



**Far North  
District Council**



# **AGENDA**

## **Audit, Risk, and Finance Committee Meeting**

**Thursday, 28 March 2019**

**Time:** 12:45 pm  
**Location:** Council Chamber  
Memorial Avenue  
Kaikohe

**Membership:**

Cr John Vujcich - Chairperson  
Mayor John Carter  
Cr Tania McInnes  
Cr Ann Court  
Cr Felicity Foy  
Cr Colin (Toss) Kitchen  
Cr Sally Macauley  
Cr Kelly Stratford  
Member Bruce Robertson  
Member Adele Gardner  
Member Mike Edmonds  
Member Terry Greening

**AUDIT, RISK AND FINANCE COMMITTEE - MEMBERS REGISTER OF INTERESTS**

<b>Name</b>	<b>Responsibility (i.e. Chairperson etc)</b>	<b>Declaration of Interests</b>	<b>Nature of Potential Interest</b>	<b>Member's Proposed Management Plan</b>
Hon John Carter QSO	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
Felicity Foy	Director - Northland Planning & Development	I am the director of a planning and development consultancy that is based in the Far North and have two employees.		<p>I will abstain from any debate and voting on proposed plan change items for the Far North District Plan.</p> <p>I will declare a conflict of interest with any planning matters that relate to resource consent processing, and the management of the resource consents planning team.</p> <p>I will not enter into any contracts with Council for over \$25,000 per year. I have previously contracted to Council to process resource consents as consultant planner.</p>
	Flick Trustee Ltd	I am the director of this company that is the company trustee of Flick Family Trust that owns properties on Weber Place, Seaview Road, and Allen Bell Drive.		
	Elbury Holdings Limited	This company is directed by my parents Fiona and Kevin King.	This company owns several dairy and beef farms, and also dwellings on these farms. The Farms and dwellings are located in the Far North at Kaimaumau, Bird Road/Sandhills Rd, Wireless Road/ Puckey Road/Bell Road, the Awanui Straight and Allen Bell Drive.	
	Foy Farms partnership	Owner and partner in Foy Farms - a farm in three titles on Church		

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
		Road, Kaingaroa		
	Foy Farms Rentals	Owner and rental manager of Foy Farms Rentals for 6 dwellings on Church Road, Kaingaroa and 1 dwelling on Allen Bell Drive, Kaitaia		
	King Family Trust	This trust owns several titles/properties at Cable Bay, Seaview Rd/State Highway 10 and Ahipara - Panorama Lane.	These trusts own properties in the Far North.	
	Previous employment at FNDC 2007-16	I consider the staff members at FNDC to be my friends		
Partner Felicity Foy	Employed by Justaplumber Taipa			
	Friends with some FNDC employees			
Colin Kitchen	No form received			
Tania McInnes	Director – GBT Ventures Ltd	Company not currently operational		Will notify Council if company becomes operational.
	Member of Northland Conservation Board		Conservation matters not aligned with Council policy.	Will notify Council should a perceived conflict arise.
	Trustee – Northland Youth Education Trust		No perceived conflicts	Will notify Council should a perceived conflict arise.
	Founder – Bay of Islands Women's Nexus	No perceived conflicts. An informal organisation		
	Own a section on Seaview Road, Paihia 0200			
	Having worked within the organisation in the early 2000's, I know a number of staff, none of which I am close with.			
John Vujcich	Board Member	Ngati Hine Health Trust	Matters pertaining to property or decisions that may impact of their health services	Declare interest and abstain
	Board Member	Pioneer Village	Matters relating to funding and assets	Declare interest and abstain
	Director	Waitukupata Forest Ltd	Potential for council activity to directly affect	Declare interest

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			its assets	and abstain
	Director	Rural Service Solutions Ltd	Matters where council regulatory function impact of company services	Declare interest and abstain
	Director	Kaikohe (Rau Marama) Community Trust	Potential funder	Declare interest and abstain
	Partner	MJ & EMJ Vujcich	Matters where council regulatory function impacts on partnership owned assets	Declare interest and abstain
	Member	Kaikohe Rotary Club	Potential funder, or impact on Rotary projects	Declare interest and abstain
	Member	New Zealand Institute of Directors	Potential provider of training to Council	Declare a Conflict of Interest
	Member	Institute of IT Professionals	Unlikely, but possible provider of services to Council	Declare a Conflict of Interest
	Member	Kaikohe Business Association	Possible funding provider	Declare a Conflict of Interest
Ann Court	Waipapa Business Association	Member		
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	No FNDC Controls
	Kerikeri Irrigation	Supplies my water		No EM intervention in disputes
	Top Energy	Supplies my power		No other interest greater than the publics
	District Licensing	N/A	N/A	N/A
	Top Energy Consumer Trust	Trustee	Crossover in regulatory functions, consenting economic development and contracts such as street lighting.	Declare interest and abstain from voting.
	Ann Court Trust	Private	Private	N/A
	Waipapa Rotary	Honorary member	Potential community funding submitter	Declare interest and abstain from voting.
	Properties on Onekura Road, Waipapa	Owner Shareholder	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Property on Daroux Dr, Waipapa	Financial interest		

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Flowers (I get flowers occasionally)	Ratepayer 'Thankyou'	Bias/ determination? Pre-	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Consider all staff my friends	N/A	Suggestion of not being impartial or pre-determined!	Be professional, due diligence, weigh the evidence. Be thorough, thoughtful, considered impartial and balanced. Be fair.
		My husband is a builder and may do work for Council staff		
Warren Pattinson (Husband)	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length
	Air NZ	shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	Kurbside Rod and Custom Club (unlikely)	President NZ Hot Rod Association	Potential to be linked to a funding applicant and my wife is on the decision making committee.	unlikely to materialise but would absent myself from any process as would Ann.
	Property on Onekura Road, Waipapa	Owner	Any proposed FNDC capital work in the vicinity or rural plan change. Maybe a link to policy development.	Would not submit. Rest on a case by case basis.
Sally Macauley	Chairman	Northland District Health Board	Matters pertaining to health issues re Fluoride and freshwater as an example.	Declare a perceived conflict.
	Chairman	Oranga Tamaraki - Ministry of Vulnerable Children- Northland Community Response Forum	Matters pertaining to this ministry	Declare a perceived conflict.
	Judicial Justice of the Peace	Visitations to Ngawha Prison	Matters pertaining to Judicial Issues re Ngawha Prison	Declare a perceived Interest
	The Turner Centre	FNDC Representative	Observer, acknowledging FNDC financial contribution.	Note FNDC partnership
	Trustee	Kaikohe Education Trust	Providing students	Declare a conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			laptops - possible request for written support to funders	
	Executive member	Kaikohe Business Association	Matters pertaining to request for written support to funders.	
	Chairman	Bay of Islands Arts Festival Trust	Issues pertaining to the application of support funds	Declare a conflict of interests
	Trustee	Bay of Islands Radio Marine	Issues pertaining to the application of support funds	Declare a conflict of interests
	Secretary/Trustee	Kerikeri International Piano Competition	Issues pertaining to the application of support funds	Declare a conflict of interests
	Trustee/Director	Kaikohe Community and Youth Trust	Possible application of support funding	Declare a conflict of interests
	Commercial	Palmer Macauley Offices- Kerikeri and Kaikohe	Infrastructural matters with FNDC	Declare a conflict
	Private property of which there would not be any conflict.			
	Paihia, Kerikeri, Kaikohe			
Peter Macauley (Husband)	Senior Partner	Palmer Macauley		
	Peter Macauley	Barristers and Solicitors- Kerikeri, Kaikohe and Mangonui	Legal matters with FNDC	
	Director/Trustee			
	St John NZ Priory Chapter	St John Priory Chapter	Legal matters with FNDC	Declare a conflict
	Senior Partner	Peter Macauley- Palmer Macauley Barristers and Solicitors Kaikohe, Kerikeri AND Mangonui	Legal matters with FNDC	Declare a conflict
	St John NZ	Priory Trust Board	Writing of policies and legal matters as an example	Note Interests
	Lions Club of Kaikohe	Director	Legal matters etc	Note Interests
	Kaikohe Rugby Club	Patron	Legal Matters	
	Viking Rugby Club, Whangarei	Life Member	Legal Matters	
	Private Property			
	Kerikeri, Paihia - no contents.			
Bruce	No interests to declare			

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Robertson				
Mike Edmonds	Chair	Kaikohe Mechanical and Historic Trust	Council Funding	Decide at the time
	Committee member	Kaikohe Rugby Football and Sports Club	Council Funding	Withdraw and abstain
Adele Gardner	N/A - FNDC Honorarium			
	The Far North 20/20, ICT Trust	Trustee		
	Te Ahu Charitable Trust	Trustee		
	ST Johns Kaitaia Branch	Trustee/ Committee Member		
	I know many FNDC staff members as I was an FNDC staff member from 1994-2008.			
Partner of Adele Gardner	N/A as Retired			
Terry Greening	Greening Family Trust	Beneficiary		Highly unlikely to interface with FNDC
	Bay of Islands Walking Weekend Trust		Potential of seeking funds	Step aside from any requests or decisions regarding requests
	Russell 2000 Trust (Chairman)			Trust is about to wind up.
	Russell Centennial Trust (Chairman)	Manages Museum Russell	Seeks funds from council	Step aside from any requests or decisions regarding requests
	Residence at Kaha Place, Russell	Nil	Nil	N/A
Terry Greening (Wife)	Greening Family Trust	Beneficiary	N/A	N/A
	Residence at Kaha Place, Russell			
Cr Kelly Stratford	Office manager at Kinghans.			
	Denture assistant at Kawakawa denture Services self-employed as book keeper <a href="mailto:Kelly@ksbookkeeping.net">Kelly@ksbookkeeping.net</a>	None	None	
	KS Bookkeeping and Administration	Business bookkeeping owner, and development of	None perceived	I'd step aside from decisions that arise, that may

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
		environment management plans for clients.		have conflicts.
	Kinghans Accounting	Office Administration	None perceived	Step aside from decisions that arise, that may have conflicts.
	Waikare Marae Trustees	Trustee	May be perceived conflicts	Case by case basis
	Kawakawa Business & Community Association	Committee member/newsletter editor and printer	None perceived	If there was a perceived conflict, I will step aside from decision making
	Bay of Islands College	Parent elected trustee	None perceived	If there was a perceived conflict, I will step aside from decision making
	Karetu School Bay Cosmos Soccer	Parent elected trustee. Committee member and coach	None perceived	If there was a perceived conflict, I will step aside from decision making
	Property in Waikare and Moerewa			If there was a perceived conflict, I will step aside from decision making
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
Kelly Stratford (Husband)	Puketona Junction Café 39 Gillies Café	Barista & Chef Barista	N/A	N/A
	Property in Moerewa		N/A	N/A



**Far North District Council**  
**Audit, Risk, and Finance Committee Meeting**  
**will be held in the Council Chamber, Memorial Avenue, Kaikohe on:**  
**Thursday 28 March 2019 at 12:45 pm**

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## **Order Of Business**

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## **1 APOLOGIES AND DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Community Board and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive Officer or the Team Leader Governance Support (preferably before the meeting).

It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

## **2 DEPUTATION**

No requests for deputations were received at the time of the Agenda going to print.

### **3 CONFIRMATION OF PREVIOUS MINUTES**

#### **3.1 CONFIRMATION OF PREVIOUS MINUTES**

**File Number:** A2339435

**Author:** Melissa Wood, Meetings Administrator

**Authoriser:** Kate Barnes, Governance Support Team Leader

#### **PURPOSE OF THE REPORT**

The minutes of the previous Audit, Risk, and Finance Committee meeting are attached to allow the Committee to confirm that the minutes are a true and correct record

#### **RECOMMENDATION**

**That the Audit, Risk, and Finance Committee confirm that the minutes of the meeting of the Committee held 29 November 2018 are a true and correct record.**

#### **1) BACKGROUND**

Local Government Act 2002 Schedule 7 clause 28 states that a local authority must keep minutes of its proceedings. The minutes of these proceedings duly entered and authenticated as prescribed by a local authority are prima facie evidence of those meetings.

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#### **2) DISCUSSION AND OPTIONS**

The minutes of the meeting are attached. Far North District Council Standing Orders Section 27.3 states that no discussion shall arise on the substance of the minutes in any succeeding meeting, except as to their correctness.

#### **Reason for the recommendation**

The reason for the recommendation is to confirm the minutes are a true and correct record of the previous meeting

#### **3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or the need for budgetary provision as a result of this report.

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#### **ATTACHMENTS**

- 1. Unconfirmed Minutes - Audit, Risk, and Finance Committee 29 November 2018 - A2283847**  

**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	Not applicable
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Not applicable
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	Not applicable
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	None
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences.	Not applicable
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has not reviewed this report.

**MINUTES OF FAR NORTH DISTRICT COUNCIL  
AUDIT, RISK, AND FINANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE  
ON THURSDAY, 29 NOVEMBER 2018 AT 10:00 AM**

**PRESENT:** Cr John Vujcich, Mayor John Carter (HWTM), Cr Tania McInnes (Deputy Mayor), Cr Ann Court, Cr Colin (Toss) Kitchen, Cr Sally Macauley, Cr Kelly Stratford, Member Bruce Robertson, Member Adele Gardner, Member Mike Edmonds, Member Terry Greening

**APOLOGIES:** Cr Felicity Foy

**IN ATTENDANCE:** Shaun Reilly – Kaikohe-Hokianga Community Board Member

**STAFF PRESENT:** Shaun Clarke - Chief Executive Officer, Samantha Edmonds - General Manager Corporate Services, Andy Finch - General Manager Infrastructure & Asset Management, Darrell Sargent - General Manager Strategic Planning & Policy, Jaime Dyhrberg - Executive Officer, Janice Smith - Chief Financial Officer, George Swanepoel - In-House Counsel, Matt Bell - Manager Risk & Improvement, Glenn Rainham - Manager Alliances, Tanya Reid - Business Improvement Advisor, Leanna Ransom - Internal Auditor, Tanya Nowell - Team Leader Infrastructure Programmes, Alastair Wiseman - Manager Health Safety & Wellbeing

## **1 APOLOGIES AND DECLARATIONS OF INTEREST**

### **APOLOGY**

#### **COMMITTEE RESOLUTION 2018/7**

Moved: Cr Kelly Stratford

Seconded: Cr Ann Court

**That the apology received from Cr Foy be accepted and leave of absence granted.**

**CARRIED**

## **3 CORPORATE SERVICES GROUP**

### **3.1 CONFIRMATION OF PREVIOUS MINUTES**

#### **COMMITTEE RESOLUTION 2018/8**

Moved: Member Adele Gardner

Seconded: Member Terry Greening

**That the Audit, Risk, and Finance Committee confirm that the minutes of the meeting of the Committee held 27 September 2018 are a true and correct record.**

**CARRIED**

### **3.2A DEPUTATION**

Matthew Wilson from Aon New Zealand (Insurance Company)

Deputy Mayor McInnes left the meeting at 10:25 am and rejoined the meeting at 10:57 am.

Mayor Carter left the meeting at 10:30 am and rejoined the meeting at 10:31 am

Councillor Kitchen left the meeting at 10:37 am and rejoined the meeting at 10:39 am

### 3.2 INSURANCE RENEWAL CONSIDERATIONS

#### COMMITTEE RESOLUTION 2018/9

Moved: Cr Kelly Stratford

Seconded: Member Bruce Robertson

#### That the Audit, Risk, and Finance Committee

- a) **approve the additional funding required in future years to provide for public liability and professional indemnity insurance quoted by Aon Insurance of \$115,000**

**CARRIED**

- b) **approve the additional funding required in 2019/20 and 2022/23 for the Riskpool additional calls of approximately \$104,000 in each year**

**CARRIED**

- c) consider the requirement for insurance cover for underground assets based on the possible loss information provided and if necessary, approve an additional \$65,000 in the budget from 2019/20 onwards

#### AMENDMENT

Moved: Member Bruce Robertson

Seconded: Mayor John Carter

- c) Confirms that Council do not insure underground assets, for 2019/20, but consider the impacts on the financial strategy with respect to self-funding and asset management.

**CARRIED**

Councillor Stratford requested a vote by division

For	Against
Mayor Carter	Cr Stratford
Cr Macauley	Member Greening
Member Robertson	Member Gardner
Cr Court	Member Edmonds
Cr Kitchen	
Deputy Mayor McInnes	
Cr Vujcich	

The amendment became the substantive motion

#### That the Audit, Risk, and Finance Committee

- a) **approve the additional funding required in future years to provide for public liability and professional indemnity insurance quoted by Aon Insurance of \$115,000**

- b) **approve the additional funding required in 2019/20 and 2022/23 for the Riskpool additional calls of approximately \$104,000 in each year**

- c) **Confirms that Council do not insure underground assets, for 2019/20, but consider the impacts on the financial strategy with respect to self-funding and asset management.**

**CARRIED**

Councillor Stratford abstained from voting

**3.3 COUNCIL FINANCIAL REPORT OCTOBER 2018****COMMITTEE RESOLUTION 2018/10**

Moved: Cr Ann Court  
 Seconded: Member Adele Gardner

**That the Audit, Risk, and Finance Committee receive the report entitled "Council Financial Report 31 October 2018"**

**CARRIED****4 INFORMATION REPORTS****4.1 LEVEL OF SERVICE KPI PERFORMANCE REPORT - QUARTER 1****COMMITTEE RESOLUTION 2018/11**

Moved: Cr Colin (Toss) Kitchen  
 Seconded: Mayor John Carter

**That the Audit, Risk, and Finance Committee receive the report "Level of Service KPI Performance Report - Quarter 1."**

**CARRIED****5 PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION 2018/12**

Moved: Cr Tania McInnes  
 Seconded: Cr Kelly Stratford

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

**The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:**

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>5.1 - Confirmation of Previous Minutes (Public Excluded)</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(c)(i) - the withholding of the information is necessary to	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7



	<p>protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied</p> <p>s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p>	
<b>5.2 - Internal Audit Update - November</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>5.3 - FNDC Current Legal Action Potential Liability Claims</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>CARRIED</b>		

## 6 CONFIRMATION OF INFORMATION AND DECISIONS IN OPEN MEETING

### COMMITTEE RESOLUTION 2018/13

Moved: Cr Tania McInnes

Seconded: Cr Kelly Stratford

**That the Audit, Risk, and Finance Committee confirms that the information and decisions contained in the part of the meeting held with the public excluded are not to be restated in public meeting.**

**CARRIED**

## **6 MEETING CLOSE**

**The Meeting closed at 11:56 am.**

The minutes of this meeting will be confirmed at the Audit, Risk, and Finance Committee Meeting held on 28 March 2019

.....  
**CHAIRPERSON**

## **4 STRATEGIC PLANNING AND POLICY GROUP**

### **4.1 DRAFT FAR NORTH HOLDINGS LIMITED STATEMENT OF INTENT 2019-2022**

**File Number:** A2395737

**Author:** Sheryl Gavin, General Manager Corporate Services (Acting)

**Authoriser:** Shaun Clarke, Chief Executive Officer

#### **PURPOSE OF THE REPORT**

This report presents the draft Statement of Intent of Far North Holdings Limited for the three years from 1 July 2018 to 30 June 2021.

#### **EXECUTIVE SUMMARY**

- The Statement of Intent presented complies with the requirements of the Local Government Act.
- This report was submitted via email to Shaun Clarke, Chief Executive Officer, Sheryl Gavin, General Manager Corporate Services (Acting) and Janice Smith, Chief Financial Officer on 28 February 2018.

#### **RECOMMENDATION**

**That the Audit, Risk, and Finance Committee recommend Council confirm the Far North Holdings Statement of Intent 2019-2022.**

#### **1) BACKGROUND**

The requirements for the governance and accountability of council-controlled organisations (CCO) and council organisations are set out in Part 5, Sections 55-74, of the Local Government Act 2002 (LGA) and Schedule 8, Clauses 1-10, of the LGA sets out specific provisions regarding Statements of Intent (SOI).

The purposes of a SOI are to:

- a. Provide transparency to the community about the proposed activities and intentions of the CCO for the forthcoming year
- b. Enable Council, as the shareholder in the CCO to influence the direction of the company
- c. Create a basis for accountability of the Directors of the CCO to Council as the shareholder.

Section 64, LGA requires every CCO to have a SOI that complies with clauses 9 and 10 of Schedule 8 of the LGA. These clauses outline the statutory content of a SOI.

The statutory provisions of Schedule 8 require the Board to deliver to its shareholders a draft SOI on or before 1 March each year then consider any comments on the draft SOI made to it within 2 months of 1 March before delivering the completed SOI on or before 30 June each year.

The shareholder, Council, can either agree with the draft SOI or require the Board to modify the SOI on any matter included in Clause 9 (1)( a) to (i). Modification must be by way of resolution and the shareholder is first required to consult the Board as to the matters to be modified.

