Management	35	36	(1)	284	435	(151)	151	0
Decision Support System Development	0	0	0	161	161	0	0	0
Digitisation of Records	210	144	66	816	899	(83)	83	0
IT Equipment New	6	5	1	42	51	(9)	8	(1)
IT Network Upgrades	0	27	(27)	7	33	(27)	0	(27)
LIDAR	0	0	0	128	128	0	0	0
Minor ICT Projects	20	14	6	81	82	(0)	0	(0)
Web & Intranet Development	94	75	19	1,093	1,127	(34)	27	(7)
ICT Total	573	513	61	4,579	5,397	(818)	787	(32)
<i>People & Capability</i>								
Office Furniture	1	2	(1)	10	10	0	0	0
People & Capability Total	1	2	(1)	10	10	0	0	0
Support Services Total	625	572	53	15,354	16,174	(820)	787	(33)
Total	625	572	53	15,354	16,174	(820)	787	(33)

5.3 Operational Report – Finance and Corporate – October 2018

Meeting: Finance and Corporate Committee
Date of meeting: 25 October 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 October 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 October 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 – October 2018

Operational Report – Finance and Corporate – October 2018

Information Communications Technology (ICT)

ICT Teams are supporting the organisation with business as usual (BAU) requests, incidents and critical infrastructure improvements as well as assisting the Business Improvement Team with critical organisational system improvements. Project work is not without challenges but overall progressing well.

ICT Operations

While service levels for the month of September were on target at 95.90% the team's workload has remained constant and the backlog of cases is decreasing in most areas.

Operational activities include:

- Conducting a third-party security review – planning in progress
- Cyber training management plan – solution procured and deployment dates to be confirmed
- Remediating critical Disaster Recovery recommendations
- Application and Desktop support – business as usual
- Reporting on service levels.

We are in the process of planning the next biannual upgrade of all our Desktops and Laptops to the latest version of Windows – called a Feature Upgrade. This is scheduled to kick-off during mid-November and will be rolled-out to KBU's for testing first before being deployed to the rest of the organisation.

Our environment has been quite stable with no outages reported.

ICT Projects

In general, the Trilogy Phase 2 projects are progressing well although we have seen some delay across two of them.

- **Upgrade of Technology One Ci to CiAnywhere** – next software upgrade for Core Council system.
 - Re-planning has taken place following a lack of vendor resources and defined costing model. The revamped schedule is being finalised with a Go Live date of end November 2019. The schedule will be the basis for costing which is due as a Statement of Work imminently. Analyst Training also starts this week.
- **Corporate Performance Management** – implementation of software to track, trace, monitor manage and report key performance indicators across Council. Phase 1 was LTP measures, Phase 2 will cover WDC operational measures.
 - Phase 1 is live and operating well, with metrics for three months recorded so far. Phase 2 planning is in progress including lessons learnt from other councils.

- **Website Platform Redevelopment (Digital Platform)** – Review and re-development of our existing WDC websites.
 - Design Phase – Design documentation and scope for the first set of changes to our websites has been drafted ready for review. Once confirmed, a statement of work outlining costs and schedule will follow.
- **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 – Technology One has been selected as the vendor from the RFP. A Project Manager from Tech One has been assigned and project planning has commenced with Tech One. Data cleansing and asset hierarchies work continues.
- **Digitisation of Property Files** – Execution Phase
 - Completion of digitisation of all existing physical files to 2017 remains on track for completion by June 2019. Following an options analysis, impact assessment is being done on the selected option of a centralised scanning bureau in-house to digitise any new files coming into council.

Finance

Annual Report

The Annual Report for the year ended 30 June 2018 was adopted on 27 September 2018. The process has been reviewed with various areas highlighted for improvement in order to continue to streamline our process.

Financial Reporting

The combined pressures of the 2017-18 Annual Report, the 2018-19 revised budget and current vacancies have stretched the Finance team's resources. This prevented the team producing year to date financial reports in earlier agendas. The September year to date financial reports have been completed for the October Finance and Corporate Committee meeting.

Annual Plan 2019-20

Initial planning meetings have been scheduled to begin the preparation of the 2019-20 Annual Plan.

