



**Far North  
District Council**



**Te Kaunihera o Tai Tokerau ki te Raki**

# **AGENDA**


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

**Wednesday, 2 December 2020**

**Time: 1.00 pm**  
**Location: Council Chamber**  
**Memorial Avenue**  
**Kaikohe**

**Membership:**

Cr John Vujcich - Chairperson  
Member Bruce Robertson  
Mayor John Carter  
Deputy Mayor Ann Court  
Cr Mate Radich  
Cr Rachel Smith  
Cr Kelly Stratford  
Cr Moko Tepania  
Kaikohe-Hokianga Community Board Chairperson Mike Edmonds

	<b>Authorising Body</b>	Mayor/Council
	<b>Status</b>	Standing Committee
<b>COUNCIL COMMITTEE</b>	<b>Title</b>	Assurance, Risk and Finance Committee Terms of Reference
	<b>Approval Date</b>	19 December 2019
	<b>Responsible Officer</b>	Chief Executive

### Purpose

The purpose of the Assurance, Risk and Finance Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of finance, risk and internal control.

The Committee will review the effectiveness of the following aspects:

- The robustness of financial management practices;
- The integrity and appropriateness of internal and external reports and accountability arrangements;
- The robustness of the risk management framework;
- The robustness of internal controls and the internal audit framework;
- Compliance with applicable laws, regulations, standards and best practice guidelines;
- The establishment and maintenance of controls to safeguard the Council's financial and non-financial assets;
- Data governance framework

To perform his or her role effectively, each Committee member must develop and maintain

his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations and risks.

### Membership

The Council will determine the membership of the Assurance, Risk and Finance Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.

The Assurance, Risk and Finance Committee will comprise of at least five elected members (one of which will be the chairperson), and one independent appointed member.

Mayor Carter

John Vujcich – Chairperson

Bruce Robertson – Deputy Chairperson and Independent Member of the Committee

Moko Tepania

Mate Radich

Rachel Smith

Kelly Stratford

Ann Court

Mike Edmonds

Adele Gardner

Non-appointed councillors may attend meetings with speaking rights, but not voting rights.

**Quorum**

The quorum at a meeting of the Assurance, Risk and Finance Committee is 4 members.

**Frequency of Meetings**

The Assurance, Risk and Finance Committee shall meet every 6 weeks, but may be cancelled if there is no business.

**Power to Delegate**

The Assurance, Risk and Finance Committee may not delegate any of its responsibilities, duties or powers.

**Committees Responsibilities**

The Committees responsibilities are described below:

**Financial systems and performance of the Council**

- Review the Council's financial and non-financial performance against the Long Term Plan and Annual Plan
- Review Council quarterly financial statements and draft Annual Report

**Far North Holdings Limited (FNHL)**

- Recommend to Council the approval of statement of intent and Annual Report (s67 LGA)
- Receive 6 monthly report on operations (s66 LGA)
- Receive quarterly financial statements
- Recommend appointment of directors of FNHL

**Risk Management**

- Review appropriateness of Council's risk management framework and associated procedures for effective risk identification, evaluation and treatment
- Receive and review risk management dashboard reports
- Provide input, annually, into the setting of the risk management programme of work
- Receive updates on current litigation and legal liabilities

**Internal Audit and Controls**

- Review whether management has in place a current and comprehensive internal audit framework
- Receive and review the internal audit dashboard reports
- Provide input, annually, into the setting of the internal audit programme of work
- Review whether there are appropriate processes and systems in place to identify and investigate fraudulent behaviour

The Committee will manage Council's relationship with external auditor.

The Committee will approve applications to declare land abandoned and any other such matters under the Rating Act.

**Rules and Procedures**

Council's Standing Orders and Code of Conduct apply to all the committee's meetings.

**Annual reporting**

The Chair of the Committee will submit a written report to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.

**ASSURANCE, 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>
<b>Hon John Carter QSO</b>	Board Member of the Local Government Protection Programme	Board Member of the Local Government Protection Program		
	Carter Family Trust			
<b>John Vujcich (Chair)</b>	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 its assets	Declare interest 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
<b>Bruce Robertson (Deputy)</b>	Chair/Deputy Chair of a number of Audit and Risk Committees: Far North Auckland Bay of Plenty Regional Tauranga Thames Coromandel Hamilton Waipa Otorohanga Waitomo Environment Southland Invercargill Southland		There is a low level of there being a potential interest conflict. An outside potential is water reform and 'discussion' of one north regional water company in loving North AKD with Watercare.	I remain aware of my roiled and will Raise any matter with the Mayor/CEO And chair of ARF should any matter potentially conflict.
	Currently None are North AKD. Previously I have Undertaken work on Okara Park with Whangarei DC.	Advisory Work.	Okara Park is a regional Stadium. Matter solely related Governance and role of DC. Low risk of conflict.	



Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
<b>Deputy Mayor Ann Court</b>	Waipapa Business Association	Member		Case by case
	Warren Pattinson Limited	Shareholder	Building company. FNDC is a regulator and enforcer	Case by case
	Kerikeri Irrigation	Supplies my water		No
	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	Any proposed FNDC Capital works or policy change which may have a direct impact (positive/adverse)	Declare interest and abstain from voting.
	Flowers and gifts	Ratepayer 'Thankyou'	Bias/ Pre-determination?	Declare to Governance
	Coffee and food	Ratepayers sometimes 'shout' food and beverage	Bias or pre-determination	Case by case
	Staff	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.
	Warren Pattinson	My husband is a builder and may do work for Council staff		Case by case
<b>Ann Court - Partner</b>	Warren Pattinson Limited	Director	Building Company. FNDC is a regulator	Remain at arm's length

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Air NZ	Shareholder	None	None
	Warren Pattinson Limited	Builder	FNDC is the consent authority, regulator and enforcer.	Apply arm's length rules
	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.
<b>Mate Radich</b>	No form received			
<b>Kelly Stratford</b>	KS Bookkeeping and Administration	Business Owner, provides book keeping, administration and development of environmental management plans	None perceived	Step aside from decisions that arise, that may have conflicts
	Waikare Marae Trustees	Trustee	Maybe perceived conflicts	Case by case basis
	Bay of Islands College	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Karetu School	Parent Elected Trustee	None perceived	If there was a conflict, I will step aside from decision making
	Māori title land – Moerewa and Waikare	Beneficiary and husband is a shareholder	None perceived	If there was a conflict, I will step aside from decision making
	Sister is employed by Far North District Council			Will not discuss work/governance matters that are confidential
	Gifts - food and beverages	Residents and ratepayers may 'shout' food and beverage	Perceived bias or predetermination	Case by case basis
	Taumarere Counselling Services	Advisory Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
	Sport Northland	Board Member	May be perceived conflicts	Should conflict arise, step aside from voting
<b>Kelly Stratford - Partner</b>	Chef and Barista	Opua Store	None perceived	
	Māori title land – Moerewa	Shareholder	None perceived	If there was a conflict of interest, I would step aside

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
				from decision making
<b>Rachel Smith</b>	Friends of Rolands Wood Charitable Trust	Trustee		
	Mid North Family Support	Trustee		
	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member		
<b>Rachel Smith (Partner)</b>	Property Owner	Kerikeri		
	Friends who work at Far North District Council			
	Kerikeri Cruising Club	Subscription Member and Treasurer		
<b>Moko Tepania</b>	Teacher	Te Kura Kaupapa Māori o Kaikohe.	Potential Council funding that will benefit my place of employment.	Declare a perceived conflict
	Chairperson	Te Reo o Te Tai Tokerau Trust.	Potential Council funding for events that this trust runs.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Te Rarawa	As a descendent of Te Rarawa I could have a perceived conflict of interest in Te Rarawa Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga o Whaingaroa	As a descendent of Te Rūnanga o Whaingaroa I could have a perceived conflict of interest in Te Rūnanga o Whaingaroa Council relations.	Declare a perceived conflict
	Tribal Member	Kahukuraariki Trust Board	As a descendent of Kahukuraariki Trust Board I could have a perceived conflict of interest in Kahukuraariki Trust Board Council relations.	Declare a perceived conflict
	Tribal Member	Te Rūnanga ā-Iwi o Ngāpuhi	As a descendent of Te Rūnanga ā-Iwi o Ngāpuhi I could have a	Declare a perceived conflict

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
			perceived conflict of interest in Te Rūnanga ā-Iwi o Ngāpuhi Council relations.	
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

**Far North District Council**  
**Assurance, Risk and Finance Committee Meeting**  
**will be held in the Council Chamber, Memorial Avenue, Kaikohe on:**  
**Wednesday 2 December 2020 at 1.00 pm**

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**Order Of Business**

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**1 KARAKIA TIMATANGA – OPENING PRAYER****2 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 Committee 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 Democracy 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.

**3 DEPUTATION**

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

## **4 CONFIRMATION OF PREVIOUS MINUTES**

### **4.1 CONFIRMATION OF PREVIOUS MINUTES**

**File Number:** A3005557

**Author:** Casey Gannon, Meetings Administrator

**Authoriser:** Aisha Huriwai, Team Leader Democracy Services

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

The minutes are attached to allow the Committee to confirm that the minutes are a true and correct record of previous meetings.

#### **RECOMMENDATION**

**That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 21 October 2020 as a true and correct record.**

#### **1) BACKGROUND**

Local Government Act 2002 Schedule 7 Section 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.

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

The minutes of the meetings 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 meetings.