The effect of the timing provisions is that the shareholder, Council, has until 30 April to make any comments back to the company on changes it would like to see made to the draft SOI. The CCO must then consider these comments and submit its final SOI to the shareholder by 30 June.

Far North Holdings Limited (FNHL) has met its statutory obligations by submitting a draft SOI by the statutory deadline. A copy of the draft SOI is attached.

**2) DISCUSSION AND OPTIONS**

The draft SOI contains information specified in Clause 9, Schedule 8, LGA. The SOI is consistent with previous SOIs that have been submitted by FNHL.

**Reason for the recommendation**

The receipt of the draft Statement of Intent from the Council CCTO, Far North Holdings Limited, is part of the compliance requirements of a statutory process. The reason for the recommendation is to confirm the draft SOI and recommend the report be received by Council at a meeting prior to 30 June 2019.

**3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or the need for budgetary provision.

**ATTACHMENTS**

1. **DRAFT Statement of Intent 2019 to 2022 - A2400587** [!\[\]\(e6ddc77b791299d975007937cebef274\_img.jpg\)](#) 

**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	As this is a report for Audit, Risk & Finance Committee to recommend to Council and requires no decisions to be made by the Audit, Risk, and Finance Committee it is deemed to have a low to medium level of significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Part 5, Sections 55-74, of the Local Government Act 2002 (LGA) Schedule 8, Clauses 1-10, of the Local Government Act 2002 (LGA)
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	The matter has District wide relevance.
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	Considered in relation to proposed performance objectives of FNHL.
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences.	Not applicable.
State the financial implications and where budgetary provisions have been made to support this decision.	There are no financial implications or the need for budgetary provision arising from this report.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report



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# Statement of Intent 2019 - 2022

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Presented to Far North District Council on 28th February 2019

## Statement of Intent 2019 - 2022

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# Statement of Intent 2019 - 2022

## Purpose of Statement of Intent

This Statement of Intent (SOI) is presented by Far North Holdings Limited (FNH) in accordance with Section 64(1) of the Local Government Act 2002. This SOI takes Shareholder comments into consideration and represents the objectives, nature and scope of activities and performance targets by which FNH is to be measured as the basis of accountability. It covers the period from 1<sup>st</sup> July 2019 to 30 June 2022.

## Abbreviations

Abbreviation / Term	Description
<b>BOI</b>	Bay of Islands
<b>CCO</b>	Council Controlled Organisation
<b>CruiseNZ</b>	Cruise New Zealand
<b>FNDC</b>	Far North District Council
<b>FNH</b>	Far North Holdings Limited
<b>LTP</b>	Long Term Plan
<b>PGF</b>	Provincial Growth Fund
<b>SLT</b>	Far North District Council's Strategic Leadership Team
<b>SOI</b>	Statement of Intent

## Statement of Intent 2019 - 2022

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## About FNH

As Council's commercial vehicle, FNH facilitates and develops commercial and infrastructural assets, and business growth, in the Far North District. In doing so, it will:

- Operate under good governance;
- Seek new business development opportunities;
- Identify, collaborative or joint ventures opportunities;
- Manage existing assets and bring commercial expertise in property management; and
- Create profits for its Shareholder and improve the Shareholder asset value.

FNH leads the delivery of property and infrastructure assets in its ownership and under its management. These actions contribute to the development of the Far North District.

FNH primary roles are:

- To plan, manage, operate and develop; land, maritime, aviation and public assets within its ownership, or under the terms of any management agreement entered into; and
- To plan, facilitate and secure commercial outcomes in its area of Influence that support the growth of the Far North District.

As a secondary role, FNHL may use its management skills and resources to assist both Council and third parties with consultancy services including; project management, funding and business support/planning, on a commercial basis.

## Nature and Scope of Activity

FNH currently owns and operates commercial and infrastructural assets in the maritime, aviation and property sectors.

FNH may:

- Elect to investigate and invest in any other commercial opportunities that may arise including any proposed by its Shareholder; and
- Carry out asset management, and may enter into management agreements for defined services on behalf of its Shareholder, or third party; and
- Divest any of the assets held, subject to any restrictions that may apply in specific cases (such as where the Council has the right of first refusal, council resolution or where the offer-back requirements of the Public Works Act apply).

FNH will align itself with the Shareholder's broader strategic objectives by leveraging off these assets to undertake the following business activities (but not limited to) over the next three years being:

Developing and enhancing a maritime economy

- Continue with the BOI Marina infrastructure and land-based development;
- Further development of the Waitangi Wharf to cater for the charter boats meeting the cruise ship tenders;
- Further develop the Paihia, Opua and Russell wharves, maximizing benefits from Provincial Growth Fund (PGF);

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- Attract business and investment in the maritime economy;
- Ensure all maritime assets owned by FNH are cost effectively maintained through asset management plans that appropriately balance care of asset with expenditure; and
- Seek funding sources to further develop or upgrade such maritime assets.

Developing and enhancing property in its ownership including:

- Complete the development of the Bay of Islands Airport Terminal, and thereafter evaluate the opportunity arising from this investment, including reviewing; fire rescue, freight, the runway and associated airside infrastructure;
- To explore the potential to develop an Innovation & Enterprise Park at Ngawha, on the Top Energy Farm, that encourages value add industry to establish here and employment opportunity that aligns with the unemployed of the District; and
- Complete the PGF developments at Te Hononga, Kawakawa, and Manea.

Where agreed with the Shareholder, enter into a management contract for commercial, strategic and non-strategic property assets in order to:

- Undertake acquisitions of strategic property on behalf of Council;
- Undertake disposals or re-development of non-strategic land;
- Negotiate third party leases where Council is the tenant;
- Undertake management of commercial leases; and
- Evaluate any other properties, developments, businesses and investments as to their current and future potential.

### FNH Strategic Direction

This SOI sets the strategic framework, activities, and performance measures we have set for the next three years to deliver the outcomes its Shareholder seeks.

At the time of preparation of this SOI FNH has several projects seeking high level funding and approvals. For the moment, this SOI is based on known projects. FNH will liaise with Council on the new projects and update the SOI reflecting any change.

FNH is to be cognisant of and, where appropriate, seeks to align itself with the Far North District Council's vision, mission and principles statement as outlined in the 2018/28 Long Term Plan (LTP).

For community outcomes FNH will be guided by the 2018/28 LTP and Council's Vision "A District of sustainable prosperity and well-being", its mission, "creating great places, supporting our people" and its values.

Over the period of the SOI, Far North District Council will provide FNH with any other documents that it should have knowledge of, whether they be in the consultation stage, or have been formally adopted, that reflect any changes to the Council's vision or aspirations that FNH needs to align with.

### Decision for which prior Council approval is required

The following criteria are used to guide and demonstrate what types of decisions require Shareholder approval:

1. Decisions which will affect the CCO's ability to meet any statutory responsibility;

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2. Decisions which will impact on any intended service levels for a CCO activity (except if the impact is minor or has been agreed by the council through the SOI process);
3. Decisions which will commit the council to future provision of funding; and
4. Decisions which are not based on a "full arm's length" commercial basis requiring FNDC approval will to be shown in the accounts as such.

## FNH Objective

As the FNDC's commercial vehicle, FNH will facilitate and create commercial and infrastructural assets in the Far North District, or if outside the Far North District, with the Shareholders approval, with the aim of creating profits for its Shareholder and creating shareholder value.

## 3-Year work plan to deliver on Strategic Objectives

The table below shows the key capital projects and initiatives we plan to undertake in the 2019-22 SOI period to deliver on our strategic objectives.

Key Project / Initiative	Description	Contribution to Strategic Objectives	Delivery in 2019-22
<b>Capital Projects</b>			
Marina Infrastructure & Boatyard	Completion of landscaping and associated land-based amenities.	Berths are all now available and generating income.	Planning and design work to be completed June 2019.
Waitangi Wharf	Additional pontoon to cater for the charter fleet picking up cruise ship passengers.	This will further improve the infrastructure needed to support the growth in cruise ships numbers, and size, visiting the Bay of Islands, and the economic benefit that retail and tourist businesses benefit from the passengers that travel in this manner.	Delivery September 2019.
Russell Wharf Kiosk	To redevelop the kiosk to provide greater public amenity and more user-friendly environment on the Russell Wharf.	To enhance the experience of visitor using the wharf by providing a café and toilets alongside the information centre.	December 2019 completion.
Te Hononga, Kawakawa	To provide a new interpretive Gallery co-governed by Ngati Hine/Hundertwasser Trust, relocate the FNDC library, and provide new workshops for local artists and for business to use.	Redevelopment of the Kawakawa town centre that will make Kawakawa a destination in its own right, linking; the famous toilets, twin coast cycleway and town square.	March 2020 completion.

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Key Project / Initiative	Description	Contribution to Strategic Objectives	Delivery in 2019-22
Bay of Islands Airport Terminal	The development of a new terminal building, and new rental facilities.	Reflecting the investment made by Air NZ in the apron / taxiway to accommodate larger aircraft, and more frequent flights, a new terminal is needed to accommodate the current passenger growth.	Delivery July 2019.
Ngawha Innovation and Enterprise Park	204ha Dairy Farm.	To create commercial business opportunities to grow the economic and employment opportunities in Northland.	On-going with the objective that within 3 years all the necessary planning needed will have been approved and potential tenants will have been identified and secured.
Manea	The development of an interactive theatre experience telling the story of Kupe.	The development of a tourist attraction, telling a story of national significance to Maori, will be a major tourism attraction and provide economic benefit to the Hokianga.	Anticipated completion May 2020.
Russell Wharf	To develop and repair the Russell Wharf.	To increase and improve the commercial, public and community benefits of the wharf and pontoons.	Anticipated completion October 2019.
Opua Wharf	To develop an events pontoon/superyacht berth.	To provide an events facility for Cook's 250 <sup>th</sup> anniversary being celebrated in 2019. Thereafter, to be used as a superyacht berth.	Anticipated completion October 2019.
Paihia Wharf	To develop and repair the Paihia Wharf.	To increase the capacity of the facility to allow continued growth in traffic and charter operators.	Anticipated completion October 2019.

In addition to the above new capital projects, FNH shall continue to review, maintain and re-invest in existing assets and operations to ensure maximum benefit to the Company, plus review on an ongoing basis other capital investment opportunities as they arise.

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As referred above the Company is working with both Council and Central Government on the following projects.

- Manea (Cultural and Arts Centre, Hokianga);
- Te Hononga, Kawakawa (tourism hub);
- Bay of Islands Airport – additional opportunities in addition to the new terminal;
- Paihia Waterfront (additional infrastructure);
- Russell Wharf (additional infrastructure);
- Opua Wharf – Events/Superyacht Pontoon;
- Ngawha Innovation and Enterprise Park;
- Kaikohe Community / Cultural / Tourism Hub; and
- Ngawha Springs (redevelopment and upgrade of the existing springs).

These projects should all come to fruition in the period 2019/22.

### Financials

#### Operating Profit 3-year Forecast

FNH is forecasting an operating profit after tax for the 2019/20 year to be \$2.143 million, and for the 2020/21 year an after-tax profit of \$2.450 million.

The company foresees a small increase in the after tax profit for the following period 2021/22 with budgets indicating a profit of \$2.550 million.

#### Consolidated Shareholders' Funds and Total Assets

For the period from July 2019, the Company is forecasting continued growth in total assets and shareholder's funds.

The Company's asset growth will primarily be a result of the PGF developments listed earlier. No allowance has been made for any asset revaluations over the period.

Asset values are forecast to increase to \$108.4 million by June 2020.

The company is aware that there may be accounting treatments around the PGF funding, and how that is to be accounted for in the company's books has yet to be determined, so may see these numbers change. For the moment the numbers above assume that the assets in FNHL books, for which PGF funding has been received, will be valued at costs less the PGF funding received for that asset.

Consolidated Shareholders' funds are budgeted to total \$56.2 million by June 2019, increasing to \$57.4 million for June 2020 and \$58.0 million by June 2021. During this period, the Company is also budgeting to pay dividends of \$3.8 million to Council.

### Distribution Policy

#### Dividends

The Shareholder may require FNH to pay a dividend of 50% of its after tax operating profit no later than 28th February in the following financial year; for the following years the company will endeavor to pay the following minimum amounts:

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2019/20 Financial year	\$1,215,000
2020/21 Financial year	\$1,340,000

FNH may from time to time present commercial proposals to the Shareholder for an alternative use of the Shareholder's share of after-tax operating profit for its consideration.

## Share Redemption

In the event that the company has not within a period of two years been able to develop the Kaikohe farm site to its potential as an innovation and enterprise park, and thus not led to the establishment of businesses or industry thereon, the company will look to dispose of the farm, and from those proceeds or other resources, will look to repay to its shareholder, over a period no longer than 4 years, the sum of \$5.0 million by means of share redemption.

## Accounting Policies

FNH's current Accounting Policies are set out in the notes to its annual financial statements at 30 June 2018. The treatment of PGF funds received by the company is still to be finalised, as mentioned earlier, otherwise there is no material change in accounting policies envisaged over the period covered by this SOI.

## Reporting to Shareholders

FNH will provide quarterly reports to its Shareholder in November, February, May and an Annual Report in September. FNH will provide details of its forecasts of earnings, cash flow and balance sheet structure, if requested by its Shareholder.

## Transactions with Far North District Council

In transactions with FNDC for the provision of goods and / or services, FNH will seek trading terms and conditions applicable to external customers.

## Acquisition of Shares

If FNH wishes to acquire shares in another company or organisation, it will notify its Shareholder at least 30 days in advance.

## Performance Targets

A schedule of the detailed non-financial and financial performance indicators for the 3 years of the SOI can be seen on pages 8 and 9.

## Performance Outlook

FNH has an agreed set of performance measures and targets which form the basis for accountability to delivering on Council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual. These include measures agreed as part of the 2018/28 LTP.



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FNH has worked closely with FNDC to develop a new, improved, streamlined and robust set of performance measures for the 2018/28 LTP and 2019-22 SOI. A comprehensive performance measurement and reporting framework also exists outside of the SOI process.

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## Statement of Intent 2019 - 2022

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Financial Performance Objectives				SOI Target 2019/20	SOI Target 2020/21	SOI Target 2021/22
<b>Performance Objective</b> Engage in successful commercial transactions			<b>Measure</b> Growth in Shareholder value	Shareholders' funds increase by \$1.12m, after payment of dividend	Shareholders' funds increase by \$1.15m, after payment of dividend	Shareholders' funds increase by \$1.125m, after payment of dividend
<b>Target 2016/17</b> Achieved	<b>Target 2017/18</b> Achieved	<b>Target 2018/19</b> SHF inc by \$1.0m	<b>Comments</b>			
<b>Performance Objective</b> Provide a commercial return to FNDC			<b>Measure</b> Dividend return to FNDC	Pay minimum \$1.215 million for 2019/20	Pay minimum \$1.340 million for the 2020/21	Pay minimum \$1.300 million for the 2021/22
<b>Target 2016/17</b> \$719,500 paid in Feb 18	<b>Target 2017/18</b> Dividend to be paid of \$843,810 in Feb 19	<b>Target 2018/19</b> Forecast dividend of \$887,000 to be paid Feb 20	<b>Comments</b> This forecast dividend is \$200,000 greater than prior SOI forecasts			
<b>Performance Objective</b> Effective Financial Management			<b>Measure</b> Annual operating profit after tax to exceed \$500,000	\$2.143 million	\$2.450 million	\$2.550 million
<b>Target 2016/17</b> Achieved \$1,438,110	<b>Target 2017/18</b> Achieved \$1,687,621	<b>Target 2018/19</b> Operating profit \$1,985,000	<b>Comments</b> Going forward the company has budgeted a taxation liability as its tax losses available in previous years come to an end. The extent of the effects is still being determined but a realistic allowance has been made in the forecasts.			
<b>Performance Objective</b> To achieve a return on funds invested			<b>Measure</b> Return on Investment (ROI) is higher than the average cost of borrowing on its commercial assets	ROI 8.79% AV cost of borrowings 4.83%	ROI 9.18% AV cost of borrowings 4.85%	ROI 8.75% Av cost of borrowings 4.85%
<b>Target 2016/17</b> Achieved ROI 6.90%	<b>Target 2017/18</b> Achieved ROI 8.63%	<b>Target 2018/19</b> ROI 9.7%	<b>Comments</b> These returns going forward are calculated on an after tax basis.			
<b>Performance Objective</b> Asset growth and development			<b>Measure</b> Capital Expenditure	\$7.086 million	\$2.015 million	\$1.000 million
<b>Target 2016/17</b> Achieved	<b>Target 2017/18</b> Achieved	<b>Target 2018/19</b> \$9.30 million	<b>Comments</b> , the expenditure in the 2019/20 year reflects the work around PGF projects and the balance of that into 20/21.			
<b>Performance Objective</b> Effective Governance and Financial Control			<b>Measure</b> Clean audit sign-off each year from Audit NZ Annual Board Review with appointed Audit NZ representative To remain within Banking covenants Quarterly audit review by BDO Board Audit and Finance committee meetings to be conducted semi-annually	To achieve  To be held  To achieve  To perform  To be held	To achieve  To be held  To achieve  To perform  To be held	To achieve  To be held  To achieve  To perform  To be held

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Financial Performance Objectives				SOI Target 2019/20 %	SOI Target 2020/21 %	SOI Target 2021/22 %
<b>Council Controlled Organisation Initiatives</b> Ensure that the Bay of Islands Airport operates within regulatory requirements				Measure CAA Certification	To achieve	To achieve
<b>Target 2016/17</b> Achieved	<b>Target 2017/18</b> Achieved	<b>Target 2018/19</b> To achieve	<b>Comments</b> Current certification valid till December 2019			
Non-Financial Performance Objectives				SOI Target 2019/20 %	SOI Target 2020/21 %	SOI Target 2021/22 %
<b>Performance Objective</b> Enhancing the Far North as a visitor destination				Measure Each year complete at least one customer and airline industry survey that demonstrates satisfaction levels with facilities and services at either Kerikeri or Kaitiaki Airports	85%	85%
<b>Target 2016/17</b> Not achieved	<b>Target 2017/18</b> Not achieved	<b>Target 2018/19</b> No survey proposed	<b>Comments</b> FNH working with Air New Zealand on construction of new terminal			
<b>Performance Objective</b> Enhancing and developing a maritime economy				Measure Each year complete at least one marina user or maritime services customer satisfaction survey that demonstrates satisfaction levels with facilities and services available	95%	95%
<b>Target 2016/17</b> Achieved 80%	<b>Target 2017/18</b> No survey undertaken, Marina under construction	<b>Target 2018/19</b> Survey being undertaken Target is 95% satisfaction rating	<b>Comments</b> Bio Security and MPI Surveys			
<b>Performance Objective</b> Enhancing the Far North as a destination				Measure Complete bi-annual customer satisfaction surveys with Cruise Ship industry that demonstrates satisfaction levels with FNH as security authority and provider of disembarking infrastructure	85% or higher satisfaction	Only every second year 85% or higher satisfaction
<b>Target 2016/17</b> Achieved Cruise line rating of 86%	<b>Target 2017/18</b> N/A	<b>Target 2018/19</b> Target to achieve an 85% or better rating	<b>Comments</b> Survey to be complete with one operator with two brands.			

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## Board's Approach to Governance

## Current Board Membership

- Bill Birnie CNZM (Chairman - term ends 30 October 2019)
- Sarah Petersen (Chair Audit & Risk – Term ends 28 February 2021)
- Kevin Baxter (term ends 30 June 2020)
- Hon Murray McCully CNZM (term ends 28 February 2021)
- Ross Blackman (term ends 30 September 2019)

In undertaking its activities, the Board of FNH will exhibit and ensure:

1. Sound business practice in its commercial undertakings, operating as an efficient and effective business;
2. Ethical and good behavior in dealing with all parties;
3. An active partnership approach with Maori, and all other people in business throughout the Far North, promoting effective communication where appropriate;
4. To comply with all relevant legislative requirements including those relating to the principles of the Treaty of Waitangi;
5. An open and transparent approach to decision-making with its Shareholder, while respecting the need for commercially sensitive information to be protected;
6. Operate according to the best practice statements produced from time to time by the Institute of Directors in New Zealand (Incorporated);
7. That Council's vision and aspirations are considered and that FNH is conscious that it needs to contribute to the overall financial performance of Council; and
8. FNH is a good employer in accordance with the legislation guidelines set by Government.

The Board will adopt the following approach to its fiduciary responsibilities to ensure good governance:

- Prepare a 3-year SOI setting out its strategic goals and obtain the Shareholder's agreement to this statement;
- Define its organisation structure and individual accountabilities by ensuring management have clearly defined job descriptions;
- Set corporate budgets for earnings and cash flow;
- Delegate both responsibility and authority to its Chief Executive;
- To hold regular board meetings to monitor progress towards the Company's goals and objectives; and
- Prepare Quarterly and Annual Reports to its Shareholder as required and in accordance with current business plan.