Australasian LG Performance Excellence Program

The team completed the financial aspects of the Australasian LG Performance Excellence Program within the required timeframe. This report, which also includes information provided by other departments across Council related to operations, asset management, workforce, risk management, corporate leadership and governance, will be available in December.

Revenue

In September, the team has mainly focused on “business as usual” and adding the new logo to outputs e.g. invoices, letters, forms.

Land Rates

The 2018 general revaluation implementation date has been deferred by the Office of the Valuer General (OVG) from 12 October to December. This delay arose from the valuation data and documentation provided by Opteon not meeting the OVG’s requirements. Although the OVG indicated that Opteon have a good knowledge of the district from a rating valuation perspective, more background work is required to bring the entire database up to required standards before relying on the information for setting rates on a land value basis with confidence.

There were 253 properties sold in September; 4% lower than this time last year.

Water Rates

Details of water rates transactions are as follows:

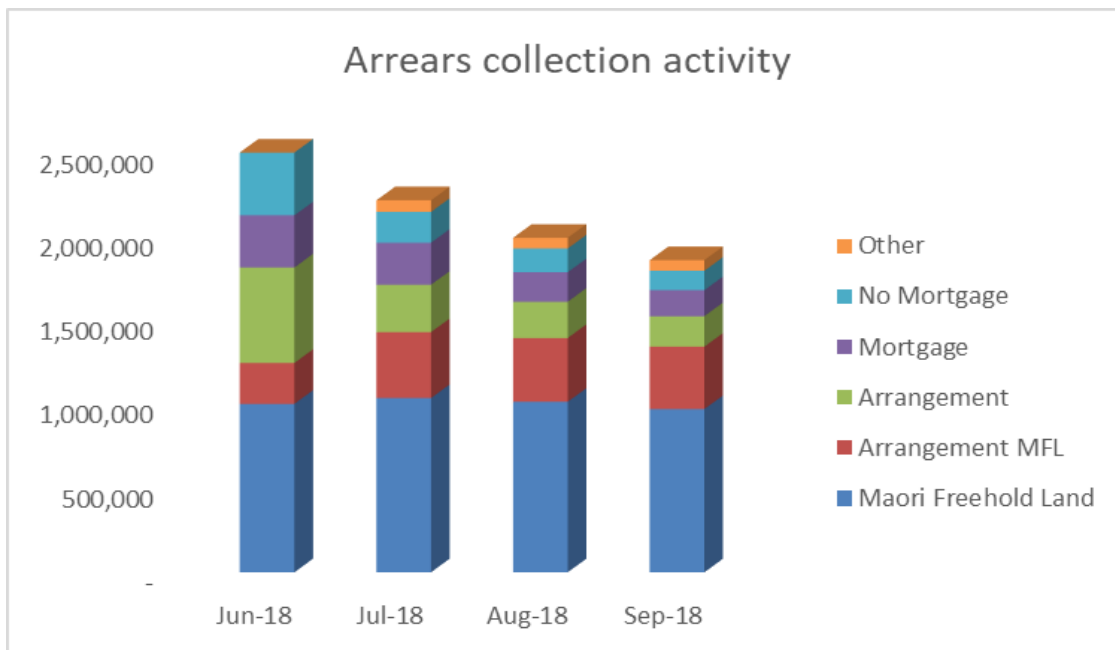
Water Rates Summary - September 2018							
	Consumption	Supply Charge	Backflow	Special Reading Fee	Penalties	Excess Water Remission	Arrears
Amount(\$)	1,409,774	73,424	9,644	6,254	7,473	- 33,774	249,943
Transactions (Number)	5,243	5,197	303	120	434	37	1,405
Average (\$)	268.89					- 912.80	

Collection and Recovery

Land rate arrears at 30 September arrears are:

- \$1,858,000 (August 2018 \$1,991,000)
- Māori Freehold Land comprises \$1,343,000 (August 2018 \$1,343,000) of arrears.

In September, we sent second reminder letters to those ratepayers the first instalment.



Water rates arrears are \$250,000 (1,405 debtors), with \$132,000 (812 debtors) 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 some of the initiatives:

Forward Works Viewer Initiative

The Roding Department approached the Business Improvement Department looking for a solution to allow themselves and other departments including Waste and Drainage and Water to have a spatial view (map) of their planned forward works to see where there are overlaps in planned future work and to ensure that the Departments can collaborate better.