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

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

#### **ATTACHMENTS**

1. **2020-10-21 Assurance, Risk and Finance Committee Minutes [A2987394] - A2987394** [↓](#)





**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>	This is a matter of low significance.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	This report complies with the Local Government Act 2002 Schedule 7 Section 28.
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.	It is the responsibility of each meeting to confirm their minutes therefore the views of another meeting are not relevant.
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.	There are no implications for Māori in confirming minutes from a previous meeting. Any implications on Māori arising from matters included in meeting minutes should be considered as part of the relevant report.
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 (for example, youth, the aged and those with disabilities).	This report is asking for minutes to be confirmed as true and correct record, any interests that affect other people should be considered as part of the individual reports.
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  
ASSURANCE, RISK AND FINANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, MEMORIAL AVENUE, KAIKOHE  
ON WEDNESDAY, 21 OCTOBER 2020 AT 1.00 PM**

**PRESENT:** Cr John Vujcich, Member Bruce Robertson (via VC), Deputy Mayor Ann Court,  
Cr Kelly Stratford, Cr Moko Tepania, Cr Rachel Smith

**IN ATTENDANCE:**

**1 KARAKIA TIMATANGA – OPENING PRAYER**

**2 MEMBERSHIP OF COMMITTEE**

**RESOLUTION 2020/1**

Moved: Cr John Vujcich

Seconded: Deputy Mayor Ann Court

**That the Assurance, Risk and Finance Committee recommend to Council that Cr Rachel Smith be appointed as a member of the Assurance, Risk and Finance Committee.**

**.CARRIED**

NOTE: There is an item on the Council agenda to formalise this appointment among others at the Council meeting next Thursday. This appointment is already in hand via the report following on from previous conversations

**3 APOLOGIES AND DECLARATIONS OF INTEREST**

**COMMITTEE RESOLUTION 2020/2**

Moved: Cr John Vujcich

Seconded: Cr Kelly Stratford

**Apologies for absence from His Worship the Mayor, Cr Mate Radich, Mike Edmonds and an apology for lateness from Cr Moko Tepania were accepted.**

**CARRIED**

**4 DEPUTATION**

**5 CONFIRMATION OF PREVIOUS MINUTES**

**5.1 CONFIRMATION OF PREVIOUS MINUTES**

Agenda item 4.1 document number A2969318, pages 12 - 18 refers.

**RESOLUTION 2020/3**

Moved: Cr John Vujcich

Seconded: Cr Kelly Stratford

**That the Assurance, Risk and Finance Committee confirms the minutes of the Assurance, Risk and Finance Committee meeting held 9 September 2020 as a true and correct record.**

**CARRIED**

Cr Moko Tepania joined the meeting at 1:19 pm.

## 6 INFORMATION REPORTS

### 6.1 2020-10-21 REVENUE RECOVERY REPORT

Agenda item 5.1 document number A2962676, pages 19 - 25 refers.

#### **RESOLUTION 2020/1**

Moved: Cr Kelly Stratford

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the report “2020-10-21 Revenue recovery report”.**

**CARRIED**

### 6.2 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 AUGUST 2020

Agenda item 5.2 document number A2967248, pages 26 - 39 refers.

#### **RESOLUTION 2020/2**

Moved: Cr Kelly Stratford

Seconded: Member Bruce Robertson

**That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 August 2020.**

**CARRIED**

### 6.3 TENDER PANEL QUARTERLY INFORMATION REPORT MAY – AUGUST 2020

Agenda item 5.3 document number A2963355, pages 40 - 53 refers.

#### **RESOLUTION 2020/3**

Moved: Cr Kelly Stratford

Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee receive the report Tender Panel Quarterly Information Report May – August 2020.**

**CARRIED**

### 6.4 INTERNAL AUDIT AND ASSURANCE - OCTOBER 2020

Agenda item 5.4 document number A2967061, pages 54 - 57 refers.

#### **RESOLUTION 2020/4**

Moved: Cr Kelly Stratford

Seconded: Cr Moko Tepania

**That the Assurance, Risk and Finance Committee receive the Internal Audit and Assurance – October 2020 report.**

**CARRIED**

**6.5 RISK MANAGEMENT - OCTOBER 2020**

Agenda item 5.5 document number A2960017, pages 58 - 70 refers.

**COMMITTEE RESOLUTION 2020/5**

Moved: Cr John Vujcich  
Seconded: Cr Moko Tepania

**That the Assurance, Risk and Finance Committee receive the Risk Management - October 2020 report.**

Cr Stratford left the meeting 2:29 pm and returned 2:33 pm.

**CARRIED**

**6.6 ORGANISATIONAL RISK ASSESSMENT FOR PROGRAMME OF EXTERNALLY FUNDED PROJECTS**

Agenda item 5.6 document number A2970308, pages 71 - 84 refers.

**COMMITTEE RESOLUTION 2020/6**

Moved: Cr Kelly Stratford  
Seconded: Cr John Vujcich

**That the Assurance, Risk and Finance Committee:**

- a) receive the Organisational Risk Assessment for Programme of Externally Funded Projects report; and**
- b) request regular risk progress reports on the Programme of Externally Funded Projects.**

**CARRIED**

**7 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

Cr Stratford closed with a karakia.

**8 MEETING CLOSE**

The meeting closed at 3:05 pm.

The minutes of this meeting were confirmed at the Assurance, Risk and Finance Committee Meeting held on 2 December 2020.

.....  
**CHAIRPERSON**

## 5 REPORTS

### 5.1 RECOMMENDATION TO REMOVE ARF008 CIVIL DEFENCE RISK FROM THE ORGANISATIONAL RISK DASHBOARD

**File Number:** A3005979

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** William J Taylor MBE, General Manager - Corporate Services

#### PURPOSE OF THE REPORT

To approve the removal of ARF008 Civil Defence risk from the organisational risk dashboard.

#### EXECUTIVE SUMMARY

- ARF008 Civil Defence is an organisational risk in the Operational/Financial category (whole of business view of Far North District Council (FNDC) performance including service/services delivery, risk, finance, environmental).
- Of the 12 risks adopted in May 2019 the Civil Defence risk was the eighth highest priority risk with a medium impact score of 42.
- The total residual impact score has been rescored.
- The residual risk is assessed as a low impact score of 11.
- This risk is assessed as low impact and unlikely to occur.

#### RECOMMENDATION

**That the Assurance, Risk and Finance Committee approves the removal of ARF008 Civil Defence risk from the organisational risk dashboard.**

#### 1) BACKGROUND

November 2018 elected members workshopped and agreed their top organisational risk dashboard which was adopted on 30 May 2019. Of the 12 risks originally on their risk dashboard the Civil Defence risk was the eight highest priority risk with a medium impact score of 42. The Civil Defence Emergency Management Act sets out how civil defence should be managed around New Zealand.

**Table 1: November 2018 ARF008 Civil Defence risk description and scoring**

Score	Risk description	Impacts	Treatments	Residual Risk Score
42	<b>Civil Defence</b> <ul style="list-style-type: none"> <li>The risk to Financial Capability and Public Health and Safety - if repeat of 2007 storm severity repeats</li> <li>Response staffing levels</li> <li>New Regional support model</li> </ul>	<ul style="list-style-type: none"> <li>Potential loss of life</li> <li>Public health risks</li> <li>Property damage</li> <li>Human and animal welfare</li> <li>Restoration capability and times of services, infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Set of fully trained staff for EOC</li> <li>Ongoing training pipeline</li> <li>Recovery funding options explored</li> <li>Regional CDEM support options and model understanding and operationalisation</li> <li>IAM Resilience programme established for known vulnerabilities</li> </ul>	38

Risk scores help us to understand the severity of each risk. In November 2020, after implementing and testing the recommended treatments, ARF008 Civil Defence risk was rescored, using the FNDC risk matrix.

#### 2) DISCUSSION AND OPTIONS

In Northland we have the Northland Region Civil Defence Emergency Management (CDEM) Group that manages civil defence activities.

The Northland Regional Council and the region's three district councils, along with agencies such as the police and fire service, are all members of this group.

The CDEM Group works together to:

- reduce the potential effects of hazards;
- promote community and Council readiness (preparedness) to respond to emergencies; and
- help the community to recover after an event.

The Group also organise an annual Northland Civil Defence Forum.

The Northland Civil Defence Emergency Management (CDEM) Group has prepared the Northland Civil Defence Emergency Management Plan to demonstrate how CDEM will be delivered in the region from 2016 - 2025. Their four goals are:

Goal 1. Increasing community awareness, understanding, preparedness and participation in CDEM; through public education initiatives and community-led CDEM planning.

Goal 2. Reducing the risks from hazards in Northland; by improving the Group's understanding of hazards and by developing and monitoring a Group-wide risk reduction programme which demonstrates how individual agency initiatives contribute to overall regional risk reduction.

Goal 3. Enhancing capability to manage civil defence emergencies; through increasing the number and capability of CDEM staff and by having effective plans, systems and procedures in place to respond to emergencies.

Goal 4. Enhancing capability to recover from civil defence emergencies; through a continued focus on Recovery Plans, Professional Development and Exercises.

The regional structure of the Northland Civil Defence includes:

- Group appointments: nine group controllers who are rostered to ensure 24/7 cover; group welfare and recovery managers; with
- Local controllers, welfare and recovery managers.

Since November 2018 a number of recommended treatments have been completed, including testing of the Northland Civil Defence arrangements. Table two provides a summary of these treatments and the outcomes achieved.

**Table two: ARF008 Civil Defence risk treatments and the outcomes:**

Recommended treatments / improvements for FNDC in Civil Defence capability are:	Outcome
Ensure the new shared services arrangement is fully understood by all SLT, line managers and Emergency Operations Centre (EOC) staff.	Implemented and tested: <ul style="list-style-type: none"> <li>• 2019/2020 districtwide drought</li> <li>• COVID-19</li> <li>• July 2020 flood event</li> </ul>
Management to continue to encourage their staff to attend Civil Defence Coordinated Incident Management System (CIMS) training, and ensure we are able to staff a contingent of EOC roles for an event lasting more than 36 hours.	Currently there are 42 trained staff on the CIMS register with ongoing training offered through Northland Civil Defence.
Ensure the FNDC EOC (Kaikohe) has access to required comms, generator and resources to function for 48-36 hours.	These resources are in the vault at Kaikohe Headquarters where a generator is also located. This back-up generator is tested on a regular schedule.