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## Engagement with the Shareholder

To ensure the implementation of good governance within FNH and within the Shareholder, both parties agree to maintain a high level of communication between each other.

The Chief Executives will use their best endeavors to communicate in a timely manner and ensure that matters are raised so there will be 'no surprises'.

FNH's relationship with the governing body of Council will generally be for the purposes of developing strategic direction, agreeing statements of intent, service agreements and levels of funding, and performance monitoring and reporting.

The Board believes that regular communication with the Shareholder is essential to the good governance of the business and therefore FNH will, in addition, seek to meet informally with FNDC as required by either FNH or its Shareholder, to deal with any other matter of mutual interest.

Processes will be established for on-going and regular contact with senior management (SLT) to share information, provide a commercial dimension when required and to ensure alignment with Council's strategic direction.

FNH will attend Iwi Forums, where invited, and attend Community Board meetings where appropriate or invited to if agenda items warrant their presence.

## **5 CORPORATE SERVICES GROUP**

### **5.1 AMENDMENTS TO RATING RELIEF POLICIES**

**File Number:** A2386461

**Author:** Janice Smith, Chief Financial Officer

**Authoriser:** Sheryl Gavin, General Manager Corporate Services (Acting)

#### **PURPOSE OF THE REPORT**

To seek a recommendation to amend the rating relief policies adopted as part of the 2018/28 LTP process where issues around interpretation and application have been identified.

#### **EXECUTIVE SUMMARY**

- The document Rating Relief Policies was adopted by Council in June 2018 as part of the 2018/28 LTP process.
- Staff have been working with the revised policies and have identified some minor issues that need to be amended to allow the policies to be applied as intended.
- Once the amendments have been approved it will be necessary to conduct a short consultation with the public.

#### **RECOMMENDATION**

**That the Audit, Risk, and Finance Committee recommend to Council that the following amendments to the Rating Relief Policies are approved prior to consultation:**

- i) The Transitional Farmland policy is re-instated**
- ii) The Treaty Settlement Lands policy is amended to include settlements approved prior to 1 July 2018**
- iii) The Common Use Properties policy is amended to include commercial enterprises and residential properties**
- iv) The Landlocked Land policy is amended to refer Maori land issues to the Maori Land Court for decision**
- v) The Land Subject to Protection for Outstanding Natural Landscape, Cultural, Historic or Ecological Purposes policy is amended to include covenants approved under the Heritage New Zealand Pouhere Taonga Act 2014 (or Historic Places Act 1993)**
- vi) The Residential Rates for Senior Citizens policy is amended to provide clarity for conditions 1 and 4 to allow staff to apply the conditions fairly to all applicants.**

#### **1) BACKGROUND**

As part of the 2018/28 LTP process the Rating Relief Policies were re-drafted into plain English and those thought to no longer be necessary were rescinded.

Since adoption of the revised policies, staff have identified some issues of interpretation that appear to be at odds with the intention of the policies.

Approval is now sought to make some small amendments to these policies so that they can be effectively applied in a consistent manner.

## 2) DISCUSSION AND OPTIONS

Since 1 July 2018, staff have been working with the revised Rating Relief Policies and have noted that the following issues require amendment:

a) Transitional Farmland Policy

This policy was always intended to be a transitional policy and stated that:

“This policy is a transitional policy which will remain in force until council so decides or until the last affected property no longer qualifies, whichever is the sooner. No further applications will be considered under this policy”

There are 11 active postponements under this policy and when Council made the decision to rescind the policy, technically the postponement on all 11 accounts ceased. Staff do not think that this was the intention and permission is sought to re-instate the policy with the same clause as stated above.

b) Treaty Settlement Lands

This policy was introduced to provide some relief where lands were returned under treaty settlements as General Title Land and therefore not eligible for relief under the Maori Freehold Land policies.

The policy became effective from 1 July 2018 but did not provide for the conditions and criteria to apply to lands that had settled prior to that date

It is recommended that the policy be applied retrospectively to any lands settled prior to 1 July 2018 under the Treaty of Waitangi settlement processes.

c) Common Use Properties

This policy is intended to provide some relief to owners that do not strictly meet the requirements of S20 of the Local Government (Rating) Act 2002 for contiguous properties. It would typically be applied to farms, commercial enterprises and residential properties which span more than one rating unit.

The policy as currently written can only be applied to farm land or commercial developments which are vacant.

When the policy was re-written it was not the intention to create the above limitation and it is recommended that the following amendments be included:

Condition and criteria 4.

That this should be amended to include “or commercial enterprise” after the word “farm”

Condition and criteria 5.

A new condition is included as follows:

In the case of residential rating units where two or more separately owned rating units are owned by an individual and/or trust and are contiguous but the ownership is not an exact match, the rating units will be considered as one. For this to apply one unit must have a dwelling and the other unit(s) considerable development which proves that the rating units are being used as one. E.g. House/dwelling on one rating unit and or garden and garage on the other rating unit.

Existing conditions and criteria 5 and 6 be re-numbered 6 and 7

d) Land Locked Land

This policy applies to both General Title and Maori Freehold Land. However, the policy requires the applicant to apply to the High Court under the Property Law Act 2007 to have the land declared “land locked”.

A legal opinion has been received that advises that only the Maori Land Court can make this declaration in relation to Maori Freehold Land.

It is therefore recommended that condition and criteria 1 be amended to add

“or, in the case of Maori Freehold Land, as determined by the Maori Land Court”.

e) Land Subject to Protection for Outstanding Natural Landscape, Cultural, Historic or Ecological Purposes

Under condition 2 of this policy a series of sections of relevant Acts are referred to under which this policy can be applied.

It has been identified that there are some covenants that are legally applied under the Heritage New Zealand Pouhere Taonga Act 2014 (or Historic Places Act 1993) and that this reference has been omitted.

Whilst it can be assumed that it would be Council’s intent to include such covenants, they cannot be included without the specific Act being added to the policy

It is recommended that the Heritage New Zealand Pouhere Taonga Act 2014 (or Historic Places Act 1993) be added to condition 2.

f) Residential Rates for Senior Citizens

There are 2 conditions within this policy that are not clear or easy to apply.

Condition and criteria 1 (b) refers to an applicant being “on a fixed income” but does not include a definition of what this might mean. It is recommended that the following definition be added:

“an income from a pension or investment that is set at a particular figure and does not vary like a dividend or rise with the rate of inflation”

Condition and criteria 4 requires staff to make an assessment of an applicant’s income in order to determine if they have insufficient funds remaining to pay their rates. Staff are not trained to make such assessments therefore it is suggested that the following be added:

“if the applicant qualified for the Rates Rebate then their income has already been tested and they therefore qualify for the Rates Postponement”.

All amendments to the policies are identified in green in the attached document.

### **Legislative process to amend remission and postponement policies**

Remission and postponement policies are made under section 102(2)(e) of the Local Government Act (LGA). Amendments to these policies are subject to consultation that gives effect to section 82 of the LGA. In practical terms, this means that those who are affected by the amendments must be consulted in any way Council sees fit as long as the requirements of section 82 are fulfilled and consultation is aligned with Council’s policy on Significance and Engagement. Note that the required consultation is not a Special Consultative Procedure, and therefore does not require notification, a statement of proposal or formal hearings.

Following adoption of the draft amendments by Council an appropriate consultation period will take place, followed by formal adoption prior to the end of June 2019. A consultation plan will be developed should this Committee recommend approval of the proposed amendments to Council.

**Reason for the recommendation**

The above anomalies have been identified in the Rating Relief Policies and staff are recommending amendments so that the policies can be effectively and fairly applied.

**3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications arising from this report

**ATTACHMENTS**

1. Rating Relief Policies - A2391572 [↓](#) 
2. Transitional policy for the postponement of rates on farmland - A2391574 [↓](#) 

**Compliance schedule:**

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Compliance requirement	Staff assessment
State the level of significance (high or low) of the issue or proposal as determined by the <a href="#">Council's Significance and Engagement Policy</a>	Low
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This is an amendment to existing Council Rating Relief Policies
State whether this issue or proposal has a District wide relevance and, if not, the ways in which the appropriate Community Board's views have been sought.	N/A
State the possible implications for Māori and how Māori have been provided with an opportunity to contribute to decision making if this decision is significant and relates to land and/or any body of water.	N/A
Identify persons likely to be affected by or have an interest in the matter, and how you have given consideration to their views or preferences.	N/A
State the financial implications and where budgetary provisions have been made to support this decision.	None
Chief Financial Officer review.	The Chief Financial Officer prepared this report



## LONG TERM PLAN

### Rating Relief Policies

#### Introduction

Section 102(3) of the Local Government Act 2002 (LGA 02) provides that a council may adopt a rates remission policy and a postponement policy. This policy addresses both the remission and postponement of rates.

Sections 102(1) and 101(2) of the LGA 02 require councils to adopt a policy for the remission and postponement of rates on Māori Freehold Land. In the development of these policies, Council has considered Schedule 11 of the LGA 02 and recognises that the nature of Māori land is different to General Title Land.

The objectives of Council's rating relief policies are to:

- 1.
1. Provide an equitable system of rating remission and postponement for all sectors of the community;
2. Provide ratepayers with financial assistance where they might otherwise have difficulty meeting their obligations to pay rates;
3. Align with Council's community outcomes and strategic priorities;
4. Recognise that certain unoccupied Māori Freehold Land not used may have particular conditions, ownership structures, or other circumstances which make it appropriate to remit or postpone rates for defined periods of time; and
5. Ensure consideration of Schedule 11 of the LGA 02 (matters relating to rates relief on Māori Freehold Land).

#### Making an application? This is what you need to know:

- 1.
1. All applications under these policies must be made in writing, signed by the owner/ratepayer, and accompanied by any required supporting documentation. After an application has been submitted, further documentation may be requested. In that event, the applicant will be notified accordingly.
2. As provided for in section 88 of the Local Government (Rating) Act 2002 (LGRA 02), a postponement fee may be calculated and added to the postponed rates.
3. The basis of calculating the postponement fee is included in each year's Funding Impact Statement, which can be found in the Long Term or Annual Plan for that year.
4. The owner(s) of the property must provide proof of eligibility which will be confirmed with relevant Council information.
5. Where land is in multiple ownership, a written statement authorising an individual to act for one or more owners must be submitted with all applications.
6. Where a property or part of that property is sold within the period of remission or postponement, Council has the right to recover the rates remitted or postponed for the applicable period. This may apply to the whole property or only to that portion of the portion that has been sold.
7. Council may require further information from the applicant if deemed necessary to process the application.

8. Council reserves the right to inspect the use of a property, where appropriate, for application assessment and to confirm compliance with policy criteria from time to time.
9. Any decision made by Council under this policy is final.

10. Remissions or postponements granted under previous policies will remain in force as per those policies.
11. Applications may be made for a remission or postponement of rates in circumstances which are not included in the separate policy category sections set out below. These are known as “outside of policy” applications. Council’s authority is restricted by the provisions of the LGRA 02. For that reason, all such applications “outside of policy” must be in writing, and accompanied by sufficient detail and documentation to support a decision by Council.
12. Council is under no obligation to approve any applications that do not comply with the established policies and Council’s decision on the matter is final.
13. Council’s decision whether to grant or deny an application for remission or postponement of rates will be based upon:
  - a. The application itself; and,
  - b. All supporting documents submitted by the applicant; and,
  - c. Any relevant information and/or documentation held in Council’s records.
14. Except where otherwise indicated, Council reserves the right to grant or deny any and all applications for remission or postponement of rates under these policies.

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## Definitions

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*For the purpose of these policies, words used in the singular include the plural, and words used in the plural include the singular.*

**ARREAR** means unpaid rates as at 30 June of the rating year prior to application.

**COUNCIL** means the Far North District Council and includes any person or agent authorised by the Far North District Council.

**LANDLOCKED** has the same meaning as defined in the Property Law Act 2007.

**MĀORI FREEHOLD LAND** has the same meaning as defined in Te Ture Whenua Māori Act 1993 Part VI section 129(2)(a).

**NATURAL DISASTER** has the same meaning as in the Earthquake Commission Act 1993.

**NEW USER** is a person that has not been previously identified in Council's Rates Information Database as being responsible for the rates on the land.

**OCCUPIED** means a formal right by occupation order or informal right by licence to occupy Māori Freehold Land, or other arrangements are in place and are exercised.

**OCCUPIER** means a person, persons, organisation, or business entity that is using a rating unit or portion of a rating unit under a lease, license or other formal agreement for a specified period of time.

**OUTSTANDING NATURAL LANDSCAPE** refers to any largely unmodified landscape with characteristics and qualities that amount to being conspicuous, eminent or remarkable. These landscapes are afforded protection through the Resource Management Act 1991 as a matter of national importance.

**PAPAKĀINGA** has the same meaning as in the operative version of the Far North District Plan.

**POSTPONEMENT** means an agreed delay in the payment of rates for a certain time, or until certain defined events occur.

**RATEPAYER** includes, under the Local Government (Rating) Act 2002, either the owner of the rating unit or a lessee under a registered lease of not less than 10 years, which provides that the lessee is required to be entered into the Rating Information Database as the ratepayer.

**REASONABLE ACCESS** has the same meaning as the Property Law Act 2007.

**REMISSION** means that the requirement to pay the rate levied for a particular financial year is forgiven in whole or in part.

**STATUTORY LAND CHARGE** means a charge registered against a Certificate of Title of a property by someone who has a financial interest in the property, such as debt or part ownership.

**TREATY SETTLEMENT LANDS** means any land which has been returned to Māori ownership in a Treaty Claims Settlement, or land which may have been purchased from Treaty settlement monies to replace land which could not be returned because it is in private ownership.

**UNIFORM ANNUAL GENERAL CHARGE (UAGC)** is a type of rate levied by Council. It is a fixed charge, or an amount that stays the same regardless of the value of the property. The UAGC is the same amount for all ratepayers across the District.

**USED** includes use for the purposes of any residential occupation of the land, or any activity for business or commercial purposes, including lease agreements, or storage of equipment, stock or livestock.

## Common-Use Properties

### Background

Section 20 of the LGRA 02 requires that multiple rating units be treated as one rating unit if they are:

1. Owned by the same person or persons; and,

### Policy Objectives

1. To provide for farming by treating multiple rating units as one rating unit if they are physically separated but used jointly as one farming operation.
2. To assist development in the District by treating multiple rating units of a development as a single rating unit for a maximum of three years.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statements

In addition to the provisions of section 20 of the LGRA 02, Council will treat the following separate rating units as a single rating unit if they are owned by the same person or entity:

- a. A farm that consists of multiple rating units but functions as one commercial operation;
- b. Rating units of a residential or commercial development which are vacant and owned by the original developer, pending their sale or lease to subsequent purchasers or lessees.

### Conditions and Criteria

1. Applicants must provide sufficient evidence that the multiple rating units in question are being jointly used as a single farming operation, or are part of the same subdivision or commercial development.
- 8.

2. Used jointly as a single unit; and,
3. Contiguous or separated only by a road, railway, drain, water race, river or stream.

This policy expands on the provisions of the Act, and provides for commercial operations to be treated as one rating unit to assist economic development in the district.

2. In the case of a residential or commercial development, multiple rating units will be treated as a single rating unit for a maximum term of three years. This term is calculated from 1 July in the year that this provision first applies.
3. Residential or commercial developments that have already received this remission under a previous policy are not eligible for remission under this policy.
4. In the case of a farm **or commercial enterprise**, the separate multiple rating units must be owned or leased by the same person or entity. If any of the separate rating units are leased, the term of the lease must be 10 years or more, including rights of renewal. The owners of each of the separate rating units must confirm in writing that their unit is being jointly used as a single farming operation.
5. **In the case of residential rating units where two or more separately owned rating units are owned by an individual and/or trust and are contiguous but the ownership is not an exact match, the rating units will be considered as one. For this to apply one unit must have a dwelling and the other unit(s) considerable development which proves that the rating units are being used as one. E.g. House/dwelling on one rating unit and or garden and garage on the other rating unit.**
6. In the case of a farm, the rating units must be situated within a radius of two kilometres from the boundary of the primary property.
7. Council reserves the right to exclude any specific targeted charge from this policy.

## Community, Sports and Not-for-profit Organisations

### Background

Community and voluntary groups provide facilities to enhance and contribute to the wellbeing of the

### Policy Objectives

1. To assist in the ongoing provision of community services and recreational opportunities that benefit Far North residents.
2. To facilitate and support access to drug, alcohol and mental health facilities for Far North residents.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statements

1. Council may remit up to 100% of the rates payable on land owned or used by:
  - a. Registered Charitable Organisations or IRD approved donee organisations; or
  - b. Any entity which has, as its principal purpose and function, the provision of free access to family counselling, or, assessment, counselling and in-patient treatment for people with alcohol, drug and mental health related problems.
2. Council may remit 50% of the rates payable on land owned or used by an entity for the purpose of providing benefit to Far North residents through:
  - a. the promotion of recreation, health, education, or instruction; or
- 5.

residents of the Far North. This policy provides rating relief for those organisations that operate for the benefit of the community.

- b. the running of a campground on land for the purposes listed in section 2(a) above.

3. Council may remit service charges, which may be sewerage only or any or all service charges at the sole discretion of Council.

### Conditions and Criteria

1. Relevant financial information must accompany all applications. This includes:
  - a. statement of organisation objectives
  - b. full financial accounts
  - c. information on activities and programmes
  - d. details of membership or clients.
2. No remission will be given on land on which a licence under the Sale of Liquor Act is held.
3. No remission will be given on land where any person or entity receives private financial profit from the activities carried out on the land. All income earned by ratepayers and entities receiving a remission under this policy must be spent on reasonable salaries, wages and other costs reasonably related to its community, sports, or not-for-profit purposes.
4. Land used for an activity which is commercial in nature does not qualify for rates remission. For example an "op-shop" does not qualify for rating relief under this policy.

## Excess Water Charges

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### Background

Individual consumers are responsible for:

- a. the maintenance of their own internal reticulation system from the water meter to the house; and

### Policy Objectives

1. To assist ratepayers with excessive water charges due to a water leak.
2. To incentivise ratepayers to regularly check their water meter and maintain their internal water reticulation.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statements

1. Council may provide a full remission of excess water charges to the ratepayer once every 10 years where a leak in the internal reticulation of that property has resulted in water loss.
2. Council may provide a 50% remission of excess water charges to the ratepayer in the case of a separate leak on that property within 10 years following the grant of a first application.

- b. payment for all water supplied through the meter.

Some consumers may experience an occasional water leak in their internal reticulation, and not be aware of the problem. This policy seeks to assist the ratepayer to cover excess water charges.

### Conditions and Criteria

1. Applications made under this policy must be received by Council within six months of the first notification to the ratepayer by Council of a possible leak.
2. Proof of repairs to the internal reticulation must accompany the application. This may be in the form of a detailed written report or an invoice for repairs from a registered plumber.
3. No remission will be given where the repairs have not been completed by a registered plumber.
4. Excess water charges resulting from any other leaks within the 10 year period are not eligible for remission.
5. The maximum relief that will be provided will be the difference between the normal consumption and the actual water consumption for that period.



## Incentivising Māori Economic Development

### Background

Council recognises that there is a need to incentivise economic development on Māori Freehold Land. Enabling and incentivising Māori

### Policy Objectives

1. To provide incentives for Māori land owners to develop Māori Freehold Land for economic use.
2. To enable owners to develop an economic base and to assist with the subsequent payment of rates.

### Scope

This policy applies to Māori Freehold Land.

### Policy Statement

Council will remit rates on Māori Freehold Land for the purposes of incentivising economic development.

### Conditions and Criteria

1. Council will remit rates under this policy on an eight-year sliding scale as follows:
  - Years 1-3 - 100% remitted
  - Year 4 - 90% remitted
  - Year 5 - 80% remitted
  - Year 6 - 60% remitted
  - Year 7 - 40% remitted

economic development through the remission of rates may see direct economic and social benefits to landowners generating a return on the land, as well as to Council from future rates contributions, as the venture grows and becomes sustainable.

- Year 8 - 20% remitted; and
  - Year 9 - 0% remitted
2. The land, or portion of the land, for which relief is sought must be considered suitable for development, and confirmed as currently not used.
  3. Applications must be accompanied by a business case, and a meeting with Council staff will be required to determine any other necessary documentation.
  4. Key considerations by Council may include:
    - a. professional advice has been obtained;
    - b. there is a suitable management structure in place;
    - c. appropriate financial arrangements for the development of the land have been made;
    - d. suitable monitoring and reporting systems have or will be established; and
    - e. realistic financial projections and cash flows have been provided.
  5. Upon approval, a regular annual report and financial statements on the development must be submitted to Council each year.