Progress Made

- Work is underway on the Forward Works Viewer. The work is due for completion at the end of October.

Next Steps

- Test and roll out the viewer into production.

Cemetery Management System Initiative

The cemeteries database in use by Council at present is legacy software which no longer performs to acceptable standards. There are also some manual processes in place (such as paper forms and database extracts) which can delay the time taken to transfer data between families, funeral directors, Council internal staff, Council external websites and burial/cremation physical sites. These could benefit from re-engineering and automation where possible.

Progress Made

- High level requirements have been gathered and in-house solutions have been discounted as potential solutions.

Next Steps

- Solution analysis document to be created which will include analysis of other potential solutions to replace the incumbent Cemetery Management System.

Business Support

Information Management

Kete Workspace and Adoption Review

The Information Analyst role has been filled to begin the work required to do a full review of the way we are using Kete, uptake across the business as well as any coaching and training needs required to ensure we are getting full use of this sector leading system.

Management and workflows – Policies, Procedures, Strategies, Guidelines and Forms

Final testing has been completed for the rollout of the new functionality behind the management of Policy, Procedures, Strategies, Guidelines and Forms. This will greatly increase the governance and management of these key Council documents in the future as well as ensuring there is a single point of entry to reference the documents at any time.

Digitisation Work

Two members of the team are fully engaged in the digitisation project as we are about enter production digitisation with the vendor. The quality aspects of this piece of work have been the key focus around the capture of data to improve findability of the information assets as they are added into Kete after digitisation.

There have been many discoveries with the archived files as the team have dispatched them for digitisation e.g. in some cases physical files exist and there is no supporting data. Rather than focussing on just getting the digitisation complete it has been used as an opportunity to make key improvements on file discovery particularly in the LIM process. This will add significant value to the work and in turn return on the investment made.

Procurement

The Draft Procurement Policy went to the Audit and Risk Committee in September, and is on the agenda for Council meeting on 25 October 2018.

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

Major workstreams include:

- Security
- Staffroom supplies
- Civic Centre
- Electricity Supply
- Staff Travel.

Property Assets

Civic Buildings

- Kamo Library Re-roof project – work is completed, along with the installation of the Wi-fi stations.
- Tikipunga Library – internal renovations completed and the build of the secondary car park works to start next week Monday. Wi-Fi stations installed.
- Onerahi Library – Wi-fi stations installed.
- Security Services Contract – Out for tender and various site visits have been completed. RFP closes on 19 October and evaluation will start on 23 October.
- Forum North – Upgrade of lift situated by the theatre signed off. Work to start in the next two weeks. Staff will make arrangements with Venues and Events around accessibility.
- Forum North – Quotes received for work to start on the repairs to the roof around the sky lights situated above the ladies' toilets on the first floor of Forum North. Hopefully, this will start in the next three weeks, dependent on availability of the contractor and the weather.
- I-Site – Roof repainting completed. This was delayed due the weather situation over last couple of weeks. Touch up work to be completed in the next two weeks.
- Town Basin – Scheduled maintenance to start in the next couple of weeks.

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. We are currently supporting the planning and design of the new website under the ICT department's Digital Platform Project.

Branding refresh

The Communications Team is working to transition to the new Council logo, which is being approached on an incremental basis (rather than as a 'big bang') to minimise costs. This is involving extra work for the team creating new templates and designs based on the new branding and colour palette. We are nearing completion of a new 'brand book' that will set out guidelines for use of our logo, colour palette and tone of voice for all types of communication.

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 Tsunami readiness, the Representation Review consultation, "Keep NZ Beautiful Week", Freedom Camping and the Alcohol Control bylaw.

Communications team members have also been involved in working groups for the Carpark to Park, Tactical Urbanism, Waterfront group, Revaluation Opteon and Operation Splash – including producing a series of radio advertisements and brochures for pool retailers – as well as creating new signage for Otuihau/Whangarei Falls and the Tuna Track.

We have completed three finished animated videos for use on our website and on Facebook explaining building processes.

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 as we need to clarify the current process for handling customers roading complaints. We have also been working on a Waterfront Campaign to bring together all the Council projects going on in this key area.

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

The Annual Report is now ready for publication.