Promote resilience plan work with communities for severe weather, tsunami and other emergencies	45 Community Response Plans have been developed in partnership with Northland communities to provide Localised emergency procedures and advanced preparation for the risks that they face. These are located: <a href="https://www.nrc.govt.nz/civildefence/community-response-plans/">https://www.nrc.govt.nz/civildefence/community-response-plans/</a>
Ensure managers charged with decisions to support response and recovery are fully aware of their responsibilities and special responsibilities such as Finance, and Infrastructure and Asset Management (IAMS) to maintain momentum eg. Deploying field staff for condition assessments	Manager - Infrastructure Operations, is responsible for managing the Northland Region Civil Defence Emergency Management (CDEM) Group relationship. Additional support for the COVID-19 Pandemic, with terms of reference response, is provided by the General Manager District Services. Additionally a Crisis Management Team was set up to provide leadership through the twin crises of the 2019/2020 drought and COVID-19 pandemic. The Crisis Response Team, modelled on the Civil Defence Coordinated Incident Management System, co-ordinated the delivery of the FNDC twin crises response. This crisis response showcased the Council's agility, key resources were redeployed, and executive focus shifted. The crises also saw our workforce suddenly distributed while continuing to inform and deliver essential services to our users. A "lessons learned" exercise has been completed to capture the knowledge and understanding gained from this experience.
Known at-risk infrastructure to be built into upgrade / resilience / funding plans	No projects currently identified.

### Reason for the recommendation

Risk scores help us to understand the severity of each risk. ARF008 Civil Defence risk has been rescored, after treatment (and testing of these treatments), using the FNDC risk matrix. The rescored is captured in table 3.

**Table 3: Rescoring ARF008 Civil Defence risk using FNDC matrix:**

	Financial Risk			Customer Risk			Reputational Risk			Compliance/Legal Risk			Health and Safety Risk		
High - Intolerable															
Medium													X		
Low- none	X				X		X			X					
	Unlikely	Probabl e	Will Happen	Unlikely	Probabl e	Will Happen	Unlikely	Probabl e	Will Happen	Unlikely	Probabl e	Will Happen	Unlikely	Probabl e	Will Happen

ARF008 Civil Defence is an organisational risk in the Operational/Financial category (whole of business view of FNDC performance including service/services delivery, risk, finance, environmental). Organisational risks may impact on council achieving its vision, mission and community outcomes. With a total residual impact score of 11 this risk is assessed as low impact and unlikely to occur, see table 4.

**Table 4: ARF008 Civil Defence risk map as assessed November 2020**

	Total Risk		
High - Intolerable			
Medium			
Low- none	X		
	Unlikely	Probable	Will Happen

This reduction in risk score has been achieved through proactive changes and implementation of controls. Current ARF008 Civil Defence controls in place are:

1. IAMS Group Risk Register: continuing risk management via the IAMS Group Risk Register.
2. Relationship Management: The Manager - Infrastructure Operations is responsible for managing the Northland Region Civil Defence Emergency Management (CDEM) Group relationship.
3. Training: FNDC continue to be encouraged to complete CIMS training which is offered as part of the Northland Civil Defence arrangements.
4. Community Response Plans: 45 Community Response Plans are in place.
5. FNDC business continuity programme refresh underway.
6. Staff with CIMS capability: FNDC has demonstrated the capability to stand up both a Crisis Management Team and Crisis Response Team, or and EOC as required for greater than 36 hours.

A recommendation to demote ARF008 Civil Defence risk from the organisational risk dashboard is supported by the low total risk score and the controls in place.

### 3) FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

There is no financial implication or request for budgetary provision.

## ATTACHMENTS

**Nil**



**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>	The recommendation in this report does not meet the thresholds as per the Council's significance and engagement policy.
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Risk Management Policy.
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 recommendation in this report has neither District wide nor relevance to an individual Community Board.
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.	The recommendation in this report does not have any direct implications for Māori.
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 (for example – youth, the aged and those with disabilities).	There are no affected or interested parties to this recommendation.
State the financial implications and where budgetary provisions have been made to support this decision.	There is no financial implication or request for budgetary provision.
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report.

## **6 INFORMATION REPORTS**

### **6.1 DECEMBER RISK MANAGEMENT REPORT**

**File Number:** A3002968

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** William J Taylor MBE, General Manager - Corporate Services

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

To provide a report on organisational risk management, emergent risk and scheduled (and unscheduled) risk progress reports for the organisation's top risks.

#### **EXECUTIVE SUMMARY**

- Three emergent risks reflect potential impact to Council of proposed Government changes.
- Risk progress updates are provided for four of the top organisational risks. Two of these risks are assessed as decreasing residual risk score; one assessed no change to the risk score; and one risk has increased.
- An additional report recommends the removal of a risk from the organisational dashboard.
- Progress on group risk continues.

#### **RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report December Risk Management Report.**

#### **BACKGROUND**

The top organisational risks are risks that may impact on Council achieving its vision, mission and community outcomes and are regularly reported to the Assurance, Risk and Finance Committee to ensure they are being appropriately managed. A number of these risks are subject to external influences which may affect effective Council operations. The table below provides a risk snapshot of the Assurance, Risk and Finance Committee Organisational Risk Dashboard with inherent and residual risk scores as accepted by the Committee, and the risk progress to the residual risk score as assessed by the risk subject matter experts.

A programme of deep dive workshops is planned for these risks. The first of two deep dive workshops for ARF005 Affordability risk has been completed, with the second workshop to be scheduled.

The Transformation and Assurance team continues to work with the organisation to refresh and establish Group risk registers, with treatment plans, and regular reviews.

**Top organisational risk summary:**

Key    ↓    Risk is decreasing.  
           —    No change.  
           ↑    Risk is increasing.

Risk #:	Risk title	Inherent risk score	Change to risk score	Residual risk score	Accountable Risk Governance	Responsible Risk Governance	Risk Progress Report schedule	Risk Progress Report ARF agenda:
ARF001	Climate Change	63	—	30	CEO	GMSP	6 Monthly	Sept 20
ARF002	BCA Status Risk	51	↓	18	CEO	GMDS	Monthly SLT/ARF/Council	
ARF003	Health & Safety Vulnerabilities	46	↑	34	CEO	Manager P&C	2 Monthly	Sept 20
ARF004	Asset Management Risks	45	—	18	CEO	GMIAM	6 Monthly	Sept 20
ARF005	Affordability Risk	45	↑	26	CEO	GMSP	6 Monthly	Dec 20
ARF006	Project Priorities Deliveries Delays	45	—	14	CEO	GMIAM	2 Monthly	Oct 20
ARF007	Compliance NRC Abatements	45	↓	18	CEO	GMIAM	6 Monthly	Dec 20
ARF008	Civil Defence	42	↓	38	CEO	GMIAM	6 Monthly	Dec 20
ARF009	Customer Service Delivery	39	—	22	CEO	Manager P&C	2 Monthly	Oct 20
ARF010	Data Governance Risks	39	↓	14	CEO	CEO	6 Monthly	Dec 20
ARF011	Organisational Cohesion Risks	29	↓	14	CEO	CEO	6 Monthly	Sept 20
ARF012	Contract Management Risks	39	—	14	CEO	GMIAM	2 Monthly	Oct 20
ARF013	Drinking Water Resilience	39	—	ARF to agree level residual risk	CEO	GMIAM	3 Monthly	Dec 20

## DISCUSSION AND NEXT STEPS

### Emergent Risk:

Three further emergent organisational risk has been identified:

1. Extending the Government Procurement Rules to Government entities in the New Zealand public sector; and
2. Central/Local Government Three Waters Reform Programme
3. Whenua Māori rating

To provide a fuller view of the risk landscape a table of previously identified emergent risk is provided (see Table 1).

### Description and high-level analysis of emergent risk:

1. The Ministry of Business, Innovation and Employment (MBIE) is undertaking a public consultation (closing 23 November) to understand the potential benefits, opportunities, and other impacts of extending the Government Procurement Rules to a wider set of Government entities in the New Zealand public sector.

MBIE rationale for this proposed change is that each year the New Zealand public sector spends around \$42 billion on goods, services and works from third party suppliers to build infrastructure and provide public services. The size and nature of this spend means that there is an opportunity for Government procurement to achieve better social and economic outcomes for New Zealanders, as well as meeting the public's expectation that taxpayer money is spent appropriately and competently by Government organisations. In the current policy settings, Government is limited in its ability to influence Government procurement policies in the State and Public Sector.

MBIE have identified several potential benefits and what they describe as "some likely costs and other impacts" to extending the Government Procurement Rules to include Local Government. This will include Far North Holdings Limited.

Local Government procurement specialists are making submissions.

While the full impact of these changes is currently unknown a review of the proposed change by FNDC has identified the following emergent risk:

The proposed Government changes, to Local Government procurements of \$100,000 and greater, means that there is a chance procurements will cost more, take longer, and mandatory processes will require more staff time to manage and deliver. The changes have the potential to lead to negative economic impact within the district as Local suppliers may reduce participation due to increased cost and complexity of procurements. Projects will take longer to deliver due to extended procurement timelines and negatively impact affordability due to the increased costs to FNDC to administer the Rules which include new reporting and planning requirements.

2. Over the past three years, Central and Local Government have been considering solutions to challenges facing delivery of three waters services to communities.

This has seen the development of new legislation and the creation of Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

The Government has indicated that its starting intention is public multi-regional models for water service delivery to realise the benefits of scale for communities and reflect neighbouring catchments and communities of interest. There is a preference that entities will be in shared

ownership of Local authorities. Design of the proposed new arrangements will be informed by discussion with the Local Government sector.

With the options and proposals to be developed the impact of any reform changes on both FNDC, and the communities we serve, are unknown.

3. The Government is proposing amendments to the Local Government (Rating) Act 2002 to promote the development of Māori freehold land and to modernise the rating legislation relating to Māori freehold land. The Local Government (Rating of Whenua Maori) Amendment Bill will soon go to its second reading. This legislation will make unusable/unproductive Māori Freehold Land unrateable. Council will then be in a position of having to spread operating costs amongst fewer ratepayers. This will exacerbate the affordability issue. It is highly likely that this legislation will be enacted at the beginning of July 2021.