## Landlocked Land

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### Background

The Property Law Act 2007 enables owners of landlocked properties to take legal action in order to gain reasonable access to their property. Ratepayers may be unable to take action under these provisions of the Property Law Act due to their financial circumstances.

### Policy Objectives

To provide rating relief to ratepayers where their land has no reasonable access and the ratepayer cannot afford to take action through the Property Law Act 2007.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statement

Council may postpone rates on landlocked land where there is no reasonable access as defined in the Property Law Act 2007, **or, in the case of Maori Freehold Land, as determined by the Maori Land Court**

### Conditions and Criteria

1. The land must be landlocked as defined in Section 326 of the Property Law Act 2007, **or, in the case of Maori Freehold Land, as determined by the Maori Land Court**
2. The application must state why access cannot be obtained through procedures set forth in Part 6, Subpart 3, of the Property Law Act.
3. The application must include a statutory declaration that there is no practical access across adjoining land and that the land is not in use by any person, Fencing to prevent trespassing does not constitute use of the land.
4. The maximum term for the postponement of rates for landlocked property is three years. If the land remains landlocked at the end of that period, postponed rates will be remitted.
5. The owner must advise Council if the status of the land changes, if access is obtained, or if any person commences to use the land. If the land ceases to be landlocked during the period of the postponement, any rates postponed and not remitted under this policy will not be repayable unless the owner fails to keep the current and future rates up to date.
6. The repayment of postponed rates will not be required merely because of a change of ownership of the land, provided that the land continues to comply with the criteria of this policy.
- 1.
- 7.

## Land Subject to Protection for Outstanding Natural Landscape, Cultural, Historic or Ecological Purposes

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### Background

The Far North District Council recognises that certain rateable land within the District is protected for outstanding natural landscape, cultural, heritage, or ecological purposes.

### Policy Objectives

To provide rating relief to landowners who have reserved lands that have particular outstanding natural landscape, cultural, historic or ecological values for future generations.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statements

1. Council may **remit** rates on land subject to protection for outstanding natural landscape, cultural, historic or ecological purposes under the formal protection agreements listed in 2 a) through 2 g) of the conditions and criteria of this policy.
2. Council may **postpone** rates on land subject to protection for outstanding natural landscape, cultural, historic or ecological purposes under the formal protection listed in 2 h) of the conditions and criteria of this policy.

### Conditions and Criteria

1. Applications must be supported by a copy of the formal protection agreement and a Management Plan detailing how the values of the land are to be maintained, restored, and/or enhanced.
2. The land must be subject to a formal protection agreement as set out below:
  - a. An open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977; or
  - b. A conservation covenant under section 77 of the Reserves Act 1977; or
  - c. A Nga Whenua Rahui kawenata under section 77A of the Reserves Act 1977; or
  - d. A declaration of protected private land under section 76 of the Reserves Act 1977; or
  - e. A management agreement for conservation purposes under section 38 of the Reserves Act 1977; or
  - f. A management agreement for conservation purposes under section 29 of the Conservation Act 1987; or
  - g. A Māori reservation for natural, historic, or cultural conservation purposes under sections 338 to 341 of the Te Ture Whenua Māori Act 1993 (Māori Land Act 1993); or
  - h. A covenant for conservation purposes under section 27 of the Conservation Act 1987.
  - i. **A covenant for conservation purposes approved under the Heritage New Zealand Pouhere Taonga Act 2014 (or Historic Places Act 1993)**
3. The rating unit or portion of the rating unit that is the subject of the application must not be in use.
4. Where the entire rating unit is the subject of the application, the remission or postponement of rates will apply to all rates levied on the property.

5. The protected and unprotected portions of the rating unit will be separately valued and assessed as separate parts pursuant to Section 45 (3) of the Local Government (Rating) Act 2002. In these instances, the remission or postponement of rates will only apply to the protected portion of the rating unit.
6. The following activities will not constitute use of the land:
  - a. Work undertaken to preserve or enhance the features covenanted on the land, including but not limited to weed control, planting to counteract erosion, or erection of a fence to prevent trespassing.
  - b. The removal of material by Māori for cultural purposes.
7. Any remission or postponement granted under this policy will become effective on 1 July in the rating year following the submission of the application.
8. Any remission or postponement of rates on the land will be cancelled immediately in the event that the land ceases to be protected under a formal protection agreement. Postponed rates that have not been remitted will be repayable in the event that the covenant conditions and the Management Plan objectives are breached in the sole opinion of the Council, whose decision is final.

### **Specific Conditions and Criteria for Postponement of Rates**

1. After a term of six years, the postponed rates for the first year of the covenant period will be remitted. After this, one additional year of the postponed rates will be remitted each year, so that a maximum of six years of postponed rates are held against the land at any given time.
2. Upon expiration of the covenant or other agreement, any rates that are postponed against the land at that time, which have not been remitted under paragraph 9 above, will become due.
3. The repayment of postponed rates will not be required as a result of a change of ownership, provided that the land continues to comply with all criteria.
4. Council will not seek repayment of postponed rates where future postponement is revoked due to Council changing its criteria for postponement.

## Māori Freehold Land Not Used

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### Background

The Far North District Council recognises the unique barriers to the use and development of Māori Freehold Land resulting from fragmented ownership. While Māori Freehold Land itself may not be difficult to use or develop, there may be challenges around the use and the financing of the development of the land which arise from fragmented ownership.

This policy provides relief by giving a remission where land is not used due to the difficulty of multiple ownership, obtaining collective agreement, or the lack of financing options. This policy does not apply to Māori Freehold Land in sole ownership.

### Policy Objectives

1. To provide for rates remission for Māori Freehold Land under multiple ownership or portions thereof which are not used.
2. To avoid further alienation of Māori Freehold Land as a result of financial pressures that may be brought by the imposition of rates on lands not used.

### Scope

This policy applies only to Māori Freehold Land.

### Policy Statement

Council may, upon application from the owners, authorised agents of the owners, or Council itself acting for the owners, agree to remit the rates on such unused land for a period not exceeding three years.

### Conditions and Criteria

1. The land must be in multiple ownership. Land in sole-ownership is not eligible for rating relief under this policy.
2. The land must not be used by any person or entity.
3. If the land comes under use at any point, it will no longer receive remission of rates under this policy.
4. Council expects that any rating relief will be temporary, with each application limited to a term of three years. Council may consider renewing the rating relief upon the receipt of further applications from the owners.
- 5.

## New Users of Māori Freehold Land

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### Background

The Far North District Council recognises that significant rate arrears due to the challenges of multiple ownership can act as a disincentive to any new use of Māori Freehold Land where a New User could become responsible for the payment of any existing arrears of rates and penalties on the land. This policy has been developed to encourage use of Māori Freehold Land in these circumstances.

### Policy Objective

To remove the barrier of rate debt for New Users to be able to use or develop the land.

### Scope

This policy applies only to Māori Freehold Land.

### Policy Statement

Council may postpone the arrears of rates on Māori Freehold Land subject to the land being continuously used by a New User and that person agreeing to pay the rates while they are using the land.

### Conditions and criteria

1. The person proposing to use the land must be a New User.
2. Where land has recently moved from multiple ownership to sole ownership, the sole owner will be treated as a New User.
3. Council has the sole discretion as to whether or not to grant the application, and may seek additional information before making its final decision.
4. The New User using the land must, upon approval of the application, keep the current and future rates up to date for as long as they continue to use the land.
5. If the current and future rates are not paid within one month of the due dates, Council reserves the right to reapply the postponed rates to the land.
6. Postponed rates will remain as a charge on the property for a period of six years from the date on which the rate was assessed, after which time they will be remitted.

## Papakāinga on Māori Freehold Land

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### Background

The Far North District Council recognises the importance of Māori Freehold Land in providing landowners and their whanau with the opportunity to establish papakāinga. The imposition of multiple Uniform Annual General Charges or other non-service related charges may act as a disincentive to occupying Māori Freehold Land for papakāinga purposes.

The policy creates apportionments on land which is subject to a license to occupy or has an informal arrangement in place. This means that each occupier will pay rates only upon the land they occupy, rather than upon the entire area of the rating unit.

### Policy Objectives

1. To put in place processes to allow the residents with occupation licenses or other informal arrangements to pay their portion of rates in respect of the land that they occupy.
2. To assist Māori to establish papakāinga or other housing on Māori Freehold Land.
3. To assist Māori to establish an economic base for future development.

### Scope

This policy applies only to Māori Freehold Land.

### Policy Statement

Council may remit multiple UAGCs, as well as other charges, for separately used or inhabited parts of a rating unit which are subject to a licence to occupy or other informal arrangement.

### Conditions and Criteria

1. The part of the land concerned must be the subject of a licence to occupy or other informal arrangement for the purposes of providing residential housing for the occupier.
2. The area of land covered by each arrangement must have a separate valuation issued by Council's valuation service providers and will be issued with a separate rate assessment pursuant to Local Government (Rating) Act 2002 Section 45 (3).
3. The occupier must agree to pay any rates assessed in respect of the part or division of the rating unit that is the subject of the application.
4. No portion of the service charges for utilities will be remitted.
5. Council reserves the right to cancel the remission on the portion of a rating unit upon which rates remain unpaid for a period of more than one month after the due date.
6. Uniform Annual General Charges and other charges on the land will remain in remission so long as the occupation continues to comply with the conditions and criteria of this policy.

## Penalties

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### Background

Penalties are charged where rates instalments are not paid by the due date. Council recognises the economic hardship faced by some ratepayers. This policy provides for the remission of rates penalties on the grounds of financial hardship.

### Policy Objective

To allow for the remission of penalties where the ratepayer has entered into repayment arrangements or there are reasonable grounds to remove the penalty.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statement

Council may remit rates penalties where the application provides a reasonable reason for remission.

### Conditions and Criteria

1. Applications will be considered if:
  - a. The applicant has a previous good record of payment and on-time payments of all rate instalments within the last two years, and an honest attempt has been made to have payment delivered on time; or
  - b. The owner of the rating unit has been given insufficient notice of the invoice due date; or
  - c. A request is made on compassionate grounds; or
  - d. The ratepayer has entered into a Rates Easy Pay agreement and has maintained the arrangement to clear their outstanding rates.
2. Penalties may be remitted upon payment of all outstanding rates.



## Properties Spanning Multiple Districts

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### Background

There are a small number of properties situated across the boundary line between the Far North District and other districts. These properties incur rates from both councils. This policy provides an equitable method of assessing rates for those properties.

### Policy Objective

To recognise that some properties span multiple districts, and to ensure that only the portion of property within the Far North District is rated by the Far North District Council.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statement

Rates will be remitted on any portion of a property outside of the Far North District.

### Conditions and Criteria

If there is a dwelling on the portion of the property within the Far North District:

- no portion of the Uniform Annual General Charge will be remitted; and
- the land value based rate will continue to be remitted on the portion outside of the Far North District.

## Residential Rates for Senior Citizens

### Background

The payment of rates for senior citizens on a limited income can affect their quality of life. This policy provides senior citizens with the option of postponing their rates to be paid until a sale of the rating unit takes place, or, in the event that they pass away, until the settlement of their estate. This will relieve elderly people of potential financial hardship, and enhance the quality of their lives, including the ability to remain in their home longer with limited income.

### Policy Objective

To positively contribute to the quality of life for senior citizens by postponing rates payable.

### Scope

This policy applies to General Title Land. Council does not consider the application of this policy appropriate for Māori Freehold Land; because of the nature of Māori Freehold Land, Council does not consider it appropriate to charge postponed rates to the land. Landowners of Māori Freehold Land are eligible for remission of rates under the Extreme Financial Hardship Policy.

### Policy Statements

Council may postpone rates for ratepayers whose primary income is the New Zealand Superannuation Scheme. Any postponed rates will be postponed until:

- a. The settlement of the ratepayer's estate following their death; or
- b. The ratepayer ceases to be the owner or occupier of the rating unit; or
- c. The ratepayer ceases to use the property as their primary residence; or
- d. The accrued charges exceed 80% of the rateable value of the property (postponed rates will remain due for payment only on death, sale, or the date specified by Council); or
- e. A date specified by the Council.

### Conditions and Criteria

1. Postponement under this policy will only apply to ratepayers who are:
  - a. eligible to receive the New Zealand Superannuation Scheme, which is, or will be, their primary income; or
  - b. on a fixed income. **This is defined as "an income from a pension or investment that is set at a particular figure and does not vary like a dividend or rise with the rate of inflation"**
2. The rating unit must be used by the ratepayer as their primary residence. This includes, in the case of a family trust owned property, use by a named individual or couple.
3. The ratepayer must not own any property that may be used:
  - a. as a holiday home or rental property; or
  - b. for commercial activities, such as farming or business.
4. Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after payment of rates, for normal day to day living expenses, normal health care, and maintenance of the home and chattels to an adequate and reasonably healthy standard. **If the applicant qualified for the Rates Rebate then their income had already been tested and they therefore qualify for the Rates Postponement**

Council reserves the right to request any information around the ratepayer's personal circumstances that it deems necessary to make a decision.

5. People occupying a unit in a retirement village under a licence to occupy must have the agreement of the owner of the retirement village before applying for postponement of the rates payable on their unit.
- 4.
6. If a property is still under a mortgage, a written and signed approval must be obtained from the Mortgagee as part of the application. This is because the payment of postponed rates will have priority over mortgage payments.
7. Properties that are the subject of a reverse mortgage are not eligible for rating relief under this policy.
8. Council has the right to decline rates postponement for a property that is in a known hazard zone. This is to minimise any risk of loss to Council.
9. Postponed rates will be registered as a statutory land charge on the rating unit title, meaning that Council will have first claim on the proceeds of any revenue from the sale or lease of the rating unit.
10. If rates are postponed, the ratepayer will still be responsible for the amount of rates equal to the maximum rebate available under the central government Rates Rebate Scheme for the current rating year. Council is able to assist applicants for the Rates Rebate Scheme. If the ratepayer is not eligible for a rates rebate, they will still be responsible for paying this amount, and will be required to enter into a payment arrangement to cover this portion.
11. Council will charge an annual administrative fee on postponed rates.
12. The postponed rates or any part thereof may be paid to Council at any time.
13. The property must be insured at the time the application is granted and must be kept insured. Evidence of this must be produced annually.
14. Senior citizens for whom rates are being postponed under this policy must promptly inform Council of any substantial change in their financial status which might affect their eligibility for such postponement.
15. For senior citizens who have had rates postponed under this policy but are no longer eligible for the postponement, those rates will remain postponed, and new rates will be charged accordingly

## School Sewerage Charges

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### Background

The Council recognises that schools may be disproportionately charged for sewerage services where there are a higher number of toilets in relation to the actual number of students enrolled in schools. This policy ensures that schools are equitably charged for sewerage services.

### Policy Objective

To ensure equitable rating of educational establishments by providing relief for sewerage charges.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statements

Where the nominal number of pans is less than the actual number of pans, sewage charges will be remitted on those pans that make up the difference between the two.

### Conditions and Criteria

1. This policy applies to those educational establishments specified in Schedule 1, clause 6 of the Local Government (Rating) Act 2002.
2. The nominal pan number will be calculated as one pan per 20 students/staff members or part thereof.
3. This policy does not apply to residential dwellings on school property.
4. The number of students in an educational establishment is the number of students on its roll on 1 March of the year immediately before the year to which the charge relates.
5. The number of staff in an educational establishment is the number of full time teaching equivalent (FTTE) staff and full time equivalent (FTE) administration staff employed by that educational establishment on 1 March of the year immediately preceding the year to which the charge relates.

- 1.
- 1.

## Treaty Settlement Lands

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### Background

Council recognises that post-settlement governance entities (PSGEs), which are formed to receive properties returned as a part of Treaty of Waitangi settlements, will require time to develop strategic plans, restore protections, and complete necessary works for cultural and commercial redress properties. These properties can be classed as General Title, which means that the rating relief policies for Māori Freehold Land do not apply to all of these properties. This policy has been developed in recognition of these circumstances.

### Policy Objective

To recognise that lands acquired as part of a Treaty settlement process may have particular conditions or other circumstances which make it appropriate to remit rates.

### Scope

This policy applies only to Treaty Settlement Lands **and will retrospectively apply to any settlements prior to 1 July 2018**

### Policy Statement

Council will agree to remit rates on Treaty Settlement Lands subject to the criteria set out below.

### Conditions and Criteria

1. Before remission of rates may come into effect, Council must receive an appropriate and satisfactory application supported by sufficient documentation. Any remission granted will come into effect as of the date of that application.
2. The applicant must provide proof that the land which is the subject of the application is Treaty Settlement Land.
3. Returned lands that were non-rateable under the previous ownership will receive a full rates remission for a period of three years.
4. Where returned lands are commercial redress properties and are not used, Council will grant a 50% remission for a period three years.
5. Where the returned lands are commercial redress properties and meet the criteria as outlined in the Incentivising Māori Economic Development Policy, Council will remit rates on an eight-year sliding scale as follows:
  - Years 1-3 - 100% remitted
  - Year 4 - 90% remitted
  - Year 5 - 80% remitted
  - Year 6 - 60% remitted
  - Year 7 - 40% remitted
  - Year 8 - 20% remitted; and
  - Year 9 - 0% remitted

## Unusable Land

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### Background

Natural disasters can cause land to become unusable for a long period of time. This policy addresses the issue of land that had been made unusable by a natural disaster.

### Policy Objective

To provide rating relief to the owners of properties that have become unusable as a result of a natural disaster, and where the loss of the use of the property will result in financial hardship to the owner.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statement

Council may grant a remission of rates on land that has become indefinitely unusable as a result of a natural disaster.

### Conditions and Criteria

1. The applicant must set out in detail the nature of the natural disaster that has caused the land to be unusable.
2. The application must outline the steps that the owner has taken, or will take, to return the land to a usable state. If this is not possible, the application must state why.
3. The application must be supported by a geotechnical report from a registered engineer setting out the reasons why the land has become, and will remain, unusable.
4. The applicant will be required to sign an agreement that any remission will be cancelled immediately if the land is returned to a usable state.

## Wastewater Charges on Government Funded Subsidy Schemes

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### Background

From time to time, Central Government establishes funds to assist the development of wastewater schemes in communities that might not otherwise be able to afford it. The Government subsidy assists in the capital costs of a scheme. This policy ensures that the benefit of the Government subsidy is passed on to ratepayers in those communities that are of greatest need.

### Policy Objectives

1. To comply with the requirements of Government Funded Subsidy Schemes.
2. To ensure that ratepayers in those communities of greatest need receive a benefit from the subsidy in the form of reduced charges.

### Scope

This policy applies to both General Title and Māori Freehold Land.

### Policy Statement

The Far North District Council will provide a remission for the capital portion of the wastewater charge for new schemes funded by Government Subsidy where the deprivation index of that community is seven or higher.

### Conditions and Criteria

1. Where the policy applies, Council will automatically grant the remission to the rate accounts that qualify.
2. The remission will only apply to the capital portion of each year's rate and is only available to existing properties and their owners at the time that the relevant wastewater scheme became operational.
3. The remission will terminate 10 years after the date at which the sewerage scheme became operational.
4. Where a qualifying property is subdivided, any new rating units that are created over and above the original single rating unit will not be eligible for this remission.

## Proposed Policies for Revocation

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### Background

Section 109 of the LGA 02 provides for a remission or postponement policy to be revoked. The following policies have been reviewed and are proposed to be revoked for the reasons outlined below.

### Remissions of Additional Penalties

This policy provides for ratepayers to apply for a remission of additional penalties where they have entered into a Rates Easy Pay agreement to pay outstanding arrears over an agreed period of time.

#### Rationale for revocation

On 5 June 2015 Council resolved to cease charging and remit all additional penalties outstanding on rate accounts prior to 30 June 2015. The Remission of Additional Penalties policy is now redundant.

### Remission of Postponed Rates

This policy directs Council to remit postponed rates that have reached the predetermined age or term as provided for in the rates postponement policies.

#### Rationale for revocation

This policy is no longer required because each postponement policy now, where appropriate, contains a condition that once postponed rates reach the maximum term, they will be remitted.

### Remission of Rates on Land that has made Lump Sum Contributions

Prior to Local Government reorganisation in 1989, a number of sewerage schemes were established or enhanced using loans. In certain cases, the ratepayers were offered the opportunity to make a lump sum contribution rather than paying an annual loan rate. This policy provides a remission for ratepayers that have already made lump sum contributions to the cost of these loans.

#### Rationale for revocation

Council does not have any claims for remissions under this policy and there are no lump sum contribution schemes. If there was future provision for lump sum contributions, Council automatically applies a remission.

### Transitional policy for the Postponement of Rates on Farmland

The Rating Valuations Act used to provide rating relief to farm owners with high rates because of the potential to develop the land. This Act was repealed and Council introduced this policy to continue rates relief for farms in proximity to high valued urban or coastal areas and to reduce the incidence of coastal development.