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. We wrote and published citations for this year's Civic Honour recipients as well as related publicity material for this annual event.

Media and public relations

A full list of Council related matters covered by the media in September was not available this month due to a staff absence but will be included in next month's reporting.

The following stories were covered in our Council News pages:

- Porowini Ave road closures
- Otuihau improvements
- Tsunami readiness
- Adopt before you shop – launch of new adopt a pet from the animal shelter
- Temporary pools must have fences too
- Summer roadworks planned for the district
- Alcohol bylaw review
- Kamo Shared Path update
- Keep NZ Beautiful Week
- New Council logo
- Seawall creation at Taurikura
- Civic Honours

Website and social media

The Communications team is working closely with Big Fish Creative on our 'Tone of Voice' this is the way we speak to our community and it reflects our brand personality.

Highest Post Reach on Facebook in October so far.

- *"More than 90kilometers of sealed roads will get fresh surfaces this summer, and four kilometres of new sealed roads will be added"*
- 5,316 people reached. 987 people engage by either post clicks and/or comments/recreations/shares.

Facebook page 'Likes' have been increasing organically and steadily for the month.

Our primary goal in using social media technologies (primarily Facebook) is to communicate and engage with our communities whilst directing traffic back to our website for further information.

Advances in technology mean we can now determine the best time of the day and day of the week to post information to social platforms to yield maximum coverage and engagement.

By using the content already created for the website and Council News pages (i.e. Council News Items and Press Releases) – we are increasing awareness of Council in the local community by linking back to the web-based stories/information from our primary social media channels, Facebook, Twitter and Neighbourly).

We can also see how many customers click on the links included in our social media posts by using a system called Bit.ly. – Which is how we know certain people are arriving on our website - from a link we 'advertise' on social media platform posts.

Regular post updates on Facebook/Twitter/Neighbourly are continuing to drive traffic back to our website (hence further optimising our website and giving it greater credibility/rankings in Google).

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 and 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

Scholarships

We have just started advertising our scholarships. This year we are hoping to attract applicants in Civil Engineering, Planning and Finance.

New Employees, Transfers, Vacant Positions and Leavers

New Employees/Transfers	Name	Start Date
Senior Management Accountant	Nathan Wright	3-Sep-18
Customer Relations Coordinator	Brittany Pearce	3-Sep-18
EA to GM Community	Bryant Sia	17-Sep-18
Data Analyst	Nemo Thompson	17-Sep-18
Asset Technician (Fixed Term)	Lachlan Harris	17-Sep-18
Support Assistant – Building Processing	Donna Soanes	24-Sep-18
Compliance Officer (Fixed Term)	Deb Martin	24-Sep-18
Laboratory Quality Coordinator	Jeremy Taylor	24-Sep-18
Roles filled and waiting to start	Name	Start Date
Support Assistant – Building Inspections (Fixed Term)	Royalene Whittaker	1-Oct-18
Information Analyst (Fixed Term)	Missy Ulrich	1-Oct-18
Manager – Democracy & Assurance	Tracey Schiebli	8-Oct-18
Senior Financial Accountant	Jonathan White	8-Oct-18
Property Assessment Officer	Toni Satherley	8-Oct-18
Environmental Health Officer	Fiona Eames	15-Oct-18
Communications Adviser	Emma Jelsma	15-Oct-18
Stormwater Engineer	Phanida Phukoetphim	23-Oct-18
Manager – ICT	Ian Fernandes	29-Oct-18
Manager – District Development	Tony Collins	29-Oct-18
Capital Projects Accountant	Justine Johnson	29-Oct-18
Project Manager – Business Improvement	Becky Patu	29-Oct-18
Community Development Adviser	Nicole Stanton	29-Oct-18
Team Leader – RMA Approvals and Compliance	Rochelle Deane	29-Oct-18
Team Leader – Operations	Nicola McCully	TBA
Roles not yet filled	Status	
Manager – Infrastructure Development	Interviewing	
Support Assistant – Infrastructure	Interviewing	
Urban Designer	Interviewing	
Systems Engineer	Interviewing	
Manager – Communications	Interviewing	
Wastewater Treatment Technician	Interviewing	
Infrastructure Planner	Interviewing	
Operations Engineer – Waste & Drainage	Shortlisting	
Senior Planner – RMA Consents	Shortlisting	
District Plan Planner	Shortlisting	
Strategic Planner	Shortlisting	
Senior Project Engineer – Pavements (NTA)	Shortlisting	
Roading Project Engineer	Shortlisting	
Northland Transportation Alliance Manager	Shortlisting	
Experienced Planner	Advertising	
Graduate Planner	Advertising	
Management Accountant	Advertising	
CCO Coordinator (Fixed Term)	Advertising	
Strategic Planner	Advertising	