**Table 1: Table of identified emergent risk**

<b>Emergent Risks</b>	<b>Presented to Assurance, Risk and Finance Committee</b>	<b>Progress</b>
1. The risk of externally funded shovel ready, economic stimulus employment opportunity projects due to the impact of the COVID-19 pandemic.	October 2020	Subject of a report to the Assurance, Risk and Finance Committee meeting of October 2020.
2. The financial and legal risks due to the effects of climate change. Timing of a report on this risk, to the Assurance, Risk and Finance Committee meeting, is to be determined.	October 2020	
3. District Services have proposed to escalate one of their top group risks for consideration of inclusion on the top organisational dashboard.	October 2020	It is proposed that this be included in the Assurance, Risk and Finance Committee risk workshop agenda.
4. The risk of not fit for purpose business continuity arrangements.	October 2020	This will be subject to a report at the December 20 Assurance, Risk and Finance Committee meeting.

**Organisational risk progress reports:**

Four scheduled risk progress reports, including high level treatment plan developments, are provided with highlights and analysis of risk progress below. More detail is available in the attached risk progress reports.

No additional reporting requirement for organisational risk has been identified.

A separate report is recommending the removal of ARF008 Civil Defence Risk from the organisational risk dashboard with ongoing risk oversight on the Infrastructure and Asset Management (IAMS) Group Risk Register.

A recommendation to remove a second organisational risk, ARF002 BCA Status Risk, will be made when the MBIE report has been received confirming the successful October 2020 BCA audit outcome.

Work has commenced to provide an understanding of effectiveness of controls within the organisational risk context.

### **Risk progress report – highlights and analysis:**

1. 2020 12 ARF005 Delivery of Service Risk (affordability) Risk Progress Report: The inherent risk profile has been assessed as increasing. As rates and charges are Council's major form of funding there are limited interventions available. To inform our understanding, Council has commissioned Business and Economic Research (BERL) to provide an analysis of rates affordability to determine the percentage of household income spent on rates at different rating levels, for eight usual household types.
2. 2020 12 ARF007 Compliance Northland Regional Council (NRC) Abatements Risk Progress Report: The inherent risk profile has been assessed as improved 44%, four of the nine, abatement notices cleared and a confirmed plan and timeline to clear the remaining five abatement notices.
3. 2020 12 ARF010 Data Governance Risk Progress Report: The inherent risk profile has been assessed as improved (risk is decreasing) as several improvement initiatives in key business areas have improved data governance.
4. 2020 12 ARF013 Drinking Water Resilience Risk Progress Report: The inherent risk profile has been assessed as not changed. IAMS are actively working on treatments including a programme of drought resilience work for 20/21 financial year.

### **Group Risk**

To enable and empower the organisation the Transformation and Assurance Team will refresh their collaborative work programme to complete the establishment of Group Risk Registers and risk management process. The District Services Group Risk Register is established with regular risk discussions taking place.

Our goal is for Group Risk Registers to capture and maintain information on the identified risks and will be used to inform elected members. At the Top Organisational Risk Dashboard elected member workshop these risks will be reviewed, with escalation and de-escalation of risks onto the organisational dashboard as agreed.

### **Summary of Group Risk Registers:**






<b>Group Risk Register:</b>	<b>Number of identified risks:</b>	<b>Number of high impact/likelihood risks:</b>	<b>Commentary:</b>
CEO Office	No risks have been identified.		One risk workshop with the Communications team has been completed.
Corporate Services	35 departmental risks. No group risks have been identified.	Two departmental risks have an inherent risk score of 39 or greater.	Departmental and group risks to be completed.  Follow up sessions have been completed.

District Services	19 risks, made up of 15 departmental risks and four group risks.	Three departmental and one group risk have an inherent risk score of 39 or greater.	Proposed escalation of their top group risk, at the ARF risk workshop, for consideration of inclusion on the top organisational dashboard.
Infrastructure and Asset Management	44 risks, made up of 17 departmental risks; 18 group risks; and one organisational risk.	Three departmental; four group risks; and one organisational risk have an inherent risk score of 35 or greater.	Follow up sessions have been completed.
Strategic Planning and Policy	Six risks, three organisational with the remaining unclassified.	One risk has an inherent risk score of 35.	Risk register progress has been temporarily put on hold due to current workload issues.

### FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

No additional budgetary provision is requested.

### ATTACHMENTS

1. **2020 12 ARF005 Delivery of Service Risk (Affordability) Progress Report - A3002951** [↓](#) 
2. **Far North Rates Affordability Report - A3002966** [↓](#) 
3. **2020 12 ARF007 Compliance NRC Abatements Risk Progress Report - A3002950** [↓](#) 
4. **2020 12 ARF010 Data Governance Risk Progress Report - A3002949** [↓](#) 
5. **2020 12 ARF013 Drinking Water Resilience Risk Progress Report - A3002946** [↓](#) 



**HE ARA TĀMATA**  
**CREATING GREAT PLACES**  
*Supporting our people*

## ARF005 Delivery of Service Risk (affordability)

### Risk Status Progress Report December 2020

Prepared: 05/11/20

#### Description of Risk and Impact

Affordability is acknowledged as one of Far North's key challenges. With a small rating base, diverse socio-economic factors and large distributed infrastructure base and service requirement, this will get worse over time without intervention.

Rates and charges provide the majority of FNDC funding.

Affordability in the context of rates has two aspects:

- The cost relative to income (and wealth to the extent that wealth can be converted into income).
- The ability of ratepayers to earn greater income in the future from the spending of the rates, e.g. investment in infrastructure that will allow an individual to earn higher incomes in the future.

Data from the Ministry of Social Development shows that 19% of the Far North District receives New Zealand Superannuation. In total, Infometrics calculations show that 31% of the Far North population in March 2020 was either on a main benefit or on New Zealand Superannuation. In 2018, the Far North District had a usual residential population of 65,250, living in 22,761 households or around 2.9 people per household. Business Economic Research Limited (BERL) analysis (Feb 2020) for the Far North provides a snapshot by household type:

**Table 1** Household counts by the eight usual household types, Far North District 2018

Household Type	Household count	As a percentage
Single Superannuitant, no other income	2471	10.9%
Married Superannuitant, no other income	2961	13.0%
Single working person (no kids)	1504	6.6%
Single adult, 2 children, on benefit	409	1.8%
Single adult, 2 children, employed	102	0.4%
Couple, 2 children, one employed	749	3.3%
Couple, 2 children, both employed	1123	4.9%
Remaining households	13442	59.1%
<b>Total occupied households</b>	<b>22761</b>	
Two working adults, based in Auckland	763	3.4%



## Existing Treatments

### BERL Report

Council commissioned BERL to help us understand and communicate what we mean by 'affordability'. BERL examined the affordability of rates for eight usual household types, within the District (see table 1), to determine the percentage of household income spent on rates at different rating levels (see table 2).

The BERL report concluded that the following household types are most likely to experience rates affordability issues:

- Households in the lowest 40 percent of incomes
- One parent households with children
- One person households
- Households whose principal source of income is New Zealand Superannuation.

These households predominantly have low or fixed incomes.

The BERL analysis has used the affordability benchmarks of:

- Rates as a percentage of gross household income, where affordability issues are likely to arise when rates exceed five percent.

Rates figures include all local and regional rates, included targeted rates, and have a breakdown of local authority and FNDC values. The full BERL report is provided.

**Table 2** Rates as a percentage of gross household income by the eight usual household types by ward:

Household Type	Household count	As a percentage	Rates as a percentage of gross household income:																				
Single Superannuitant, no other income	2471	10.9%	<table> <tr> <th></th><th>FNDC RATES %</th><th>MHC RATES %</th><th>TOTAL RATES %</th></tr> <tr> <td>Te Hiku</td><td>9.4</td><td>1.0</td><td>10.5</td></tr> <tr> <td>BOI-Whangaroa</td><td>9.9</td><td>1.0</td><td>10.8</td></tr> <tr> <td>Kaikohe-Hokianga</td><td>8.9</td><td>1.0</td><td>9.8</td></tr> <tr> <td>Total Far North District</td><td>9.0</td><td>1.2</td><td>10.2</td></tr> </table>		FNDC RATES %	MHC RATES %	TOTAL RATES %	Te Hiku	9.4	1.0	10.5	BOI-Whangaroa	9.9	1.0	10.8	Kaikohe-Hokianga	8.9	1.0	9.8	Total Far North District	9.0	1.2	10.2
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Total Far North District	2.0	0.3	2.3																				
Two working adults, based in Auckland	763	3.4%	<table> <tr> <th></th><th>FINDC RATES %</th><th>NRC RATES %</th><th>TOTAL RATES %</th></tr> <tr> <td>Te Hiku</td><td>1.7</td><td>0.2</td><td>1.9</td></tr> <tr> <td>BOI-Whangaroa</td><td>1.8</td><td>0.2</td><td>2.0</td></tr> <tr> <td>Kaikohe-Hokianga</td><td>1.6</td><td>0.2</td><td>1.8</td></tr> <tr> <td>Total Far North District</td><td>1.6</td><td>0.2</td><td>1.8</td></tr> </table>		FINDC RATES %	NRC RATES %	TOTAL RATES %	Te Hiku	1.7	0.2	1.9	BOI-Whangaroa	1.8	0.2	2.0	Kaikohe-Hokianga	1.6	0.2	1.8	Total Far North District	1.6	0.2	1.8
	FINDC RATES %	NRC RATES %	TOTAL RATES %																				
Te Hiku	1.7	0.2	1.9																				
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Kaikohe-Hokianga	1.6	0.2	1.8																				
Total Far North District	1.6	0.2	1.8																				

For all case study households, BERL compared the differences between lower, median and high quartile rates within each of the following areas:

- Total Far North District
- Te Hiku Ward
- Bay of Islands – Whangaroa Ward
- Kaikohe-Hokianga Ward

- Smaller areas (Kerikeri, Kaikohe, Opononi and Omapere, Kaitaia, Ahipara, Russell, Paihia, and Karikari Peninsula).