#### Rationale for revocation

This policy does not provide for any new applications to be made to Council. Eleven properties are currently subject to this policy and have existing agreements with Council. Therefore this policy is no longer required. Agreements will cease if the land is developed or sold.

This policy is to be re-instated to ensure that the 11 properties to which it applies continue to receive the postponement.



## Transitional policy for the postponement of rates on farmland

### Background

This transitional policy statement has been prepared to address the rating of farmland that previously received a rates-postponement value pursuant to Section 22 of the Rating Valuations Act.

That section of LGA, which has now been repealed, provided for rates relief for the owners of farmland whose values were increased beyond that of other farmland in the district because of the potential use to which the land could be put for residential, commercial, industrial, or other non-farming development.

A number of properties in the Far North received these farmland postponement values because their values were significantly enhanced because of their proximity to high valued urban or coastal areas.

This transitional policy provides Council with the ability to continue to provide rating relief to certain properties that were receiving a postponement of rates prior to the introduction of the Local Government (Rating) Act 2002, and that qualified after that date under policy P04/04, which has now been repealed.

This Transitional Policy is restricted to those farms which are owner operated, where the owner is a natural person and/ or is a company where the owners live on and operate the farm as a personal business. The policy specifically excludes those farms which are held as investment properties where the owners, corporate or otherwise, live either outside the district<sup>13</sup>.

This policy is a transitional policy which will remain in force until council so decides or until the last affected property no longer qualifies, whichever is the sooner no further applications will be considered under this policy.

### Effect of rates postponement values:

The postponed portion of the rates for any rating period shall be the amount equal to the difference between the amount of the rates for that period calculated according to the postponement value of the rating unit and the

amount of the rates that would be payable for that period if the rates were calculated on the basis of its actual value.

The amount of the rates for any rating period so postponed shall be entered in the rate records and will be included in or with the rates assessment issued by Council in respect of the rating unit.

Any rates so postponed will, so long as the property continues to qualify for rates postponement, be remitted at the expiration of 10 years from the date at which the postponement was granted.

Each year a postponement fee will be added to the outstanding balance and will become part of the rates postponed on the rating unit pursuant to Section 88(3) of the Local Government (Rating) Act 2002.

<sup>12</sup> This amendment to the policy is to clarify that the provision only applies to those farms where the farmer lives on the property and manages it as their main source of revenue. It is not designed apply to properties that are held as investments by owners who live outside the district.

### Policy objectives

To afford rating relief to farmers who had previously been receiving this form of rating relief under the provisions of repealed legislation and/or previous versions of this policy, where Council believes that it is in the interest of the district to maintain a postponement of rates to reduce the incidence of coastal development.

### Conditions and criteria:

1. This policy provision only applies to those rating units which previously qualified for a postponement of rates under policy P04/04, which was repealed on 30 June 2006, and which continues to be owned by the same ratepayer/s who owned it at that date<sup>14</sup>.
2. Council will not accept any new applications under this policy.
3. For the purposes of this transitional policy, the definition of qualifying farmland has been revised as follows:
  - a) Farmland means land which is used principally or exclusively for agricultural, horticultural, or pastoral purposes but excludes land that is used for forestry, life style, or farm park type purposes
  - b) The farming operation must provide the principal source of revenue for the owner of the land, who

must be the actual operator of the farm and who must reside on the land<sup>15</sup>.

- c) The area of the land that is the subject of the application must be not less than 50 hectares
4. The properties that are the subject of this policy will be identified and the rates postponement values determined by Council's Valuation Service Provider and will:
  - exclude any potential value, at the date of valuation, that the land may have for residential use or for commercial, industrial, or other non-farming use; and will
  - preserve uniformity and equitable relativity with comparable parcels of farmland, the valuations of which do not contain any such potential value.
5. No objection to the amount of any rates postponement value determined under this policy will be accepted by Council (other than where the objector proves that the rates postponement value does not preserve uniformity with existing roll values of comparable parcels of land having no potential value for residential use, or for commercial, industrial,

or other non-farming use).

6. The Postponement Value will be reviewed after each triennial revaluation and the revised value will be advised to the ratepayer. At that time Council will seek the advice of its valuation service provider as to whether they believe that the land continues to be actively farmed and qualifies under the terms of this policy provision. Council reserves the right to ask the owner to provide evidence showing that the land continues to operate as a farm<sup>16</sup>.
7. The owner must agree to a statutory land charge being entered on the Certificate of Title of the farmland before receiving a postponement of rates.

### Termination and repayment of postponed rates

All rates that have been postponed under this policy and have not been remitted become due and payable immediately on:

1. The land ceasing to be farmland;
2. The interest of the owner is passed over to, or becomes vested in, some person or other party other than;
  - a) the owner's spouse, son or daughter; or
  - b) the executor or administrator of the owner's estate.

Termination and repayment of postponed rates

3. Where only part of the land is disposed of then only part of the postponed rates will become immediately repayable. The amount repayable will be calculated in accordance with the following formula:

$$\frac{A \times C}{B}$$

B

Where:

A – is the difference between the rateable value and rates special value of the balance of the land retained by the person who was the occupier on the date on which the rates postponement value was entered on the valuation roll; and

B – is the difference between the rateable value and the special value of the whole of the land immediately before the date of the vesting of that interest in that other person. That special value shall be specially re-determined if, because of a general revaluation of the district in which the land is situated, the special value appearing on the valuation roll is no longer directly related to the rateable value on the date of the vesting; and

C – is the total amount of the rates postponed immediately before the date of vesting. In all cases the amount of the rates to be repaid will be not less than 20% of the value of the total amount of rates currently postponed.

4. Subject to the land continuing to qualify for the special postponement value, any rates postponed under this policy will be remitted at the expiration of 10 years from the date on which they were assessed.

**5.2 LEVEL OF SERVICE QUARTER 2 PERFORMANCE REPORT****File Number:** A2393244**Author:** Kaela Allison, Systems & Project Accountant**Authoriser:** Sheryl Gavin, General Manager Corporate Services (Acting)**PURPOSE OF THE REPORT**

The purpose of this report is to present the Level of Service KPI Performance Report for Committee's consideration.

**RECOMMENDATION**

**That the Audit, Risk, and Finance Committee receive the report "Level of Service Quarter 2 Performance Report".**

**BACKGROUND**

An overview of staffing and financial data is included to give an overall picture of the activity groups and what factors may have an influence upon performance.

**DISCUSSION AND NEXT STEPS**

This report is for information only.

**FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or budgetary provision needed as a result of this report.

**ATTACHMENTS**

1. LOS KPI Quarterly Performance Report\_Q2 - A2393237  



## **Quarterly Performance Report:**

Quarter 2: October - December 2018

### **Performance of Service Levels Results**

**Introduction**

Welcome to the performance report for the second quarter of 2018/19.

This report measures the key Long Term Plan KPIs that we report in the Annual Report, along with some internal performance measures.

These do not include any KPIs that are measured at an annual level.

Service Level KPIs are reported together by activity group, we have also included an overview of staffing and financial data to give an overall picture of the activity groups and what factors may have an influence upon performance.

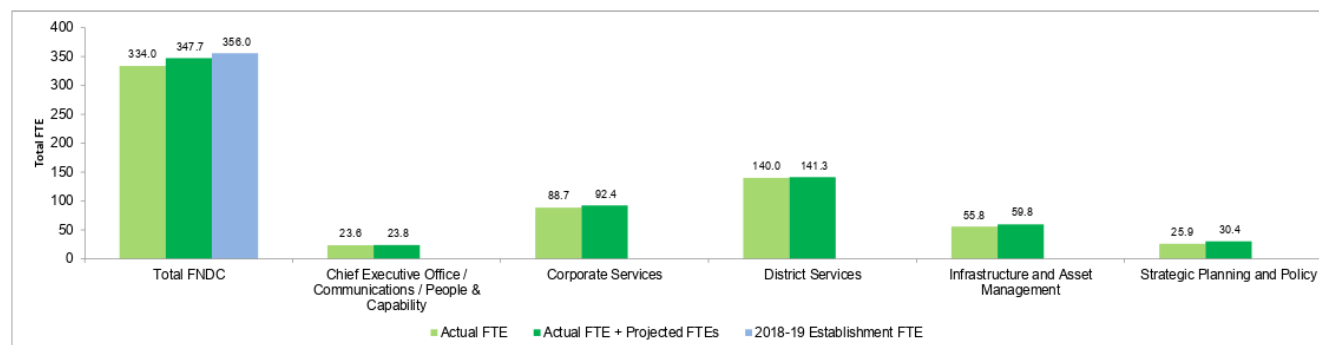
**Progress flags used in the Activity Group KPIs report**

Target Achieved	Within 10% of target	Greater than 10% off target	Baseline being established OR No data available yet
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**Staffing Data - Quarter 2**

as at 31 December 2018

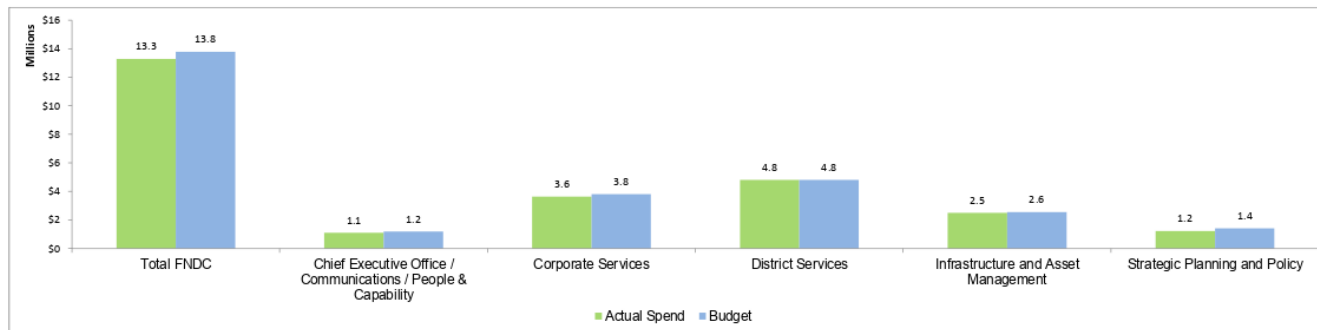
Department	Actual Head Count	Actual FTE	Projected increase in FTEs (excludes fixed term)	Actual FTE + Projected FTEs	2018-19 Establishment FTE	Change in FTE + Projected FTE at 30 September against the 18/19 FTE Establishment
<b>Total FNDC</b>	<b>349.0</b>	<b>334.0</b>	<b>13.7</b>	<b>347.7</b>	<b>356.0</b>	- 8.3
Chief Executive Office / Communications / People & Capability	24.0	23.6	0.2	23.8		
Corporate Services	90.0	88.7	3.7	92.4		
District Services	151.0	140.0	1.3	141.3		
Infrastructure and Asset Management	57.0	55.8	4.0	59.8		
Strategic Planning and Policy	27.0	25.9	4.5	30.4		



## Salary Data - Quarter 2

as at 31 December 2018

Department	Actual Spend	Budget	Actual vs Budget	Total FY19 Salaries budget
<b>Total FNDC</b>	<b>\$ 13,296,622</b>	<b>\$ 13,798,030</b>	<b>\$ 501,408</b>	<b>\$ 27,595,979</b>
Chief Executive Office / Communications / People & Capability	\$ 1,098,981	\$ 1,191,881	\$ 92,900	\$ 2,383,747
Corporate Services	\$ 3,640,830	\$ 3,817,740	\$ 176,910	\$ 7,635,478
District Services	\$ 4,818,442	\$ 4,806,814	<b>-\$ 11,628</b>	\$ 9,613,607
Infrastructure and Asset Management	\$ 2,505,628	\$ 2,561,017	\$ 55,389	\$ 5,121,994
Strategic Planning and Policy	\$ 1,232,742	\$ 1,420,578	\$ 187,836	\$ 2,841,153





## Roading

To maintain the District's roading network in a satisfactory condition and in accordance with national safety and engineering standards

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Fatalities/serious injury crashes 2018/19	1	3	2	6	Increase of 7 fatal and serious injury crashes	No increase	12 less than same time last year
	Fatalities/serious injury crashes 2017/18	1	4	6	11			
	Variance	0	-1	-4	-5			

### Q2 Performance Comments:

2018/19 Quarter 2 - 1 recorded fatal crash and 5 recorded serious crashes

2017/18 Quarter 2 - 0 recorded fatal crash and 11 recorded serious crashes

Percentage of fatal and serious crashes on the District's roading network where the road condition is the main contributing factor, in relation to vehicle km travelled on our roads	Crashes caused by road condition per km travelled 18/19	No crashes	No crashes	No crashes	No crashes	No crashes caused by road condition	< previous year	No crashes caused by road condition
	Crashes caused by road condition per km travelled 17/18	No crashes	No crashes	No crashes	No crashes			
	Percentage change %	0.0%	0.0%	0.0%	0.0%			

### Q2 Performance Comments:

No crashes occurred on the Far North District roading network where the road condition was the contributing factor in quarter 2 of this year or quarter 2 of last year.

The percentage of the sealed local road network that is resurfaced	Length resurfaced (km)	10.0	9.0	7.0	26.0	72.3km 8.1%	≥9% of the sealed network resurfaced per annum	3% (26.0 / 77.2 km)
	Total length sealed road network	858.0	858.0	858.0	858.0			
	%	1.2%	1.0%	0.8%	3.0%			

### Q2 Performance Comments:

Currently on programme. North Contract completed their programmed work. South Contract area seal renewals are programmed for quarter 3.

Resurfacing of the roading network as outlined in the Council's roading programme	Length completed work	10.0	9.0	7.0	26.0	N/A	≥95% of planned work completed	100.0%
	Total length planned	10.0	9.0	7.0	26.0			
	%	100.0%	100.0%	100.0%	100.0%			

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The percentage of customer service requests relating to roads to which the territorial authority responds within the time frame specified:								
Emergency / Public Safety - within 3 hours	No. responded within timeframe	16	10	13	39	93%	≥95%	95.4%
	Total incidences	17	10	14	41			
	%	94.1%	100.0%	92.9%	95.1%			
Urgent - within 7 days	No. responded within timeframe	15	33	18	66	87%		85.1%
	Total incidences	19	35	18	72			
	%	78.9%	94.3%	100.0%	91.7%			
Non-urgent - within 14 days	No. responded within timeframe	176	154	173	503	93%		89.4%
	Total incidences	207	174	177	558			
	%	85.0%	88.5%	97.7%	90.1%			

**Q2 Performance Comments:**

Team has been encouraged to make contact with the customer as a priority.

The Hokianga Ferry Service will run in accordance with the advertised timetable	No. runs on time	903	878	907	2688	99%	≥95%	99.3%
	Total scheduled crossings	912	884	908	2704			
	%	99.0%	99.3%	99.9%	99.4%			

Our sealed and unsealed network will meet the agreed Council's levels of service specified in our roading contracts and the network is at least 95% compliant at all times	North (fixed and repaired)	N/A	N/A	N/A		91%	≥95%	Data not available yet
	South (fixed and repaired)	N/A	N/A	N/A				
	Total							

**Q2 Performance Comments:**

Network inspections are being completed in acceptable timeframes by both contractors. Data quality and system issues are being actively worked on but the contractor performance data is not yet able to be reported on with confidence. Overall the results are encouraging with the contractors being fully engaged in the inspection and audit processes.

## Footpaths

To maintain the District's footpath network and infrastructure to high standards

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	No standard adopted yet	No data available yet			N/A	N/A	Year 1: Baseline to be established and targets established	Condition assessment in progress
					N/A			
					N/A			

### Q2 Performance Comments:

Condition assessment continues. Standards to be defined before this mandatory DIA measure can be assessed.

Resurface and extend the footpath network as planned	Length completed work	0.0	0.0	0.0	0.0		≥95% of planned work completed	No planned work until Q3
	Total length planned	0.0	0.0	0.0	0.0			
	%	0.0%	0.0%	0.0%	0.0%			

### Q2 Performance Comments:

Once standards have been defined and condition assessments complete, the quarter 3 work plan will be defined.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The percentage of customer service requests relating <b>footpaths</b> to which the territorial authority responds within the time frame specified:								
Emergency / Public Safety - within 3 hours	No. responded within timeframe	0.0	0.0	0.0	0.0	N/A	≥95%	No incidences to report
	Total incidences	0.0	0.0	0.0	0.0			
	%	0.0%	0.0%	0.0%	0.0%			
Urgent - within 7 days	No. responded within timeframe	0.0	0.0	0.0	0.0	N/A	≥95%	No incidences to report
	Total incidences	0.0	0.0	0.0	0.0			
	%	0.0%	0.0%	0.0%	0.0%			
Non-urgent - within 14 days	No. responded within timeframe	9.0	13.0	23.0	45.0	N/A	≥95%	83.8%
	Total incidences	9.0	16.0	24.0	49.0			
	%	100.0%	81.3%	95.8%	91.8%			

**Q2 Performance Comments:**

All RFS are now managed by contractors. Efficiencies expected in response times as contractual obligations are understood and put in place to meet the target.

## Water Supply

To provide reliable and sustainable water supply, ensuring sustainable development and adequate water supply in times of emergency.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The extent to which the local authority's drinking water supply complies with: <b>(a) part 4 of the drinking-water standards (bacteria compliance criteria)</b>								
Kaikohe	Compliant Yes / No	Yes	Yes	Yes	Yes	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Yes
Kerikeri	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes
Paihia	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes
Kawakawa	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes
Kaitaia	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes
Opononi	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes
Rawene	Compliant Yes / No	Yes	Yes	Yes	Yes			Yes

The extent to which the local authority's drinking water supply complies with: <b>(b) part 5 of the drinking-water standards (protozoal compliance criteria)</b>								
Kaikohe	Compliant Y/N	Yes	Yes	Yes	Yes	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Yes
Kerikeri	Compliant Y/N	Yes	Yes	Yes	Yes			Yes
Paihia	Compliant Y/N	Yes	Yes	Yes	Yes			Yes
Kawakawa	Compliant Y/N	Yes	Yes	Yes	Yes			Yes
Kaitaia	Compliant Y/N	Yes	Yes	Yes	Yes			Yes
Opononi	Compliant Y/N	Yes	Yes	Yes	Yes			Yes
Rawene	Compliant Y/N	Yes	Yes	Yes	Yes			Yes

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this)	Water usage	2,369,661	2,369,661	2,517,120	7,256,442	32% water loss	<26%	32.1%
	Water supplied	3,528,171	3,528,171	3,546,843	10,603,185			
	Volume real water loss	1,158,510	1,158,510	1,029,723	3,346,743			
	%	32.8%	32.8%	29.0%	31.6%			

A report will be presented at the Infrastructure Network Committee on 21 March 2019 providing an explanation around water loss measurements, reasons for unaccounted for water, trends in unaccounted for water, benchmarking water against other Councils and what is being done to achieve reduce achieve the specified KPI.

Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:								
(a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	Median attend time	1.0	1.9	0.9	0.9	0.9 hours	< 2 hours	0.9
(b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median response time	2.5	5.0	2.5	2.5	2.7 hours	< 4 hours	2.5
(c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site, and	Median attend time	0.1	0.2	0.1	0.1	0.1 working days	< 2 working days	0.1
(d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median response time	0.2	0.4	0.2	0.2	0.2 working days	<3 working days	0.2

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The total number of complaints received by the local authority about any of the following: (a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	Number complaints per month	84	69	67	220	71.1 complaints per 1000	100	40.7 complaints per 1000 properties
	Number connected properties	9561	9561	9561	9561			
	Total per 1000 properties	8.8	7.2	7.0	23.0			
The average consumption of drinking water per day per resident within the territorial authority district	Annual Consumption (m3)	3,528,171	3,528,171	3,546,843	3,534,395	414L per person per day	≤ 350L per person per day	444L per person per day
	No of residents	21,808	21,808	21,808	21,808			
	Consumption per resident per day (litres)	443	443	446	444			

Q2 Performance Comments:

## Wastewater

To provide reliable waste water infrastructure, protecting the environment and community

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Results
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	Number affected	2	0	3	5	0.9 per 1000 connections	≤ 12 per 1000 connections	0.8 per 1000 connections
	Number connected properties	10886	10886	10886	10886			
	Total per 1000 properties	0.2	0.0	0.3	0.5			
Compliance with the territorial authority's resource consents for discharge from its sewerage system, measured by the number of:								
(a) abatement notices	Number of notices	0	0	0	0	2	1 or less	0
(b) infringement notices	Number of notices	0	0	0	0	0	0	0
(c) enforcement orders	Number of notices	0	0	0	0	0	0	0
(d) convictions	Number of notices	0	0	0	0	0	0	0

### Q2 Performance Comments:

Enforcement Order Application lodged with the Environment Court for Paihia WWTP - only at application stage but is likely to be successful

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following MEDIAN response times are measured:								
a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site	Median attend time (hours)	0.4	0.4	0.1	0.1	0.4 hours	≤ 2 hours	0.1
b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	Median response time (hours)	3.7	3.7	2.2	2.2	2.9 hours	≤ 4 hours	2.2



Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Where Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following response times are measured:								
a) attendance	No. attended in 2 or less hours	2	0	3	5	N/A	≥ 95% responded in ≤ 2 hours	88.9%
	Total incidences	2	0	3	5			
	%	100.0%	100.0%	100.0%	100.0%			
b) resolution to prevent overflow	No. resolved in 4 or less hours	2	0	3	5	N/A	≥ 95% responded to in ≤ 4 hours	88.9%
	Total incidences	2	0	3	5			
	%	100.0%	100.0%	100.0%	100.0%			

**Q2 Performance Comments:**

First quarter attendance rates of 75% (3 out of 4 for both) bring down the YTD result below target. 100% of incidences responded to on time across quarter two.