RMA Approvals and Compliance	Advertising
Bylaws Enforcement Coordinator	Advertising
Team Leader – Rates	Reviewing
Data Warehouse Administrator	Hold
Water Treatment Coordinator	Hold

Leavers	
Tony Robinson	Engineering Officer - Waste
Robyn Rawson	Infrastructure Planner
Sue Miller	Manager – Business Support

Democracy and Assurance

The Democracy Team supported eleven Council and Committee meetings and briefings. Sixty four liquor licence applications were processed for determination by the Chair of the District Licensing Committee.

Official information requests

Fifteen official information requests were received by Council in the last month. The following is a summary of the September/October requests:

- Number of dogs registered at a specified address.
- Copies of accident repair reports for the corner of Mill Road, Whareora Road and Cairnfield Road.
- Further follow-up requests regarding historical correspondence in relation to a bridge in Opuawhanga.
- Details of dogs historically registered at specified addresses.
- Request for names of all staff members of the Northland Transport Alliance.
- A copy of the resource consent application file for a specified address.
- Copies of subdivision resource consents issues in relation to a specified address for the last 10 years.
- Total cost of legal advice in the three years to 20 June 2018 for matters relating to defamation.
- A copy of a historical LIM report issued in 2012.
- A copy of the resource consent compliance file for a specified address.
- Details of any complaints made in relation to activities at a specified address.
- Details of piles/foundations for harbour crossing bridge including associated costs.
- Questions regarding various GIS systems related information.
- Follow-up questions regarding the Hundertwasser Project.
- Details of noise complaints made in relation to a specified address since August 2018.

Audit and Risk

Staff have been asked to review risk registers again in line with the reporting cycle for the next Audit and Risk Committee in December.

Council's insurance is currently due for review, with a renewal date of 1 November. Most of the information has been submitted and we are waiting for the insurance brokers to provide us with an understanding of the movement in premiums for this year.

The Policy and Strategy register has nearly completed testing in its new Kete environment. The project team are planning on a go live date of 22 October, and training for staff following that date.

The Delegations Register has undergone successful testing, pending updates to delegations being brought to Council for adoption. Consideration by Council will in two segments, with Council to Staff delegations being presented to the October Council meeting and the full delegation register and policy being submitted for adoption in November.

Staff have engaged BDO to undertake another internal audit of operational processes. The audit will focus on the revenue receipting and collection processes. The field work for this was initiated early September and the full report will be available for the December Audit and Risk Committee.

Consultation and Engagement

Work is on-going on the Business Improvement project that will map the Special Consultative Procedure in detail. This scope of this project has stretched to include all legislatively driven consultation and engagement activities. Input is now being sought from teams across the organisation that are involved in engagement and consultation processes.

The Consultation and Engagement Guidelines are progressing, with input from the Māori Liaison and Strategy teams.

In addition we have worked with Strategy on consultation for Easter Trading and advised on consultation for the One Tree Point Erosion project.

Maori Liaison and Development

Te Reo in the Workplace

Following the success of Te Reo in the workplace hosted by the Libraries during Te Wiki o Te Reo Māori and positive feedback an initiative has been offered for staff to continue their Te Reo learning journey. As with the programme during Te Wiki o Te Reo Māori a basic introduction course will be provided.

Cadetship Graduation

Graduate cadets were formally acknowledged for their contribution to Whangarei District Council during their time with the Council. Māori protocols by the Māori Relationships team preceded the official ceremony.

Te Tiriti o Waitangi

A series of roadshow hui will be held throughout Tai Tokerau hosted by Te Rōpū Tūhono, commencing at Otangarei Marae 12 October 2018. The intent of these hui is to ensure Ngāpuhi have ample time to discuss and consider the mandating proposal.

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.