**Table 3** Total rates as a percentage of gross income by household type, Far North District:

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	7.4	1.1	8.5
	Median	9.0	1.2	10.2
	Upper Quartile	11.0	1.0	12.1
Married superannuitant, no other income	Lower Quartile	4.9	0.7	5.6
	Median	5.9	0.8	6.7
	Upper Quartile	7.3	0.7	8.0
Single working person (no kids)	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Single adult, two children, on benefit	Lower Quartile	9.1	1.3	10.4
	Median	11.0	1.5	12.4
	Upper Quartile	13.5	1.3	14.8
Single adult, two children, employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, one employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, both employed	Lower Quartile	1.7	0.3	1.9
	Median	2.0	0.3	2.3
	Upper Quartile	2.5	0.2	2.7
Two working adults, based in Auckland	Lower Quartile	1.4	0.2	1.6
	Median	1.6	0.2	1.8
	Upper Quartile	2.0	0.2	2.2

A number of emergent risks are out of our control and may impact affordability, such as:

#### Three Waters Reform.

Reform of three waters looks likely to proceed, although it may not be during the next three years. When and if it does, however, there is no guarantee that the cost to ratepayers will drop. Whether there will be any relief for ratepayers depends on whether the Government decides to spread the cost of service across the entire District or maintains the current scheme-based model. Until a proposal with funding model is available, we must assume that there will be no change in terms of affordability if/when the reform becomes law.

#### Rating of Māori land

The Local Government (Rating of Whenua Māori) Amendment Bill will soon go to its second reading. This legislation will make unusable/unproductive Māori Freehold Land unrateable. Council will then be in a position of having to spread operating costs amongst fewer ratepayers. This will exacerbate the affordability issue. It is highly likely that this legislation will be enacted at the beginning of July 2021.

### Government grants

Economic stimulus and Provincial Growth Fund funding, while providing capital to build assets the District really needs, does not cover the cost of operating those assets into the future. Depreciation and other operating costs will have to be carried by ratepayers, which worsens the affordability issue.

### These are the mitigation actions we can control:

#### Rating Review

FNDC is currently undertaking soft consultation on changes that could be made to the rating system to make it fairer and more equitable. The public have been asked to give feedback on potential changes Council believes could have a positive effect, including moving to Capital Value. If, on reviewing feedback, Council wants to go ahead and formally propose a change it will be included as a consultation issue in the LTP consultation document. Any changes as a result of consultation and decision-making would be put in place from 1 July 2021. By the time this report is read Council will have agreed whether or not to formally consult on changes.

#### Operating Costs

FNDC will continue to actively review operating costs by activity, asking the question “should we continue to do this?” and if yes, “is there a way to do it more cost-effectively”? An example of this is housing for the elderly. Council passed a resolution earlier this year to consult on either divesting housing assets to or partnering with another party, with an assumed reduced cost to ratepayers.

#### Delivering assets more affordably

Programme Darwin is a large project tasked with significantly improving asset management practices, asset data, asset operations and asset planning. Any financial benefits coming out of this work will result in less cost to the ratepayer.

#### Sustainable Procurement

The goal is to grow the economic capability and capacity of ratepayers to earn greater income in the future.

### Where are the gaps? / what more could we be doing?

With the potential to compound Far North's affordability challenges are a number of proposed government reforms (e.g. Three Waters / Procurement Rules / Whenua Māori rating); and the impact of the government funding through the COVID-19 stimulus package and Provincial Growth Fund. Assets created with this funding will increase ratepayer funding requirements for their ongoing operation. There will be an interesting tension where one aspect of affordability is negatively impacted (increased rates), which will, hopefully, be offset by the economic benefit of enhanced ability of Far North ratepayers to earn greater income.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	↑		Responsible:	GM SPP	Date accepted:	30/05/19	Six monthly





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## Rates affordability in the Far North

Hōngongoi 2020

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**Authors: Hugh Dixon and Hannah Riley**

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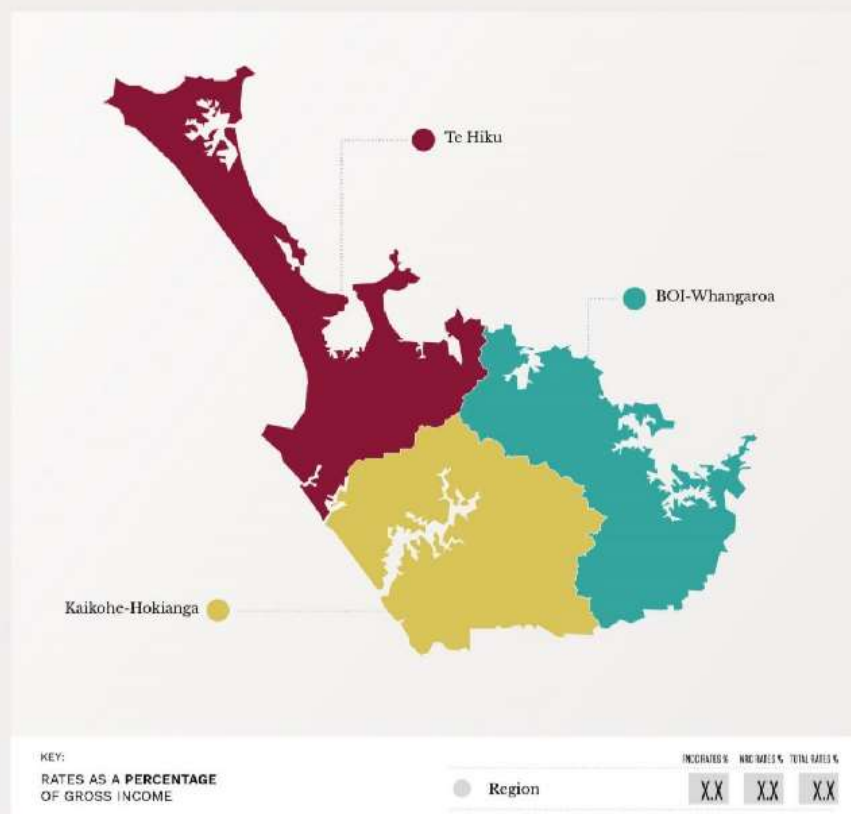
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## Rates as a percentage (%) of gross household income

Single superannuitant  
with no other income

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	9.4	1.0	10.5
BOI-Whangaroa	9.9	1.0	10.8
Kaikohe-Hokianga	8.9	1.0	9.8
Total Far North District	9.0	1.2	10.2

Married superannuitant  
with no other income

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	6.2	0.7	6.9
BOI-Whangaroa	6.5	0.6	7.1
Kaikohe-Hokianga	5.9	0.6	6.5
Total Far North District	5.9	0.8	6.7

Single working person  
(no children)

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	4.5	0.5	5.0
BOI-Whangaroa	4.1	0.4	4.5
Kaikohe-Hokianga	4.7	0.5	5.2
Total Far North District	4.1	0.5	4.6

Single adult with 2 children,  
on benefit

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	11.5	1.3	12.8
BOI-Whangaroa	12.0	1.2	13.2
Kaikohe-Hokianga	10.9	1.2	12.0
Total Far North District	11.0	1.5	12.4

Single adult with 2 children,  
employed

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	4.5	0.5	5.0
BOI-Whangaroa	4.1	0.4	4.5
Kaikohe-Hokianga	4.7	0.5	5.2
Total Far North District	4.1	0.5	4.6

Couple with 2 children,  
one employed

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	4.5	0.5	5.0
BOI-Whangaroa	4.1	0.4	4.5
Kaikohe-Hokianga	4.7	0.5	5.2
Total Far North District	4.1	0.5	4.6

Couple with 2 children,  
both employed

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	2.2	0.2	2.5
BOI-Whangaroa	2.0	0.2	2.2
Kaikohe-Hokianga	2.4	0.3	2.6
Total Far North District	2.0	0.3	2.3

2 working adults,  
based in Auckland

	INCORPORATED %	WING RATES %	TOTAL RATES %
Te Hiku	1.7	0.2	1.9
BOI-Whangaroa	1.8	0.2	2.0
Kaikohe-Hokianga	1.6	0.2	1.8
Total Far North District	1.6	0.2	1.8



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## 1 Introduction

The Far North District Council (FNDC) commissioned Business and Economic Research Limited (BERL) to conduct data analysis of rates affordability across the Far North District and prepare a report outlining rates affordability issues.

### 1.1 Scope of the report

BERL provided the FNDC with an analysis of the prevalence of rates unaffordability and affordability across the District, for eight different constructed household types. We constructed typical household types based on the residential properties in the Far North. It should be noted that the report only looked at residential rates. Establishing affordability at a commercial level is not feasible and was not considered. BERL determined the median, lower quartile and upper quartile household affordability for the District, as well as smaller geographic areas within the District.

### 1.2 Rates as a funding mechanism

The Local Government (Rating) Act (LGRA) came into effect in 2002, authorising local and regional authorities to set, assess, and collect rates to fund local government activities. A key aim of the LGRA is to establish clarity, certainty, and stability in rating matters.

The three main purposes of the LGRA are:

- To provide local authorities with flexible powers to set, assess, and collect rates
- To ensure rates reflect decisions made in a transparent and consultative manner
- To provide for processes and information to ensure ratepayers can identify and understand their liability for rates.<sup>1</sup>

Funding mechanisms, as set out in the LGRA, including general rates, such as value based general rates or uniform annual general charges (UAGC), and targeted rates, allow local and regional authorities to raise revenue from the community as a whole. As well as those who use or generate need for a service or amenity, or specified groups or categories of ratepayers. These funding tools and their manner of collection, determines the cost of local services and affects affordability of services for individual households.