The total number of complaints received by the territorial authority about any of the following: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	Number affected	20	15	30	65	18.2 per 1000 connections	≤ 50 per 1000 connections	9.8 per 1000 connections
	Number connected properties	10886	10886	10886	10886			
	Total per 1000 properties	1.8	1.4	2.8	6.0			

## Stormwater

To enable sustainable development through urban storm water infrastructure, protecting the environment and community

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The number of flooding events that occur in a territorial authority district	Number of events	0	0	0	0	2	0	No flooding events
For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's Stormwater system.)	Number affected	0	0	0	0	0.07 per 1000 properties	0 per 1000	0 per 1000
	Number connected properties	16078	16078	16078	16078			
	Total per 1000 properties	-	-	-	-			

Compliance with the territorial authority's resource consents for discharge from its Stormwater system, measured by the number of:								
(a) abatement notices	Number of notices	0	0	0	0	0	1 or less	0
(b) infringement notices	Number of notices	0	0	0	0	0	0	0
(c) enforcement orders	Number of notices	0	0	0	0	0	0	0
(d) convictions	Number of notices	0	0	0	0	0	0	0

The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site	Median response time (hours)	0	0	0	0	2/2 Achieved	≤ 48 hours	No flooding events
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Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
The number of complaints received by a territorial authority about the performance of its Stormwater system, expressed per 1000 properties connected to the territorial authority's Stormwater system	Number complaints	36	33	25	94	33.8 RFS per 1000 properties	0	13.2 RFS per 1000 properties
	Number connected properties	16078	16078	16078	16078			
	Total per 1000 properties	2.2	2.1	1.6	5.8			

**Q2 Performance Comments:**

Responses have again been delayed due to excess workload in other areas. Urgent responses are still handled in a timely manner.

The response time to attend a flooding event resulting from the failure of Council's urban storm water system. Measured from the time that the Council receives notification to the time that service personnel reach the site. Response time is set at 2 working days.	No. responded within timeframe	0	0	0	0	N/A	≥ 95% responded to within set timeframe	No flooding events
	Total incidences	0	0	0	0			
	%	100.0%	100.0%	100.0%	100.0%			

## Solid Waste Management

To decrease the proportion of waste sent to landfill and increase the proportion of waste that is sent for recycling, promoting the sustainable management of resources and benefitting future generations

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Percentage by tonnage of waste from refuse transfer station that is recycled/ reused	Tonnage recycled/reused	682	712	841	2235	62.3%	63%	61.7%
	Total Tonnage	1126	1151	1371	3648			
	%	60.6%	61.9%	61.3%	61.3%			

### Q2 Performance Comments:

Council was notified in August that markets for grades 3-7 plastic had crashed. These plastics represent approx .75% of recycling tonnage therefore results in an approx 1.5% drop in the recycling percentage.

Add at least one new community recycling facility	Number completed	0	0	0	0	N/A	Minimum of 1 per year	2 in negotiation stage
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### Q2 Performance Comments:

There are ongoing negotiations at two sites (Waitangi and Rawhiti), awaiting community approval and commitment.

All refuse transfer stations to be open on time	No reports or complaints regarding late openings	100%	100%	100%	100%	N/A	99.5%	100.0%
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Attending to RFS relating to illegal dumping								
Offensive waste: pick up within 24 hours	No. collected within timeframe	1	1	0	2	N/A	95% within set timeframe	80.0%
	Total incidences	1	1	0	2			
	%	100.0%	100.0%	0.0%	100.0%			
Standard waste: pick up within 4 days	No. collected within timeframe	19	16	13	48	N/A	95% within set timeframe	87.7%
	Total incidences	23	20	13	56			
	%	82.6%	80.0%	100.0%	85.7%			

### Q2 Performance Comments:

Quarter 1 figures for offensive waste (66% 2/3) brings down the YTD figure. 100% attendance rate recorded for quarter 2.

Standard waste missed time frames were the results of 2 requiring a digger, 2 awaiting further details from customer and 4 missed due to lack of resources.

## District Facilities

### Cemeteries

To ensure cemeteries are operated in a way that meets the community's needs

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
All preparations are in place in time for the funeral services to take place (plots dug, and in the right place etc.)	No. complaints received	0	0	0	0	N/A	No complaints are received regarding the preparations for our funeral services	No complaints received

### Civic and Community Buildings

To provide buildings for public recreation and leisure

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Number of community halls per ward per annum modified to improve disability access								
Northern Ward	Number completed	1	0	0	1	0	1 hall per ward per annum	1
Eastern Ward	Number completed	0	1	0	1	3		2
Western Ward	Number completed	0	0	1	1	2		2

#### Q2 Performance Comments:

Northern Ward - Herekino Hall  
 Eastern Ward - Whangaroa Hall  
 Western Ward - Kaikohe Lions Hall

All Civic and Community buildings are safe for Community use and meet all statutory legislation levels	Number uncertified	0	0	0	0	N/A	All halls have appropriate certificates including BWOFF for those that require them	All buildings are certified
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#### Q2 Performance Comments:

All 18 Council building's have current BWOFF certificates

### Housing for the Elderly

To provide housing for the elderly that is affordable, safe, well maintained, and strategically located

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Occupancy of available units	Occupied Units	145	145	141	143.7	97.0%	95.0%	97.7%
	Total Units	147	147	147	147.0			
	%	98.6%	98.6%	95.9%	97.7%			

**Q2 Performance Comments:**

Oct: 2 units - refurbished

Nov: 5 units refurbished

Dec: 5 units - refurbished

Percentage of faults responded to within agreed timeframes:

Emergency - 12 hours	No. responded within timeframe	5	3	3	11	N/A	100.0%	100.0%
	Total incidences	5	3	3	11			
	%	100.0%	100.0%	100.0%	100.0%			
Urgent - 2 days	No. responded within timeframe	2	9	3	14	95.0%	100.0%	68.6%
	Total incidences	7	10	3	20			
	%	28.6%	90.0%	100.0%	70.0%			
Non Urgent - 7 days	No. responded within timeframe	13	23	4	40	100.0%	≥95%	65.7%
	Total incidences	16	23	4	43			
	%	81.3%	100.0%	100.0%	93.0%			

**Q2 Performance Comments:**

We received twice as many RFS's in quarter 1, due to 6 monthly inspection of all 147 HFE units, response rates for urgent and non urgent were 67.7% and 57.7%.

We have improved greatly over quarter 2 due to preferred contractors available to respond to urgent requests and internal process improvements.

We expect responses rates to continue to climb over the second half of the year.

## Public Toilets

Council will provide well maintained and accessible public toilets in high use areas.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Increase the number of public toilets with disabled access per annum in line with facility renewal/upgrades	Number completed	0	0	0	0	2 new 2 upgrades	2	6 in progress

### Q2 Performance Comments:

Work in progress at Taupo Bay, Te Ngaere, Pehipe, Ohaeawai, Tokerau & Ahipara

Ensure that public toilets are maintained to an acceptable standard as per contract	Number of audits met	5	2	4	11	N/A	≥90%	88.2%
	Total number of audits	6	2	4	12			
		83.3%	100.0%	100.0%	91.7%			

### Q2 Performance Comments:

Meeting LOS as per contract

## Car Parks

Council will provide well maintained public car parks

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Provide additional disability parking spaces in each ward								
Northern Ward	Number completed	0	0	0	0	0	2 per annum	3 new disabled carpark spaces scoped and priced
Eastern Ward	Number completed	0	0	0	0	0	2 per annum	6 new disabled carpark spaces scoped and priced
Western Ward	Number completed	0	0	0	0	0	2 per annum	Nil

## Customer Services

Council provides the right services, in the right places, to the agreed standard

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Percentage of abandoned calls (Contact Centre)	Abandoned calls	1718	2215	1476	5,409	N/A	8%	16.4%
	Total calls received	8782	9380	6076	24,238			
	Percentage %	19.6%	23.6%	24.3%	22.3%			

### Q2 Performance Comments:

Community and Customer Services completed a functional review in November 2018. As a result of changes from the review there have been fewer agents available to process customer calls - the recruitment process to fill vacancies commenced in 2019.

Percentage of Ask.U.s emails processed within 5 working days	Processed within 5 days	1501	1599	1185	4,285	N/A	Year 1: Baseline and targets to be established	100.0%
	Total emails received	1501	1599	1185	4,285			
	Percentage %	100.0%	100.0%	100.0%	100.0%			
Service Centre users' satisfaction	User satisfaction 2018/19	0.96	0.95	1	1	N/A	Year 1: Baseline and targets to be established	96.8%
	User satisfaction 2017/18	1	1	0.955	1			
	Percentage change %	-4.0%	-5.0%	4.7%	-1.5%			



**i-SITES**

To provide booking and information services through the District's Information Centres, influencing visitors to stay longer and spend more

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Number of visitor bookings through the Information centres will show an increase each year	Visitor bookings 2018/19	1,384	6,964	7,828	16,176	N/A	≥2.5%	4.3%
	Visitor bookings 2017/18	1,871	5,384	7,248	14,503			
	Percentage change %	-26.0%	29.3%	8.0%	11.5%			
Increase net profit on retail sales by 1.5% per year (profit increase on previous year)	Percent net profit 2018/19	35.8%	41.1%	42.0%	40.3%	1.9%	Retail sales net profit ≥1.5%	0.4%
	Percent net profit 2017/18	42.5%	37.9%	41.3%	40.6%			
	Change in percent net profit	-15.9%	8.4%	1.9%	-0.7%			

**Q2 Performance Comments:**

Good numbers of retail sold especially in Hokianga and Kaitaia.

Paihia is considering going out of retail due to the amount of shops selling the same products and more sales can be made selling Russell ferry tickets.

Kaitaia - Good sales and good local product.

Hokianga - increasing sales - good products.

Customer/Visitor satisfaction	Visitor satisfaction 2018/19	99.0%	100.0%	100.0%	99.7%	N/A	≥1% increase on previous year	-2.2%
	Visitor satisfaction 2017/18	N/A	N/A	N/A	N/A			100% 17/18
	Percentage change %	99.0%	100.0%	100.0%	99.7%			97.8% 18/19

**Q2 Performance Comments:**

There is no data for this quarter last year, as there were no surveys returned during this period

This is a new KPI, the target was set before the previous year results had been finalised. Last year's result was 100%, therefore a target of 1% increase on last year is not achievable.

We are showing excellent results for this year to date of 97.8% customer satisfaction.

## Libraries

To provide quality library services for the benefit of all of the community

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Customer/Visitor satisfaction	Visitor satisfaction 2018/19	97%	97%	96%	97%	N/A	Year 1: Baseline and targets to be established	96.0%

### Q2 Performance Comments:

Measurement via Customer experience programme survey commenced July 2018

Increase the percentage of online library service use	Online hits 2018/19	31,360	31,824	31,597	94,781	13% increase on 2016-17	≥1% increase on previous year	8.4% increase on 2017-18
	Online hits 2017/18	29,276	28,776	25,153	83,205			
	Percentage change %	7.1%	10.6%	25.6%	13.9%			
Increase the total library membership relevant to the population of the District	Membership numbers	26,453	26,604	26,724	26,594	N/A	Year 1: Baseline and targets to be established	41.7%
	District population	63,200	63,200	63,200	63,200			
	Percentage %	41.9%	42.1%	42.3%	42.1%			

## Environmental Management

### Animal Control

To ensure animal related activities are managed in accordance with legislative requirements

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Respond to reported incidents by contacting customer and arranging next steps within the following timeframes:								
Urgent within 2 hours	No. responded within timeframe	3	14	25	42	89% (recorded as one measure)	≥90%	28.0%
	Total incidences	40	47	37	124			
	%	7.5%	29.8%	67.6%	33.9%			
Non-urgent within 10 days	No. responded within timeframe	168	179	157	504	89% (recorded as one measure)	≥90%	85.9%
	Total incidences	217	214	185	616			
	%	77.4%	83.6%	84.9%	81.8%			

#### Q2 Performance Comments:

Process improvements have now been completed to increase accuracy of urgent response times through greater connectivity in the field. The results of this can be seen from the December figures.

### Environmental Health

To monitor food premises in accordance with the requirements of the Food Act, 2014.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Food Control Plan and National Programme audits completed as scheduled	No. completed as scheduled	9	7	6	22	50%	≥85% of all food control plans and national programs assessed	68.4%
	Total scheduled	15	19	9	43			
	%	60.0%	36.8%	66.7%	51.2%			

#### Q2 Performance Comments:

Process improvements have now been introduced to improve audit processes to meet legislative requirements. At the same time we are recruiting a current vacancy. It is anticipated that when the vacancy is filled we will be able to improve the audit completions. It's not anticipated that the KPI will reach it's mark this year.

## Monitoring and Enforcement

To ensure compliance with Resource Management Act relating to noise pollution

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Respond to noise complaints within the following timeframes:								
In urban areas: 1 hour	No. responded within timeframe	153	128	219	500	N/A	≈85% within set timeframe	79.1%
	Total incidences	189	169	259	617			
	%	81.0%	75.7%	84.6%	81.0%			
In rural areas: 2 hours	No. responded within timeframe	1	1	10	12	N/A	≈85% within set timeframe	92.3%
	Total incidences	1	1	11	13			
	%	100.0%	100.0%	90.9%	92.3%			

### Q2 Performance Comments:

Continuing to work with the contractor, First Security, to improve performance.  
Good results realised with responses through the contracted service provider.

## District Licensing

To license and monitor the sale of liquor in accordance with the Sale and Supply of Alcohol Act, 2012.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
All licensed premises to be visited for Host Responsibility inspections at least once every four years.	No. premises visited	1	0	0	1	26%	≈25% of premises visited annually	1.1%
	Total premises	267	267	267	267			
	%	0.4%	0.0%	0.0%	0.4%			

### Q2 Performance Comments:

Additional resources for licensing on board from Q2 which will see an improvement in inspections.  
To date the current workloads in licence / certificate applications have limited the ability to complete licensed premise visits. We are confident we will meet this KPI over Q3 and Q4.

## Resource Consent Management

To administer and enforce the Resource Management Act 1991.

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Respond to compliance incidents within 10 working days	No. responded within timeframe	11	15	9	35	85%	≥91%	74.0%
	Total incidences	18	19	14	51			
	%	61.1%	78.9%	64.3%	68.6%			
Process applications made under the Resource Management Act 1991 within statutory timeframes	No. processed within timeframe	65	81	44	190	N/A	≥95%	54.9%
	Total applications	115	121	72	308			
	%	56.5%	66.9%	61.1%	61.7%			

### Q2 Performance Comments:

Monitoring Officers now completed training to be more effective in response capability. These improvements should be realised in the 3rd quarter. Resource Consent applications for the year to date are 6% higher than the 4 year average (430 vs 405 four year average) resulting in Consultant Planners being engaged to assist with the high volumes. Based on current workloads it will be a challenge to meet this KPI.

## Building Consent Management

To comply with current legislative requirements with regards to processing building consent applications

Performance Measure	Measures	Oct-18	Nov-18	Dec-18	Q2 Total Performance	2017/18 Result	2018/19 Target	YTD Result
Process building consents within statutory timeframes	No. processed within timeframe	67	39	36	142	83%	≥95%	51.3%
	Total applications	125	134	87	346			
	%	53.6%	29.1%	41.4%	41.0%			

### Q2 Performance Comments:

Building consent applications for the year to date are 15% higher than for the 4 year average\* (778 vs 678 four year average)  
The building consent renovation process has addressed bottle necks within the process of issuing building consents. Percentage time frames to issue a consent within the 20 day legal time frame are now climbing.

### 5.3 LONG TERM ASSET FUNDING UPDATE

**File Number:** A2395588

**Author:** Janice Smith, Chief Financial Officer

**Authoriser:** Sheryl Gavin, General Manager Corporate Services (Acting)

#### PURPOSE OF THE REPORT

This report provides an update on the programme of work being undertaken on the Long Term Asset Funding project.

#### EXECUTIVE SUMMARY

In November, a presentation was given to a workshop following the Audit, Risk & Finance Committee on the Long Term Asset Funding project.

Since that update, work has continued as scheduled and this report is to update the committee on where the project is in relation to the timeline provided in the presentation.

#### RECOMMENDATION

**That the Audit, Risk, and Finance Committee receive the report Long Term Asset Funding Update.**

#### BACKGROUND

The timeline for the Long Term Asset Funding project that was included in the presentation in November was as follows:

Month	Work to be completed
November/December 18	Work through all aspects of District Facilities activities
February 19	Work through all remaining activities
March 19	Commence modelling impacts for comparison.
April/May 19	Model impacts against year 1 of the 2018/28 LTP
May/June 19	Outcome of modelling will be reviewed with external audit providers
June 19	Feedback to Council to include peer review from external auditors

Opportunities to update the Audit, Risk and Finance Committee and/or Council will be taken as information is available during this process

#### DISCUSSION AND NEXT STEPS

Work on the District Facilities information has now been completed. A small working team has been established in the Financial Services team which will now take the information completed so far and move into the modelling phase of the project.

In December, a telephone conference call was held with Paul Crimp of the South Wairapa District Council (SWDC) as he had instigated a similar process at that council. The conversation was very useful and highlighted the fact that the project did not need to be a “one size fits all” solution. At SWDC they only apply the renewals modelling to the 3 water accounts. For the District Facility type assets, they have a range of renewal policies that determine the percentage of the asset that will have funded depreciation and this varies according to the asset and future renewal expectations. A copy of the feedback is attached for information.

Part of the work of the finance team assigned to LTAF is to contact other council's that we know follow the same principles and make enquiries concerning how they determine what assets attract what action and this will be fed into the review process.

At this point, there are no variations to the timeline that was identified

## **FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications

## **ATTACHMENTS**

1. **South Wairapa District Council feedback - A2395577**  

## Briefing note for LTAF group.

### Background

Paul Crimp, CEO of Wairarapa District Council, was approached by Mayor Carter to discuss depreciation and asset funding. A telephone call was arranged for the 20<sup>th</sup> December 2018 for the CEO and the CFO to talk to Paul..

### Depreciation –v- renewal

Paul advised that it took the Council 8 years to land on the position it has now implemented in the 2018-28 LTP.

It was felt there was a clear disconnect between depreciation and what the Council was spending on renewals.

SWDC focused on water and wastewater only. Wellington Water (WW) completed work on asset condition and this was paid for from depreciation reserves. It wasn't a huge amount and was at a negotiated rate. SWDC also made it a condition of all maintenance work to have a CCTV review done every time. This adds to the condition information over time.

The data that WW provided showed that they could smooth renewals over time to achieve the work that they felt would be needed and this released rate dollars to fund other work.

Using WW for the data analysis gave the auditors comfort that the values could be relied upon in relation to network status.

### What if the assumptions are wrong?

It will be necessary to find a balance as networks change all the time. SWDC took a view that the data was probably 80% right. If they needed to work on something that wasn't planned then the view was that it would have needed to be done at some point so it isn't "a mistake" just a timing difference.

### Rating for the waters

SWDC rate district wide for the 3 waters. One of the old schemes now needs work and the view taken is that every scheme will require work over time so they will all receive appropriate investment over time. SWDC created a 3 waters reserve to allow funds to be moved around but this works for them as their water, wastewater and stormwater ratepayers are more or less the same group of customers.

### Other points

SWDC identified unit rates for roading but decided not to pursue this.

Depreciation reserves are not cash backed.

SWDC started the process slowly by "unfunding" 20% of the depreciation for water and wastewater and diverting the funds to other projects.



They do not apply this model to Community type assets but they do have a model of partially funding depreciation on these assets dependant on the asset type. Some are run to failure and not depreciated, others are fully depreciated and some fall between these points.