### 1.3 Affordability

Affordability in the context of rates has two aspects:

- The cost relative to income (and wealth to the extent that wealth can be converted into income)
- The ability of ratepayers to earn greater income in the future from the spending of the rates, e.g. investment in infrastructure that will allow an individual to earn higher incomes in the future.

Sustainability can be defined as the ability to meet present needs without compromising the needs of future generations. Sustainability represents an extended definition of affordability in the sense that sustainability introduces a longer timeframe in which the issues of fairness and risk must be considered. Within this report, we will explore the cost of rates relative to income.

<sup>1</sup> [http://www.localcouncils.govt.nz/lgip.nsf/wpg\\_url/Policy-Local-Government-Legislation-Local-Government-\(Rating\)-Act-2002](http://www.localcouncils.govt.nz/lgip.nsf/wpg_url/Policy-Local-Government-Legislation-Local-Government-(Rating)-Act-2002) Retrieved 22 November 2018

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Local and regional authorities within New Zealand have a strong reliance on property rates as a taxing instrument, and this may create some affordability issues particularly for households with low or fixed incomes, such as superannuitants, or high property values. Affordability issues may also arise where households are facing financial adversity due to the portion of income spent on housing costs, including rates. Therefore, districts with high levels of low incomes or fixed incomes, will generally face issues regarding affordability. Changes in demographics, i.e. aging populations and changes in household composition, may likewise have implications on affordability.<sup>2</sup>

The Local Government Funding Review stated:

“Basing rates on the value of property means that for some individuals with reasonably valuable property but limited income, paying rates can cause financial strain. All councils will have some ratepayers in this situation, even if all the issues outlined (rating differentials and statutory rating exemptions) are addressed, and rates are set at a level that is reasonable and affordable for the majority of the community”.<sup>3</sup>

Concerns about the impact of rates increases on low-income households led to the establishment of The Local Government Rates Inquiry (the Inquiry) in 2007. The resulting report, known as the Shand Report after the Chair David Shand, concluded that rates affordability was the ability to pay rates without serious economic difficulty. The inquiry noted that in 2004, the average rates paid by households represented 2.51 percent for all groups and although there are likely to be pockets of affordability in all types of household, they did not consider rates affordability was a problem for the average household. As an approximate benchmark, affordability concerns will arise where rates exceed five percent of gross household income.<sup>4</sup>

The report also suggested that particular household types will demonstrate rates affordability issues:

- Households in the lowest 40 percent of incomes
- One parent households with children
- One person households
- Households whose principal source of income is New Zealand Superannuation.

These households predominantly have low or fixed incomes.

Consequently, we have used the affordability benchmarks of:

- Rates as a percentage of gross household income, where affordability issues are likely to arise when rates exceed five percent.

To indicate rates affordability issues in each of the tables in this report, we have highlighted every table row grey, where total rates exceed five percent of the household's gross income.

<sup>2</sup> *Local government funding and financing: Issues Paper* (2018). New Zealand Productivity Commission

<sup>3</sup> *Local Government Funding Review – a discussion paper* (2015). National Council of Local Government New Zealand

<sup>4</sup> *Funding Local Government* (2007). Wellington: Department of Internal Affairs

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## 1.4 Household types

Eight household types were used in this report. The following household types were derived from a case study report on rates affordability in agreement with Far North District Council (FNDC):

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult earning average wage
- Single adult with two children, in receipt of Sole Parent Support
- Single adult with two children, earning average wage
- Couple with two children, one adult earning average wage
- Couple with two children, two adults earning average wage
- Couple with no children at home, two adults earning average wage (based in Auckland).

For all case study households, we compared the differences between lower, median and high quartile rates within each of the following areas:

- Total Far North District
- Te Hiku Ward
- Bay of Islands – Whangaroa Ward
- Kaikohe-Hokianga Ward
- Smaller areas (Kerikeri, Kaikohe, Opononi and Omapere, Kaitaia, Ahipara, Russell, Paihia, and Karikari Peninsula).

Rates figures include all local and regional rates, included targeted rates, and have a breakdown of local authority and FNDC values.

## 1.5 Data sources

The data in this report has been collected from the following sources:

- Statistics New Zealand (StatsNZ)
  - 2018 Census
  - Household Labour Force Survey (income module), June 2019
- Inland Revenue Department
- Ministry of Social Development
- Far North District Council.

Data on household income within each local authority for each type of household was used.

## 1.6 Methodology

A rates affordability model was built for each of the wards in the Far North. Within each model the income has been calculated separately for the eight household types from section 1.4.

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The affordability of the relevant combined local and regional rates at the lower quartile, median and high quartile were then assessed against gross income.

### 1.7 Assumptions and limitations

A number of assumptions and limitations were made, and these are described in the following sub-sections.

#### 1.7.1 Income data

As shown in Table 1, the Northland region had the sixth lowest average weekly income for employed people aged between 20 and 65 years of age, at \$1,150, as at June 2019. This is \$86 lower than the New Zealand average of \$1,236, or just over \$4,500 annually. The average weekly income for people aged between 20 and 65 years of age has been used because this fits with the five household types analysed in this report.

**Table 1 Average weekly income for employed between 20 and 65 years of age, all regions, 2019**

Region	Average weekly income 2019 (\$)
Northland Region	1,150
Auckland Region	1,307
Waikato Region	1,188
Bay of Plenty Region	1,153
Gisborne/Hawkes Bay Regions	1,113
Taranaki Region	1,117
Manawatu-Wanganui Region	1,083
Wellington Region	1,363
Nelson/Tasman/Marlborough/West Coast Regions	1,102
Canterbury Region	1,221
Otago Region	1,083
Southland Region	1,234
New Zealand	1,236

The figures in the table are regional figures, so to estimate the average weekly earnings for employed people in the Far North District requires a number of adjustments as noted below.

For cases where wages and salary were the assumed source of income, the June 2019 weekly average individual income for people aged between 20 and 65, from the Household Labour Force Survey has been used. To calculate the annual average individual incomes, this weekly average individual income has been multiplied by 52, which does assume that effectively every employed member of the household is on a fixed salary rather than an hourly wage.

In addition, because the Household Labour Force Survey can only provide regional income, the Northland Region average income has been used. Finally we have used the average employed individual income, and total individual income from 2018 Census data to find the ratio between the overall Northland region average employed income to the Far North District Council average



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employed income. As well as the individual ward and smaller locations average employed income. This allowed the model to adjust the June 2019 average income data to more fairly represent the Far North District Council area, the individual wards and the smaller locations within the District.

For example:

Northland regional average weekly income (June 2019) for employed people aged between 20 and 65 years of age = \$1,150 per week.

Multiplying this weekly figure by 52 yielded the Northland regional average annual income for employed people aged between 20 and 65 years of age = \$59,777.

Taking the Far North District council average income as at the 2018 Census: \$42,931 and dividing it by the Northland regional average income as at the 2018 Census: \$47,194 yield the following income adjustment factor = 0.91.

Multiplying the adjustment factor by the annual regional average income yielded an average annual income for employed people aged between 20 and 65 years of age = \$54,378.

New Zealand Superannuation data used for single and married people on superannuation, and Sole Parent Support rates are accurate at 1 April 2019.

### 1.7.2 Rates data

FNDC supplied the rating data for the rating year 2019/20, inclusive of GST. The following rating information for 41,064 rating units within the District was provided:

- Unique identifier code
- Capital value
- Land value
- Land use description / Rating category
- Ward location
- FNDC fixed rates
- FNDC targeted rates
- Northland Regional Council (NRC) fixed rates
- NRC targeted rates
- Total assessed rates
- Non-rateable flag
- Location of property owner (inside or outside of the District).

Using this information, we removed all non-residential properties as identified using the land use description/rating category variable. This left 22,762 initial residential property rating units within the District.

BERL undertook a number of steps to ensure that every residential property used in the final calculation phase met the following criteria:

- Had both FNDC and NRC rates assessed for the rating unit
- Had a ward location (Te Hiku Ward, Kaikohe-Hokianga Ward, or Bay of Islands-Whangaroa Ward)

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- Did not have a non-rateable flag assigned to it; this flag indicates that the flagged property does not receive a rates bill
- Did not have a residential-special accommodation, residential-public communal-licensed, residential-public communal-unlicensed, residential-communal residence dependant or other use, or residential-vacant land use description. These rating units cannot be categorised as a standard dwelling for a household to reside in, being comprised of rest homes, motels, hotels, college accommodation, or vacant land.

This process ensured that each residential property included in the rating affordability assessment had a dwelling that a household could reside in, had rating information that could be used to assess rating affordability, and fitted into the standard residential property category.

Therefore, the following steps were undertaken to ensure each property met the criteria above:

- Removal of all properties with a non-rateable flag indicator
- Removal of all properties with non FNDC and NRC rates assessed for them
- Removal of all properties with a residential-special accommodation, residential-public communal-licensed, residential-public communal-unlicensed, residential-communal residence dependant or other use, or residential-vacant land use description
- Removal of all properties without a ward location (Te Hiku Ward, Kaikohe-Hokianga Ward, or Bay of Islands-Whangaroa Ward).

Removal of these properties resulted in 17,446 of the original 22,762 residential properties being usable for the rating affordability assessment. As part of the assessment, BERL identified residential properties flagged as having owners living inside the District, as well those residential properties flagged as having owners living outside the District. Out of the 17,446 residential properties, 13,083 were flagged as having owners living inside the District, while 4,363 were flagged as having owners living outside the District.

The last step, undertaken prior to the assessment, was to identify those properties listed with multiple dwellings, and to adjust the total rates for the number of dwellings on the property. For example, a rating unit with two dwellings had their FNDC and NRC rates divided by two for assessing rating affordability, as it would be reasonable to assume that two different families could be living in the two dwellings. To do this BERL undertook the following steps:

- Assumed that rating units with land use descriptions of residential-bach and residential-single unit (other than bach) only had a single dwelling on the rating unit. This covers 16,600 of the residential properties
- For the 846 properties with the land use description of residential-multi unit and residential-multi use, the top 100 properties in terms of total rates were manually investigated by BERL to determine the total number of dwellings present on each rating unit
- Analysis of the remaining 746 properties revealed that rating units with a capital value in excess of \$200,000 higher than their land value generally had two dwellings on the rating unit, while those with a capital value lower than \$200,000 higher than their land value, generally only had one dwelling on the rating unit. Therefore, BERL has assumed that the 561 rating units with a capital value in excess of \$200,000 higher than their land value had two dwellings, and that the 185 rating units with a capital value lower than \$200,000 higher than their land value had only one dwelling.



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For each of the eight household types, BERL determined the median, lower quartile and upper quartile properties of each of four locations (Total, Te Hiku Ward, Kaikohe-Hokianga Ward, and Bay of Islands-Whangaroa Ward) and compared their FNDC, NRC, and total rates against gross income.

### 1.7.3 Household data

The 2018 Census data provided the number of households by household type. This information was used for the types of households, except for those households normally resident in Auckland, who own secondary houses in the Far North District. The Census is focussed on people's main residences, there is no information on secondary homes available from the Census.

Therefore, to estimate the number of households in this eighth household type, we examined the number of empty dwellings across the District as well as the three wards and eight smaller areas, from the 2018 Census. Empty dwellings in the Census are dwellings in which no one is a usual resident. These dwellings include those rented long-term but not currently occupied, those that are rented to short-term occupiers, those that are secondary homes, and other empty dwellings.

To derive an estimate of the eighth household type (two working adults, based in Auckland), BERL has combined the number of empty dwellings in an area, with information on the location of Airbnb and other short-term rentals, and information from the Far North District Council on the locations of dwellings owned by those outside the District. 2018 Household counts by household type for the Far North District, and the three wards can be found in section 4 of this report.

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## 2 Map of Far North District areas

Figure 1 Map of Far North District study areas



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### 3 Total Far North District

The Far North District is the northern most territorial authority District of New Zealand, consisting of the northern part of the Northland Peninsula in the North Island. It stretches from North Cape and Cape Reinga in the north, down to the Bay of Islands, Hokianga and the town of Kaikohe.

Overall BERL analysed the rates affordability for 17,446 residential properties in the Far North District.

There were a significant number of households with rates affordability issues in the Far North District. These were:

- Single superannuitant with no other income
- Married superannuitants with no other income
- Single adult with two children in receipt of Sole Parent Support households.

These households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels. For example, the average household income for a single superannuitant with no other income was \$24,722, if the superannuitant was paying rates at the lower quartile (\$2,113 as shown in Table 2), then Table 3 shows that 8.5 percent of their income was spent on rates. If the superannuitant was paying rates at the upper quartile (\$2,985 as shown in Table 2), the superannuitant would be spending 12.1 percent of their income on rates (Table 3).

The upper quartile for single adult earning average wage, single adult with two children, earning average wage, and couple with two children, one adult earning average wage households exceed five percent of gross household income. Whereas, couple with two children, two adults earning average wage and couple with no children at home, two adults earning average wage households do not have any categories in excess of five percent of gross household income.

The highest upper quartile for total rates levels is 15.1 percent for single adult with two children in receipt of Sole Parent Support households. Not surprisingly, the lowest upper quartile is 2.3 percent for couple with no children at home, two adults earning average wages households.

The minimum rates payable in the Far North District is \$141 and the maximum is \$25,211. This explains the difference between the median rates value (\$2,512) and the average rates value (\$2,622).

As stated in section 1.7.2, to indicate rates affordability issues in each of the tables in this report it is highlighted in grey.

#### Far North District average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$54,378
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$54,378
- Couple with two children, one adult earning average wage - \$54,378

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- Couple with two children, two adults earning average wage – \$108,756
- Couple with no children at home, two adults earning average wage (based in Auckland) – \$135,929.

**Table 2 Rates payable, Far North District**

	<b>FNDC rates (\$)</b>	<b>NRC rates (\$)</b>	<b>Total rates (\$)</b>
Lower Quartile	1,841	272	2,113
Median	2,215	297	2,512
Upper Quartile	2,728	257	2,985

**Table 3 Total rates as a percentage of gross income by household type, Far North District**

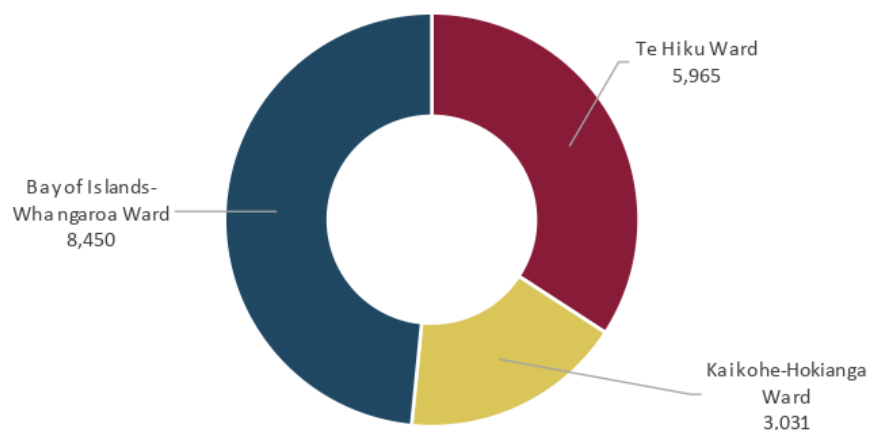
<b>Household type</b>		<b>FNDC rates (%)</b>	<b>NRC rates (%)</b>	<b>Total rates (%)</b>
Single superannuitant, no other income	Lower Quartile	7.4	1.1	8.5
	Median	9.0	1.2	10.2
	Upper Quartile	11.0	1.0	12.1
Married superannuitant, no other income	Lower Quartile	4.9	0.7	5.6
	Median	5.9	0.8	6.7
	Upper Quartile	7.3	0.7	8.0
Single working person (no kids)	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Single adult, two children, on benefit	Lower Quartile	9.1	1.3	10.4
	Median	11.0	1.5	12.4
	Upper Quartile	13.5	1.3	14.8
Single adult, two children, employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, one employed	Lower Quartile	3.4	0.5	3.9
	Median	4.1	0.5	4.6
	Upper Quartile	5.0	0.5	5.5
Couple, two children, both employed	Lower Quartile	1.7	0.3	1.9
	Median	2.0	0.3	2.3
	Upper Quartile	2.5	0.2	2.7
Two working adults, based in Auckland	Lower Quartile	1.4	0.2	1.6
	Median	1.6	0.2	1.8
	Upper Quartile	2.0	0.2	2.2

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## 4 Ratepayer and household counts

As noted in section 3, BERL analysed the rates affordability for 17,446 residential properties in the Far North District. Figure 2 below provides a breakdown of that overall number by ward. As shown in the table the largest share of ratepayer properties were located in the Bay of Islands-Whangaroa Ward (48 percent), followed by Te Hiku Ward (34 percent), and finally with the smallest share of properties is the Kaikohe-Hokianga Ward (17 percent).

**Figure 2 Ratepayer count by ward, 2018**



In order to provide household counts for each of the eight household types examined in this report, BERL provided an estimate of the number of households per household type.

In 2018, the Far North District had a usual resident population of 65,250, living in 22,773 households, or around 2.9 people per household. As shown in Table 4 the seven usual resident household types examined in this report comprise 8,433 households or 37 percent of total households. The largest individual household types are married superannuitants with 3,060 households, followed by single superannuitants with 2,544.

It should be noted that the 14,085 remaining households cover a wide range of household types, including superannuitant still working; single adults with one child, or three or more; couples with no children, one child, or three or more; and single adults flatting with others. Lastly, the 763 households of two working adults, based in Auckland are not included in the total household counts for the Far North District. This is because these households are usually resident in Auckland, not the Far North District.

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**Table 4 Household counts by household type, Far North District, 2018**

Household type	Household count	Percentage of total
Single superannuitant, no other income	2,471	10.9
Married superannuitant, no other income	2,961	13.0
Single working person (no kids)	1,504	6.6
Single adult, two children, on benefit	409	1.8
Single adult, two children, employed	102	0.4
Couple, two children, one employed	749	3.3
Couple, two children, both employed	1,123	4.9
Remaining households	13,442	59.1
Total occupied households	22,761	100.0
Two working adults, based in Auckland	763	

**Table 5 Household counts by household type, Far North District, 2013 and 2018**

Household type	Household count 2013	Household count 2018	Percentage change
Single superannuitant, no other income	2,302	2,471	7.3
Married superannuitant, no other income	2,731	2,961	8.4
Single working person (no kids)	1,408	1,504	6.8
Single adult, two children, on benefit	384	409	6.5
Single adult, two children, employed	96	102	6.5
Couple, two children, one employed	695	749	7.7
Couple, two children, both employed	1,043	1,123	7.7
Remaining households	13,987	13,442	-3.9
Total occupied households	22,646	22,761	0.5
Two working adults, based in Auckland	1,178	763	-35.2

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## 5 Conclusion

The data analysis of rates affordability in the Far North District highlighted that particular household types will have rates affordability issues and that these households predominantly have low or fixed incomes.

The following households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels in each of the areas:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult with two children, in receipt of Sole Parent Support.

As affordability issues are likely to arise when rates exceed five percent, these households likely face rates affordability issues.

There were many other pockets of rates affordability issues across the areas and the household types, these household types were usually:

- Single adult earning average wage
- Single adult with two children, earning average wage
- Couple with two children, one adult earning average wage.

Whereas the following households did not have rates affordability issues in any of the areas:

- Couple with two children, two adults earning average wage
- Couple with no children at home, two adults earning average wage (based in Auckland).