## 5.4 REVENUE RECOVERY REPORT

**File Number:** A2395747

**Author:** Margriet Veenstra, Manager - Transaction Services

**Authoriser:** Sheryl Gavin, General Manager Corporate Services (Acting)

### PURPOSE OF THE REPORT

The purpose of this report is to provide quarterly reporting of revenue recovery to the Audit, Risk, and Finance Committee.

### EXECUTIVE SUMMARY

This is the second report for the 2018/19 financial year providing information on action taken to collect current and arrears balances for rates, water and sundry debt, and to provide information on how collection is tracking against targets.

### RECOMMENDATION

**That the Audit, Risk, and Finance Committee receive the report “Revenue Recovery Report”.**

### BACKGROUND

This document has been prepared to outline current and arrears balances for rates, water and sundry debt as at 3 January 2019 and the actions taken by the Debt Management Team for the collection of the General Title rates and water and sundry debt.

This information is part of the standing items reported to the Committee on a regular basis.

### DISCUSSION AND NEXT STEPS

The information has been identified for General Title rate and water accounts as well as Maori Freehold Land rates and water accounts. Sundry debtors, which are other fee generating areas of council, are shown in a separate table.

A Statute Barred Write-off process was completed in August 2018, and this totalled \$953,641.17 for General Title rates and \$6,130,978.94 for MFL rates.

Taking into account the Statute Barred Write-Off, the General Title 2016+ rates arrears balance has been reduced by \$604,167 since June 2018 and the 2016+ water arrears have been reduced by \$98,281. For MFL the 2014+ rates arrears have reduced by \$689,700 and the 2014+ water arrears have been reduced by \$15,506.

Below are the actions and focus areas for the third quarter, by the Debt Management Team for the collection of the General Title rates and water and Sundry Debt.

- Urgent Demand process commenced in September 2018.
  - Focus on 180 highest arrears General Title properties without a mortgage. Three letters were created to support the process: Urgent Demand, Final Urgent Demand and Legal proceedings to commence.
  - Audit of all accounts has been completed
    - 75% of customers have received both urgent demand letters, of which 85% are due to move to legal proceedings.
    - 3% of customers paid their arrears in full
    - 11% are now on a payment plan.
    - 12% are either deceased rate payers or abandoned land
    - 10% of customers require further investigation

- External legal provider recommendation as to approach for subsequent legal proceedings.
  - Next steps: Analysis of all accounts currently classified as abandoned land and deceased rate payer to confirm status and identify a select number of properties to commence court proceedings through external legal provider.
- A review commenced in November of all accounts referred to the external collection agency with the view of taking back all accounts to Councils Debt Management Team. As a result:
  - 47% of accounts have been taken back to Council
  - Of those taken back, 47% have received first and/or second letters as part of the Urgent Demand process.
  - 37% have either returned mail and/or need further investigation.
  - 6% accounts are now paid and/or have a payment plan in place.
  - 10% are abandoned land or deceased rate payer.
- Audit is taking place of all fixed Direct Debits currently in place with Council. So far, 80% of customers have now been switched to variable Direct Debit or have a new fixed Direct Debit within minimum Rates Easy Pay requirement.
- Continuous audit of existing Arrangements to Pay to ensure the agreements are being met. Contacting the customer where this is not the case and either reschedule the agreement or cancel and move to next recovery step.
- A review of all procedures is being undertaken as part of the Continuous Improvement initiative to ensure adequate monitoring and actions are proceeding in a timely manner.
- The ongoing promotion of the Internal Affairs Rates Rebates Scheme in day to day communications with Ratepayers and regular meetings with relevant community organisations is another key focus.

Additional focus areas quarter three:

- Sundry Debtors review
  - Small Bad Debt and Credit Write-off journals preparation and approval
  - Initial contact with all customers by email, mail and/or telephone
  - Facilitation of issue resolution with other council departments to ensure debt is cleared.
  - Review of processes.
  - Process change for licence renewals.

## FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

Provision is made annually for doubtful debts in relation to the arrears owed to council. A higher provision for Maori Freehold land rates and water is made in comparison to General Title rates and water due to the difference in collection options available to Council.

## ATTACHMENTS

1. **ARF Revenue Recovery Report - 28 March 2019 - A2396777**  

**Statute Barred Write-Off 2019**

<b>Statute Barred Write-Off 2019</b>	<b>GT</b>	<b>MFL</b>	<b>Total</b>
<b>Rates</b>	876,408.01	6,085,715.19	6,962,123.20
<b>Water</b>	76,233.16	45,263.75	121,496.91
<b>Total</b>	<b>952,641.17</b>	<b>6,130,978.94</b>	<b>7,083,620.11</b>

**General rate and water rates analysis by age at 3 January 2019.**

<b>General Title Rates and Water Arrears 2018-19</b>						
<b>General Title Rates 18-19 Dec 18</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013+</b>	<b>Total</b>
Abandoned Land	57,360	56,069	54,279	51,623	94,582	313,913
Payment Arrangement	245,416	82,122	42,005	29,907	30,354	429,805
Deceased Rate Payer	70,183	61,874	55,362	49,398	78,247	315,064
External Collection Agency	72,701	67,488	58,751	51,864	67,310	318,114
2017-18 Mortgage Run	629,663	127,654	64,746	14,358	16,810	853,230
Legal Action Commenced	24,145	21,031	20,889	23,380	53,069	142,515
Liquidation	4,093	3,958	3,725	3,278	7,834	22,888
Direct Debit - no REP	32,087	8,956	3,653	1,296	1,338	47,330
Direct Debit - REP	115,609	22,758	4,530	2,874	4,864	150,634
Balance collected by other means	1,559,516	815,620	550,434	404,486	536,328	3,866,383
<b>Rates Total</b>	<b>2,810,772</b>	<b>1,267,529</b>	<b>858,374</b>	<b>632,465</b>	<b>890,735</b>	<b>6,459,876</b>

<b>General Title Water 18-19 Dec 18</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013+</b>	<b>Total</b>
Abandoned Land	313	296	263	337	371	1,580
Payment Arrangement	25,803	4,167	3,759	3,728	2,835	40,292
Deceased Rate Payer	6,329	4,370	2,732	2,551	7,884	23,866
External Collection Agency	18,207	31,307	21,527	13,774	12,167	96,981
2017-18 Mortgage Run	71,800	10,019	5,073	765	5,814	93,473
Legal Action Commenced	-	-	-	-	-	-
Liquidation	556	-	-	-	-	556
Direct Debit - no REP	24,706	2,544	2,251	4,549	-	34,051
Direct Debit - REP	32,139	4,466	1,495	515	1,375	39,989
Balance collected by other means	299,122	70,152	36,470	22,213	51,169	479,125
<b>Water Total</b>	<b>478,976</b>	<b>127,322</b>	<b>73,571</b>	<b>48,432</b>	<b>81,614</b>	<b>809,914</b>

**Maori Freehold Land rate and water by age at 03 January 2019.**

MFL Rates and Water Arrears 2018-19						
MFL rates 18-19 Dec 18	2017-18	2016-17	2015-16	2014-15	2013+	Total
Payment Arrangement	2,316	1,015	-	-	-	3,331
Deceased ratepayer, recovery to be investigated	18,282	16,328	14,087	12,165	19,153	80,016
External Collection Agency	19,732	25,918	28,784	16,074	28,085	118,593
2017-18 Mortgage Run	-	-	-	-	-	-
Paying via direct debit	37,201	28,020	21,773	17,231	7,663	111,889
Rates Easy Pay	10,572	8,964	1,554	2,188	1,029	24,306
Balance collected by other means	3,630,949	3,508,841	3,521,943	2,935,272	4,469,070	18,066,075
Rates Total	3,719,052	3,589,085	3,588,141	2,982,930	4,525,000	18,404,209

MFL water 18-19 Dec 18	2017-18	2016-17	2015-16	2014-15	2013+	Total
Payment Arrangement	3,909	1,091	283	364	346	5,993
External Collection Agency	-	855	1,468	3,316	3,424	9,062
Rates Easy Pay	1,081	717	442	-	-	2,240
Balance collected by other means	55,344	34,704	17,194	21,489	40,097	168,828
Water Total	60,334	37,367	19,387	25,168	43,867	186,123

**Sundry Debtors by age for 30 June 2018**

<b>Sundry Debtors Aged Period Report as at 30 December 2018</b>					
<b>Category</b>	<b>30 days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>90 + Days</b>	<b>Total</b>
SUNDRY	1,365,584.90	30,286.94	13,200.83	219,012.91	1,680,867.68
BOOKINGS	15.00	-	-	1,152.02	1,167.02
SEPTAGE	2,570.00	-	1,904.00	-	4,474.00
REFUSE	5,626.20	3,503.80	245.78	6,525.98	15,901.76
BUILDING	106,717.69	15,218.36	9,756.10	139,503.77	280,599.58
RESOURCE	42,647.84	12,750.83	4,758.05	125,447.61	187,955.33
LIQUOR	21,571.45	9,671.50	4,818.50	18,540.25	54,601.70
HEALTH	11,682.50	4,505.00	3,331.00	33,268.95	52,787.45
<b>Total</b>	<b>1,556,415.58</b>	<b>75,936.43</b>	<b>38,014.26</b>	<b>543,451.49</b>	<b>2,278,354.52</b>

Since June 2018 90+ days debt has been reduced by \$127,206 and the overall aged debt has been reduced by \$2,171,163, mainly drive by Sundry Debtors.

**Reason for the recommendation**

This report is for information only.

## Compliance schedule:

Full consideration has been given to the provisions of the Local Government Act 2002 S77 in relation to decision making, in particular:

1. A Local authority must, in the course of the decision-making process,
  - a) Seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
  - b) Assess the options in terms of their advantages and disadvantages; and
  - c) If any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water sites, waahi tapu, valued flora and fauna and other taonga.
2. This section is subject to Section 79 - Compliance with procedures in relation to decisions.

Relationship with existing policies and Community outcomes.	Remission policies apply to qualifying ratepayers
Possible implications for the relationship of Māori and their culture and traditions with their ancestral land, water, site, waahi tapu, valued flora and fauna, and other taonga.	Remission of rates is available to qualifying ratepayers under the various remission and postponement policies adopted by Council
Views or preferences of persons likely to be affected by, or to have an interest in the matter, including persons with disabilities, children and older persons.	N/A
Does the issue, proposal, decision or other matter have a high degree of significance or engagement as determined under the Council's Policy #2124?	N/A
If the matter has a Community rather than a District wide relevance has the Community Board's views been sought?	N/A
Financial Implications and Budgetary Provision.	These are noted in the report.
Chief Financial Officer review.	The Chief Financial Officer is the report writer

**5.5 COUNCIL FINANCIAL REPORT FEBRUARY 2019****File Number: A2403234****Author: Angie Thomas, Chief Financial Officer (Acting)****Authoriser: Janice Smith, General Manager - Corporate Services (Acting)****PURPOSE OF THE REPORT**

To provide an overview and information on the current financial position and performance of the Far North District Council as at 28 February 2019.

**EXECUTIVE SUMMARY**

This report provides a summary overview, Statement of Financial Performance, Capital Performance and Borrowing and Investment reports.

**RECOMMENDATION**

**That the Audit, Risk, and Finance Committee receive the report “Council Financial Report February 2019”.**

**BACKGROUND**

This reports financial information as at 28 February 2019.

**DISCUSSION AND NEXT STEPS**

This report is for information only.

**FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications or budgetary provisions required as a result of this report.

**ATTACHMENTS**

1. **Council Financial Report 28 Feb 2019 - A2404424** [↓](#) 





# Council Financial Report

as at

## 28 February 2019

## **CONTENTS**

### **Financial Performance**

- 1** Financial Report Overview
- 2** Statement of Financial Performance
- 3** Statement of Capital Performance

### **Borrowings and Investments**

- 4** Public Debt
- 5** Cash and Investments

**FINANCIAL REPORT OVERVIEW**

This report provides a summary on the current financial performance of the Far North District Council as at 28 February 2019. Variances of more or less than \$500k will be reported on.

**Operating position as at 28 February 2019**

The net operating position for the year to date is a surplus of \$8.3m, against the year to date budget of a \$4.2m surplus, resulting in a positive variance of \$4.1m. Income year to date is less than budgeted and expenses are less than budgeted year to date, predominantly due to:

- **Operating Income variance of \$3.8m (less than budgeted)**

Main variances are:

- Rates income - there were a number of additional properties rated at the time of the initial rates strike.
- Rates penalties - approved customer requests being applied.
- Fees and charges - water by meter charges have increased due to usage as well as building consent applications.
- Central govt subsidies – operational - the roading programme for particular work categories is only just commencing and works being reprioritised due to weather conditions.
- Central govt subsidies – new works and renewals -
  - There a number of bridges and minor improvements that have not commenced.
  - Kerikeri Wastewater Treatment Plant subsidy was paid out earlier than planned in 17/18, so we will see a shortfall in the year the project is completed.
  - Rawene/Omanaia Water Treatment Plant subsidy has not been invoiced. Construction has commenced and completion is expected by August 2019.

- **Operating Expenditure variance of \$7.9m (less than budgeted)**

Main variances are:

- Payroll related cost - a number of vacancies is in recruitment phase and accrued leave is not being used by staff due to resourcing across the organisation.
- General expenses - doubtful debt penalties are not fully realised due to a number of accounts applying for remissions as well as statute barred write-offs.
- Contractor & professional fees - consultants are being engaged in the building consent area, offset by,

The Roothing Network for particular work categories is only just commencing and works being reprioritised due to weather conditions. Ferries repairs and maintenance scheduled was not required.

Water and Wastewater Alliance has advised that contract overruns are due to increased power usage, operations and maintenance variations as well as chemical invoices were delayed due to the procurement system.

Budget is no longer required due to the closure of the Ahipara Landfill

Consultants have not yet been engaged across the organisation, particularly in Infrastructure & Asset Management, Economic Planning and the District Plan.

- Allocations (direct and indirect) is less than budget, corporate costs have a number of commitments in progress.
- Interest costs - review of the capital programme is continuing so that we have a robust deliverable programme.

**Capital expenditure as at 28 February 2019**

- Capital expenditure as at 28 February 2019 is \$18.5m this is 26% of the Total Annual Budget of \$71m. This is the LTP budget of \$62m and Carried Forward budget from 17/18 of \$9m. Further detail can be found in the Statement of Capital Performance.

**Borrowing & Investments**

## Current Position

- Total debt is \$66.5m.
- As at 28 February 2019, there were no funds drawn down on Councils banking \$20m facility. The Audit, Risk and Finance Committee recently agreed to renew the facility for two years to 2020.
- Council's cash position was \$35.4m in the General Fund bank account at month end.

## Compliance

- Our liquidity ratio (access to fund) is at 188% compared to the policy minimum of 110%. This measure is set by the Local Government Funding Agency of which we are a member and defines the Councils ability to access funds.

**Statement of Financial Performance**  
**for the period ending**  
**28-February-2019**

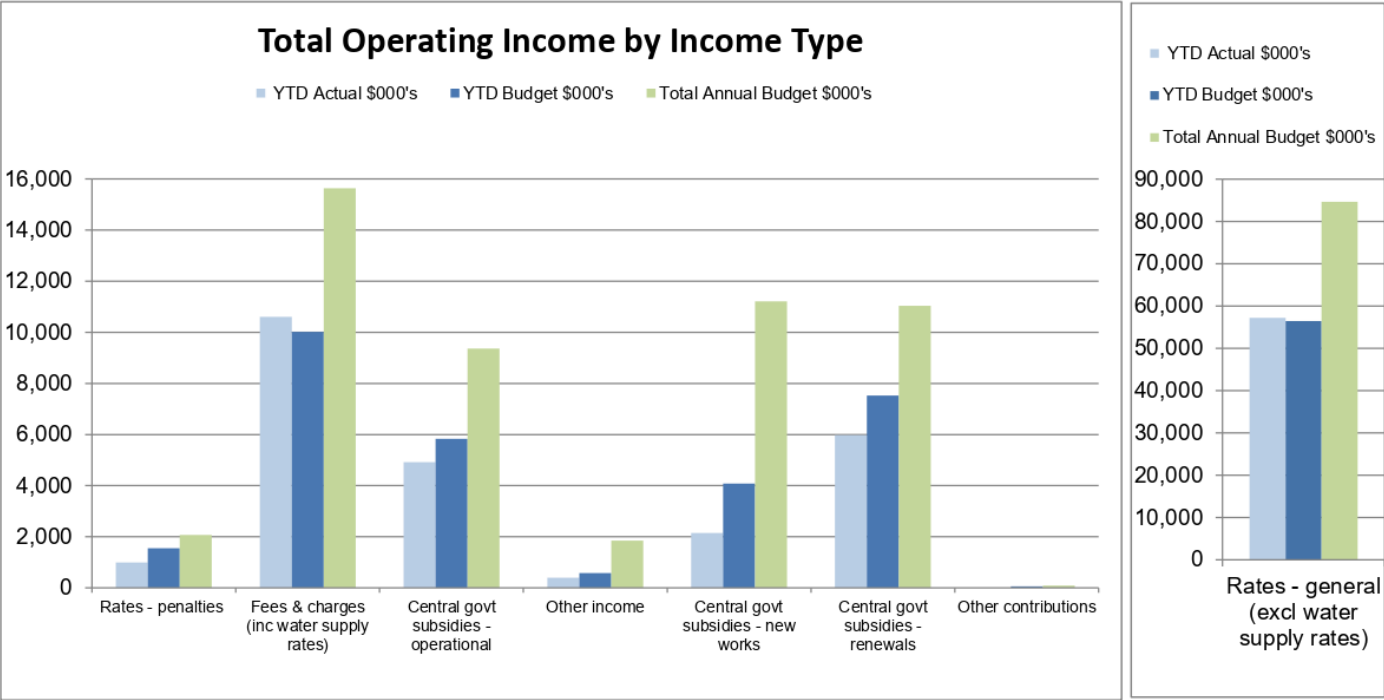
	Year to date			Actuals YTD as a % of Total Budget	Actuals YTD as a % of Annual Forecast	Full year		
	YTD Actual \$000's	YTD Budget \$000's	Variance \$000's			Total Annual Budget \$000's	Total Annual Forecast \$000's	Forecast Variance \$000's
<b>Operations</b>								
<b>Operational income</b>								
Rates - general (excl water supply rates)	57,205	56,434	771	68%	68%	84,651	84,651	0
Rates - penalties	994	1,555	(561)	48%	48%	2,073	2,073	0
Fees & charges (inc water supply rates)	10,600	10,015	585	68%	66%	15,633	16,123	489
Central govt subsidies - operational	4,914	5,835	(921)	53%	56%	9,358	8,737	(621)
Other income	398	584	(186)	22%	18%	1,851	2,195	344
<b>Capital income</b>								
Central govt subsidies - new works	2,143	4,078	(1,935)	19%	18%	11,211	11,946	734
Central govt subsidies - renewals	5,980	7,528	(1,548)	54%	52%	11,037	11,442	405
Other contributions	0	57	(57)	0%	0%	86	86	0
Development contributions	84	0	84	0%	0%	0	0	0
<b>Total operating income</b>	<b>82,319</b>	<b>86,086</b>	<b>(3,767)</b>			<b>135,900</b>	<b>137,252</b>	<b>1,352</b>
<b>Operating Expenditure</b>								
Payroll related costs	11,752	12,283	531	63%	62%	18,783	19,004	(221)
Other staffing related costs	886	1,075	189	55%	55%	1,622	1,609	13
General expenses	3,927	4,887	960	57%	55%	6,887	7,078	(191)
Rate remissions	2,414	2,035	(378)	111%	111%	2,165	2,165	0
Contractor & professional fees	22,275	25,343	3,068	55%	54%	40,236	41,102	(866)
Grants and donations	1,360	1,647	287	66%	61%	2,071	2,234	(163)
Allocations (direct and indirect)	9,333	11,023	1,689	56%	56%	16,533	16,533	0
Interest costs	1,947	2,495	547	52%	52%	3,742	3,742	0
<b>Sub-total</b>	<b>53,894</b>	<b>60,788</b>	<b>6,894</b>			<b>92,037</b>	<b>93,466</b>	<b>(1,429)</b>
Depreciation and other asset costs	20,896	21,116	220			31,673	31,673	0
Gain/Loss on Disposal	(757)	0	757			0	0	0
<b>Total operating expenditure</b>	<b>74,033</b>	<b>81,904</b>	<b>7,871</b>			<b>123,711</b>	<b>125,139</b>	<b>(1,429)</b>
<b>Net operating surplus/(deficit)</b>	<b>8,286</b>	<b>4,182</b>	<b>4,104</b>			<b>12,190</b>	<b>12,113</b>	<b>(77)</b>

3. Statement of Financial Performance

## Analysis of operating income &amp; expenses by LTP Group

	Year to date			Full year				
	YTD Actual \$000's	YTD Budget \$000's	Variance \$000's	Actuals YTD as a % of Total Budget	Actuals YTD as a % of Annual Forecast	Total Annual Budget \$000's	Total Annual Forecast \$000's	Forecast Variance \$000's
<b>Income</b>								
Customer Services	6,708	6,807	(100)	66%	66%	10,184	10,184	0
District Facilities	11,034	10,865	170	67%	66%	16,362	16,777	415
Environmental Management	9,271	8,874	397	71%	68%	13,076	13,732	657
Governance & Strategic Administration	4,261	5,166	(905)	49%	49%	8,728	8,728	0
Roading and Footpaths	25,037	26,796	(1,759)	59%	59%	42,205	42,409	203
Solid Waste Management	3,585	3,683	(97)	65%	67%	5,482	5,337	(144)
Stormwater	2,805	2,842	(37)	66%	66%	4,256	4,256	0
Strategic Planning & Policy	4,234	4,172	62	68%	65%	6,247	6,468	221
Wastewater	9,656	10,235	(579)	51%	51%	18,810	18,810	0
Water Supply	5,727	6,646	(918)	54%	54%	10,551	10,551	0
<b>Total Operating Income by LTP Group</b>	<b>82,319</b>	<b>86,086</b>	<b>(3,767)</b>			<b>135,900</b>	<b>137,252</b>	<b>1,352</b>
<b>Expenditure</b>								
Customer Services	6,222	6,965	743	61%	61%	10,184	10,195	(11)
District Facilities	9,257	10,607	1,350	59%	59%	15,592	15,760	(169)
Environmental Management	8,655	8,595	(60)	66%	62%	13,076	14,033	(957)
Governance & Strategic Administration	5,269	5,600	331	70%	70%	7,514	7,515	(1)
Roading and Footpaths	22,742	24,326	1,584	59%	59%	38,862	38,443	419
Solid Waste Management	3,670	3,654	(16)	67%	69%	5,482	5,330	152
Stormwater	2,130	2,507	377	57%	57%	3,763	3,763	0
Strategic Planning & Policy	2,935	4,133	1,198	47%	45%	6,247	6,574	(327)
Wastewater	8,366	9,748	1,382	58%	57%	14,383	14,784	(401)
Water Supply	5,544	5,768	224	64%	63%	8,608	8,741	(133)
	74,790	81,904	7,114			123,711	125,139	(1,429)
Gain/Loss on Disposal	(757)	0	757			0	0	0
<b>Total Operating Expenses by LTP Group</b>	<b>74,033</b>	<b>81,904</b>	<b>7,871</b>			<b>123,711</b>	<b>125,139</b>	<b>(1,429)</b>
<b>Net operating surplus/(deficit)</b>	<b>8,286</b>	<b>4,182</b>	<b>4,104</b>			<b>12,190</b>	<b>12,113</b>	<b>2,780</b>

3. Statement of Financial Performance



INCOME - Variance Commentary is based on the actual income compared to the Budget time for the current reporting period. Significant variance based on either \$ value and/or % of Total Budget received, these are reviewed and commented below.

For the month of February, where activities are predictable we would expect to see approximately 67% of budget received.

Fees & charges (inc water supply rates) is over budget

- Water by meter charges have increased due to the usage.
- Building consents have increased and the use of consultants is required to keep up with demand

Central Govt Subsidies - Operational is under budget

- Network Asset Management costs have exceeded what is expected for this time of the year; offset by Unsealed Pavement, Structures Maintenance & Traffic Services programme of work is progressing behind the expected delivery.
- Structures maintenance, Sealed Pavement maintenance, Unsealed Pavement Maintenance and REAP is behind budget.

Other Income is over budget

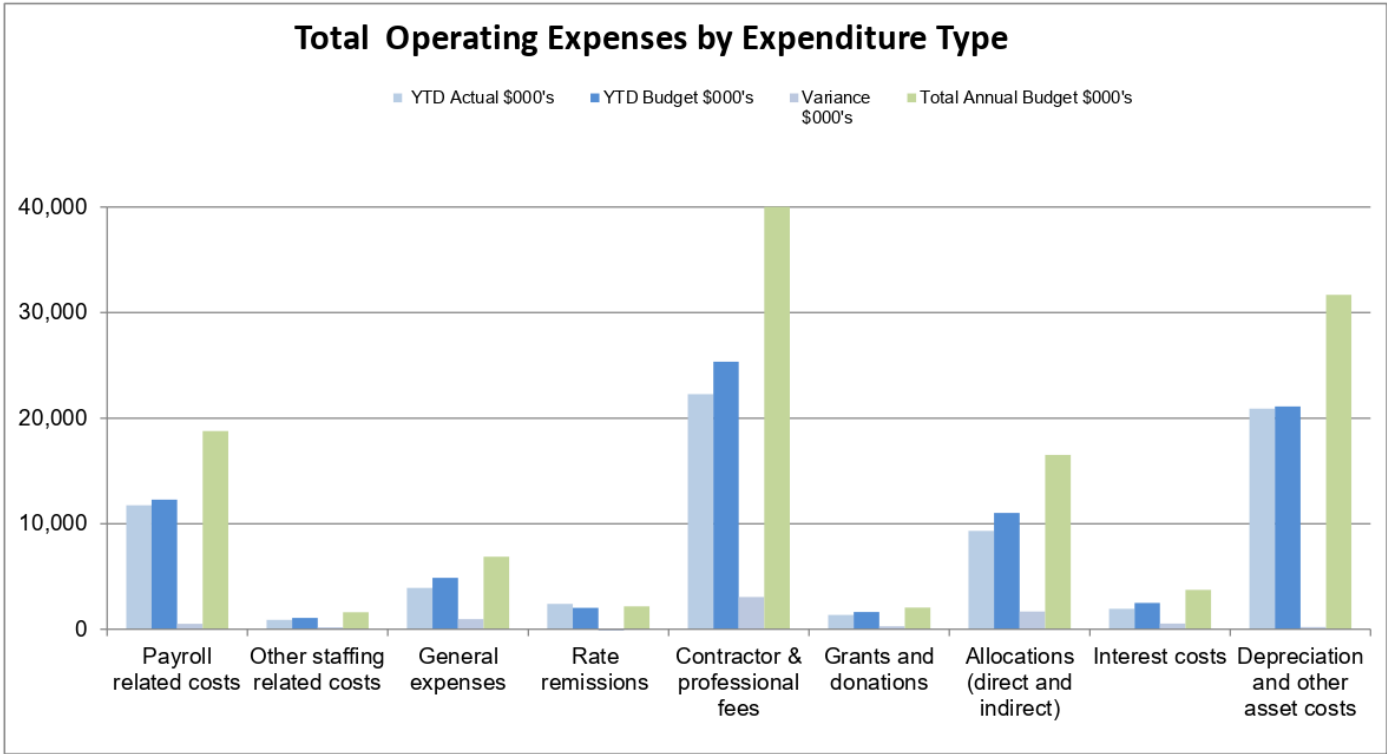
- Payment of contribution received from Heritage NZ for the Cycle Trail

Central Govt Subsidies - New Works is under budget

- Resilience slips and LED Streetlight works from 2017/18 are being completed in minor improvements, however, the following bridges have not commenced West Coast Road, Zidich Road, Otatau Rd, Sawyers Rd, and Tipatipa Rd. Budget has been reviewed to reflect the program of works, however work is progressing behind the expected delivery.
- Kerikeri Wastewater Treatment Plant subsidy was due to the Ministry of Health allowing for this to be paid out earlier than planned according to the agreed milestones. We will see a shortfall when the project is completed.
- Rawene Water Treatment Plant subsidy has not been paid by the Ministry of Health.

### 3. Statement of Financial Performance





3. Statement of Financial Performance

EXPENDITURE - Variance Commentary is based on the actual expenditure compared to the Budget timed for the current reporting period. Significant variances based on either \$ value and/or % of Total Budget spent, these are reviewed and commented on below.

For the month of February, where activities are predictable, we would expect to see approximately 67% of budget spent.

Payroll related costs is under budget

- A number of vacancies have not yet been filled across the organisation.
- Accrued leave is not being used by staff due to resourcing across the organisation.

General expenses is under budget

- Doubtful debt penalties are not fully realised due to a number of accounts applying for remissions as well as statute barred write-offs.

Contractor & professional fees is under budget (To complete)

- Consultants have been engaged in the Building and Resource Consent activity but will recover costs through their income.
- The Roding Network for particular work categories is only just commencing and works being reprioritised due to weather conditions. Ferries repairs and maintenance scheduled was not required.

Water and Wastewater Alliance contract had overruns in power, operations and maintenance variations as well as chemical invoices were delayed due to internal systems.

The closure of Ahipara Landfill.

Consultants have not yet been engaged across the organisation, particularly in Infrastructure & Asset Management, Economic Planning and the District Plan.

Allocations (direct and indirect) is under budget


- Corporate costs have a number of commitments in progress.


Interest is under budget


- Review of the capital programme is continuing so that we have a robust deliverable programme.

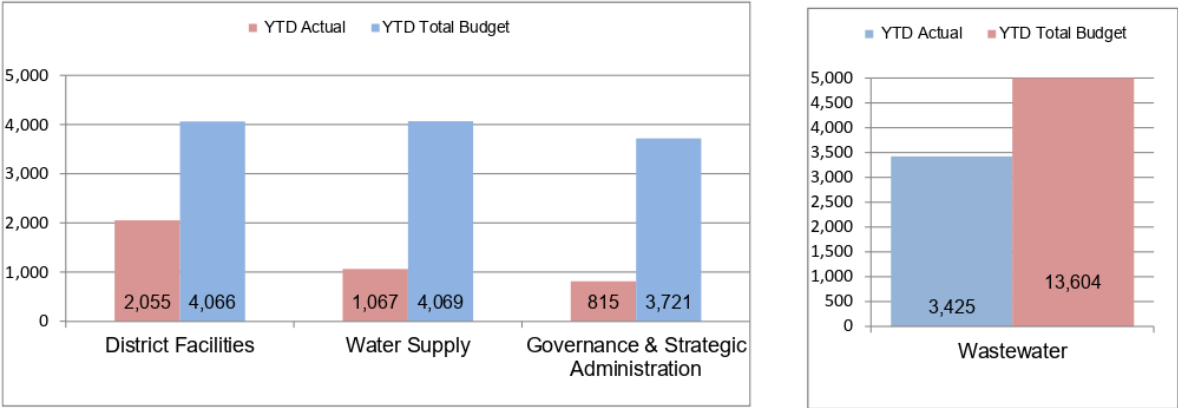
### 3. Statement of Financial Performance

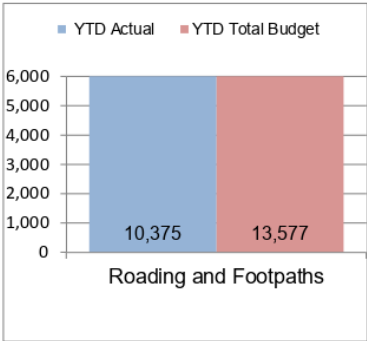
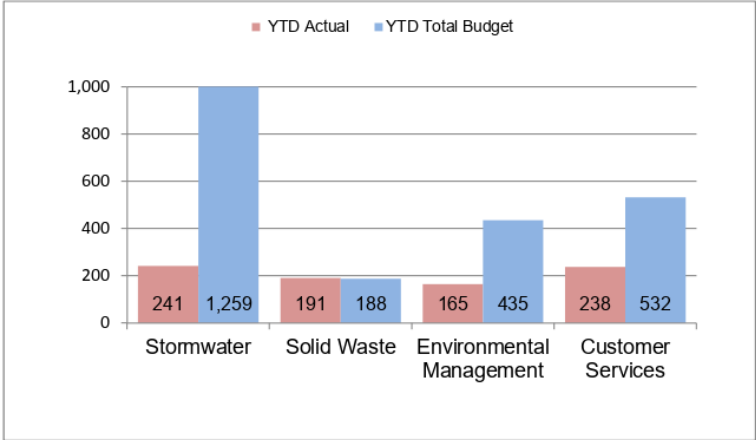
**Statement of Capital Financial Performance  
for the period ending  
28-February-2019**

Actuals v Budget (Carry Forward + AP Budget)						
	Year to Date \$000's					Progress to Date
	YTD Actual	Carry Forward Budget	AP Budget	YTD Total Budget	Variance	against full year Total Budget
<b>Capital Works</b>						
District Facilities	2,055	2,334	1,732	4,066	2,011	28%
Stormwater	241	411	848	1,259	1,018	14%
Solid Waste	191	59	129	188	(3)	42%
Wastewater	3,425	1,781	11,822	13,604	10,179	15%
Water Supply	1,067	385	3,683	4,069	3,002	15%
	6,979	4,971	18,215	23,185	16,206	3%
Roading and Footpaths	10,375	1,980	11,598	13,577	3,202	43%
Environmental Management	165	289	146	435	271	17%
Governance & Strategic Administration	815	993	2,728	3,721	2,906	13%
Customer Services	238	296	236	532	295	30%
<b>Total Capital Works</b>	<b>18,572</b>	<b>8,528</b>	<b>32,923</b>	<b>41,452</b>	 22,880	26%



Notes to the Graphs:  What we have spent at report date i.e paid for works completed

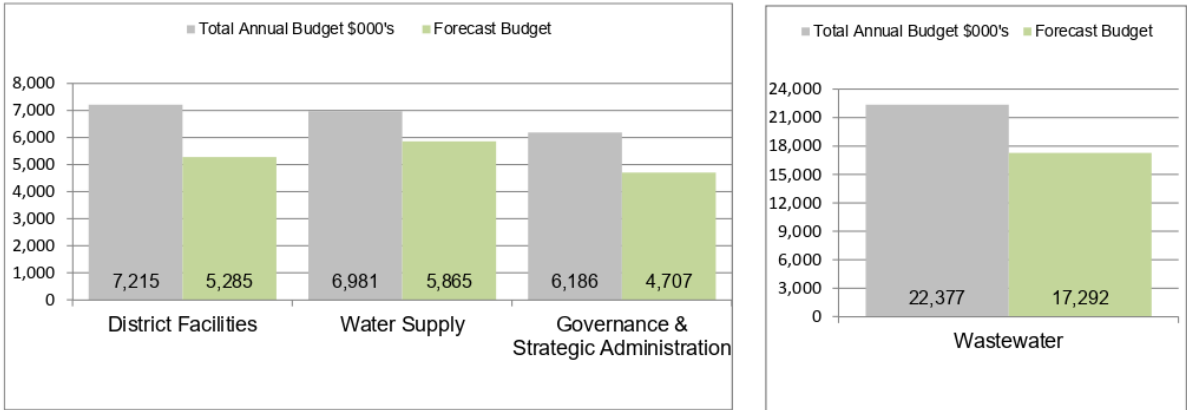
 What we expected to have spent of the Annual Plan Budget at report date

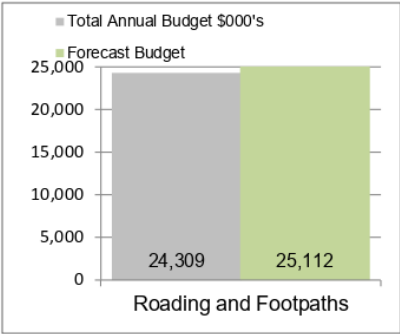
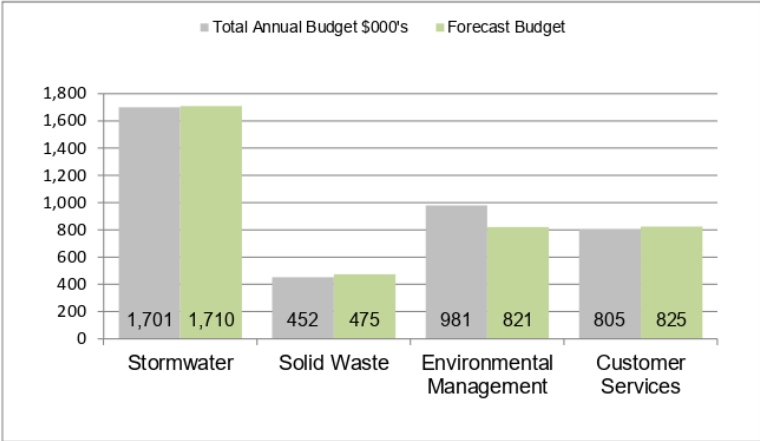




Budget v Forecast Movements					
	Full Year \$000's				Progress to date
	AP Budget	Carry forward budget	Reforecast Movement	Forecast Budget	against full year Forecast
<b>Capital Works</b>					
District Facilities	4,881	2,334	1,930	5,285	39%
Stormwater	1,290	411	(9)	1,710	14%
Solid Waste	393	59	(23)	475	40%
Wastewater	20,596	1,781	5,085	17,292	20%
Water Supply	6,596	385	1,116	5,865	18%
	33,756	4,971	8,099	30,627	
Roading and Footpaths	22,330	1,980	(803)	25,112	41%
Environmental Management	691	289	160	821	20%
Governance & Strategic Administration	5,193	993	1,480	4,707	17%
Customer Services	509	296	(20)	825	29%
	<b>62,479</b>	<b>8,528</b>	8,916	62,091	30%

Notes to the Graphs:  Annual Plan Budget 2017/2018 (excludes Carry Forwards)  
 Reforecast

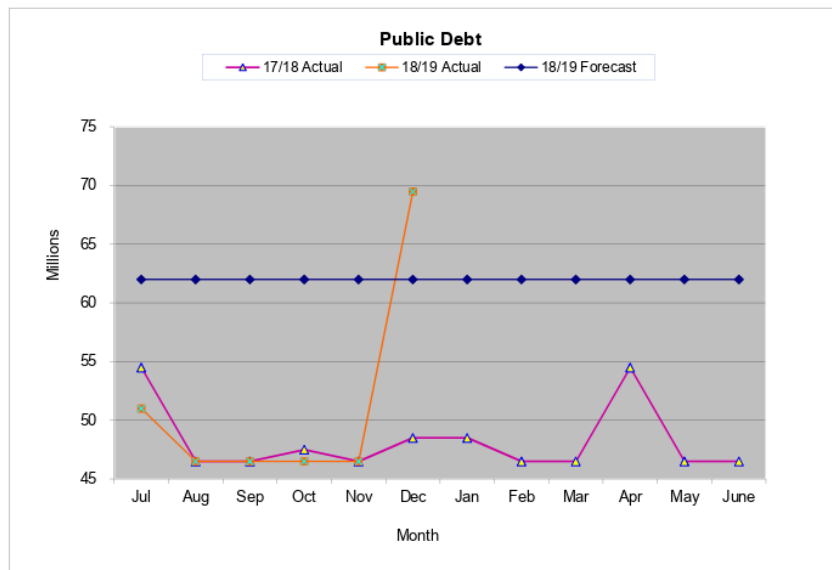






**Borrowings and Investments****Public Debt**

as at 28 February 2019

**End of Year Borrowing position**

As at 28 February 2019, Council borrowings total \$66.5 million as profiled in the Loans by Maturity table below. This is up 20.5 million from 30 June 2018.

Total \$000's	Due within 3 months \$000's	Due within 6 months \$000's	Due within 1 year \$000's	Due within 2-3 years \$000's	Due within 3-5 years \$000's	Due greater than 5 years \$000's
66,500	20,000		6,500	20,000	10,000	10,000
	30.08%	0.00%	9.77%	30.08%	15.04%	15.04%

Council's total banking facility comprises the ASB facility of \$20 million. As at 28 February 2019, funds drawn down on Council's banking facility was nil, providing a \$20 million headroom. The \$20 million committed facility was extended to November 2020 at the September Audit, Risk and Finance Committee meeting. \$20 million was borrowed in December and invested for 6 months as per the resolution of the committee in November 2018.

The banking facility is used for cashflow management and as such is viewed as an extended overdraft facility. The total sum drawn down is reflected as being due within two years at any given time.

**Treasury policy compliance**

As at 28 February 2019 the following core policy compliance requirements were achieved as shown in the table below.

Ratio	Policy Limit	Actual	Compliance
Net debt as % total revenue	<175%	23%	Yes
Liquidity (access to funds)	>110%	188%	Yes
Notes: Total revenue is based on 2018/19 total forecast income excluding non government capital contributions (eg. developer contributions and vested assets). Liquidity is defined as external debt + committed loan facilities + liquid investments, including bank overdraft facility, divided by existing external debt.			

Public Debt

**6 PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****RECOMMENDATION**

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

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48 for the passing of this resolution</b>
<b>6.1 - Confirmation of Previous Minutes (Public Excluded)</b>	s7(2)(b)(ii) - the withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information  s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>6.2 - Internal Audit and Assurance</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>6.3 - FNDC Current Legal Action Potential Liability Claims</b>	s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
<b>6.4 - Blues-Chiefs Preseason Game Review</b>	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7

**7 MEETING CLOSE**