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## 6 Impact of COVID-19

The sudden onset of the COVID-19 pandemic will have had a profound effect on the Far North District economy, as well as across New Zealand. Unfortunately there is a significant lag time before this can be seen in the official statistics. However, we expect economic activity to slow over the next few years, followed in all probability by a sluggish recovery to 2030. In the short term, the Far North District economy will have falling GDP and rising unemployment, which will result in a decrease in household income and consumer spending. This will have a significant impact upon wellbeing and the community. The ongoing effects on jobs, income and wellbeing will persist for years to come.

COVID-19 has, and will continue to, impact upon the role of central and local government. As household and businesses' spending decreases, it will be left for government to underpin spending and provide confidence in future plans. Continued spending and a focus on the four wellbeings (social, economic, environmental, and cultural) will improve outcomes for people and communities. The impact of COVID-19 has caused local authorities across the country to reassess their long term planning assumptions and documents in an environment of extreme uncertainty. As COVID-19 increases uncertainty, it is paramount that the wellbeing kaupapa remains unchanged.

The social services sector is the largest employer in the Far North District; people employed in the social services sector will be largely insulated against the impact of COVID-19. The primary sector is also a large employer. The primary sector has been deemed essential services, enabling these businesses to continue to operate throughout the COVID-19 lockdown. It is likely that people employed in the primary sector will also be reasonably insulated against the impact of COVID-19.

However, the retail and accommodation sector is likely to face severe challenges in the coming years which may result in increasing unemployment. As the retail and accommodation sector is another large employer in the Far North District, this will cause a significant loss in terms of jobs, income and ultimately negatively impact upon wellbeing. The tourism industry is already feeling the weight of COVID-19 through a drastic drop in revenue. The wage subsidy has helped save jobs in the short-term. However, this is a short-term solution and uncertainty remains about the long-term future of these jobs.

The impact on employment and income may affect people's ability to pay rates. We are aware of pressures across many councils to hold rates increases. We must advise that this kicking the can down the road is likely to jeopardise the delivery of future services. This will act directly against the kaupapa of ensuring the wellbeing (across all four dimensions) of current and future generations. We understand the need to put a realistic Long Term Plan (LTP) together, but the use of deferred payment schemes (rather than zero rates increases) should be explored. Similarly, the use of debt funding should be explored (as should a revision of the debt-ceiling constraint) – given the likelihood of incredibly low interest rates for the foreseeable future. Further, alternative funding mechanisms from central government should be actively pursued (together with LGNZ). Conversely, an untowardly narrow perspective on protecting Council finances will be reflected in deficits across other wellbeing domains – as has been experienced in recent years.



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## Appendix A Household counts by ward

Table 6 provides the estimated household counts for the Te Hiku, Kaikohe-Hokianaga, and the Bay of Islands-Whangaroa wards, respectively. As shown in the table the Bay of Islands-Whangaroa Ward has the largest number of households with 10,746, with the Te Hiku Ward having the second largest number of households with 7,089, while the Kaikohe-Hokianaga Ward has 4,938 households.

**Table 6 Household counts by household type, wards, 2018**

Household type	Te Hiku Ward	Kaikohe-Hokianaga Ward	Bay of Islands-Whangaroa Ward
Single superannuitant, no other income	744	528	1,199
Married superannuitant, no other income	793	557	1,611
Single working person (no kids)	437	376	691
Single adult, two children, on benefit	118	111	179
Single adult, two children, employed	30	28	45
Couple, two children, one employed	196	172	381
Couple, two children, both employed	293	259	571
Remaining households	4,418	4,190	6,222
Total occupied households	7,029	6,221	10,899
Two working adults, based in Auckland	182	140	442

**Table 7 Percentage share of households by household type, wards, 2018**

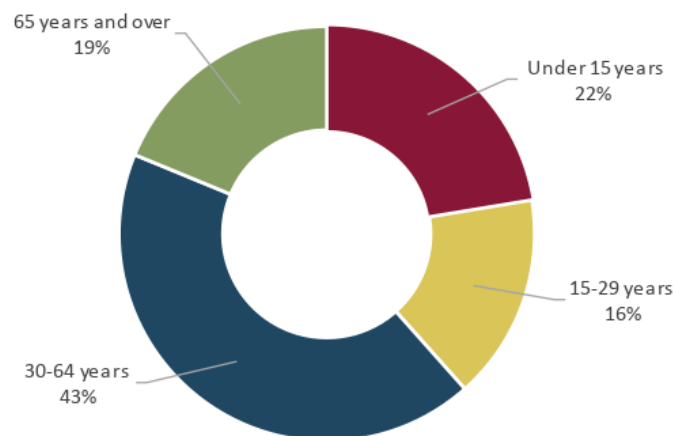
Household type	Te Hiku Ward	Kaikohe-Hokianaga Ward	Bay of Islands-Whangaroa Ward
Single superannuitant, no other income	10.6	8.5	11.0
Married superannuitant, no other income	11.3	9.0	14.8
Single working person (no kids)	6.2	6.0	6.3
Single adult, two children, on benefit	1.7	1.8	1.6
Single adult, two children, employed	0.4	0.4	0.4
Couple, two children, one employed	2.8	2.8	3.5
Couple, two children, both employed	4.2	4.2	5.2
Remaining households	62.9	67.4	57.1
Total occupied households	100.0	100.0	100.0
Two working adults, based in Auckland			

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## Appendix B Te Hiku Ward

Te Hiku Ward is the ward at the top of the Far North District as shown in Figure 1. For our analysis, we have examined 5,965 residential properties. The largest proportion of these residential properties by age group were those aged between 30 and 64 years (43 percent).

**Figure 3 Percentage by broad age groups, Te Hiku Ward, 2018**



Again, the following households face rates affordability issues as these households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult with two children, earning average wage.

The upper quartile is 5.3 percent for single adult earning average wage, single adult with two children, earning average wage, and couple with two children, one adult earning average wage households. Therefore, these groups may face rates affordability issues also.

For example, the average household income for a single adult with two children, in receipt of Sole Parent Support was \$24,722. As the average rates cost was \$2,588 (Table 8), this would be 12.8 percent of their income (Table 9).

There were no significant outliers (minimum is \$197 and maximum is \$7,870) and therefore a small variance between the median (\$2,588) and the average (\$2,524).

### Te Hiku Ward average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$52,213

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- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$52,213
- Couple with two children, one adult earning average wage - \$52,213
- Couple with two children, two adults earning average wage - \$104,425
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 8 Rates payable, Te Hiku Ward**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	2,095	218	2,313
Median	2,334	254	2,588
Upper Quartile	2,502	260	2,762

**Table 9 Total rates as a percentage of gross income by household type, Te Hiku Ward**

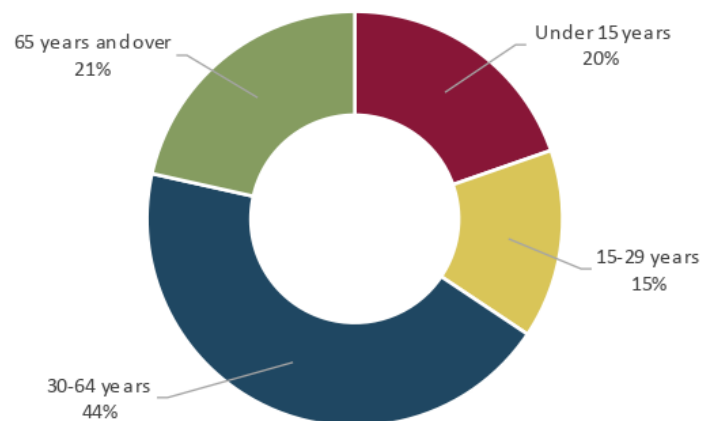
Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	8.5	0.9	9.4
	Median	9.4	1.0	10.5
	Upper Quartile	10.1	1.1	11.2
Married superannuitant, no other income	Lower Quartile	5.6	0.6	6.2
	Median	6.2	0.7	6.9
	Upper Quartile	6.7	0.7	7.4
Single working person (no kids)	Lower Quartile	4.0	0.4	4.4
	Median	4.5	0.5	5.0
	Upper Quartile	4.8	0.5	5.3
Single adult, two children, on benefit	Lower Quartile	10.4	1.1	11.4
	Median	11.5	1.3	12.8
	Upper Quartile	12.4	1.3	13.7
Single adult, two children, employed	Lower Quartile	4.0	0.4	4.4
	Median	4.5	0.5	5.0
	Upper Quartile	4.8	0.5	5.3
Couple, two children, one employed	Lower Quartile	4.0	0.4	4.4
	Median	4.5	0.5	5.0
	Upper Quartile	4.8	0.5	5.3
Couple, two children, both employed	Lower Quartile	2.0	0.2	2.2
	Median	2.2	0.2	2.5
	Upper Quartile	2.4	0.2	2.6
Two working adults, based in Auckland	Lower Quartile	1.5	0.2	1.7
	Median	1.7	0.2	1.9
	Upper Quartile	1.8	0.2	2.0

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## Appendix C Bay of Islands-Whangaroa Ward

Bay of Islands-Whangaroa Ward is the eastern ward of the Far North District. For our analysis, we have examined 8,450 residential properties. Again, those aged between 30 and 64 years old make up the biggest percentage of these residential properties.

**Figure 4 Percentage by broad age groups, Bay of Island-Whangaroa Ward, 2018**



Households that fall under the following categories face rates affordability issues:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult with two children, in receipt of Sole Parent Support.

These households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels.

The highest upper quartile percentage was 15.8 percent for single adults with two children, in receipt of Sole Parent Support. This means that they are paying 15.8 percent of their income (\$20,223) on rates at the upper quartile (\$3,205 in Table 10).

The maximum rates payable was \$25,211, while the minimum is \$355. Therefore, there was some variance between the median (\$2,673) and the average (\$2,815).

### Bay of Islands-Whangaroa Ward average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$59,897
- Single adult with two children, in receipt of Sole Parent Support - \$20,223

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- Single adult with two children, earning average wage - \$59,897
- Couple with two children, one adult earning average wage - \$59,897
- Couple with two children, two adults earning average wage - \$119,793
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 10 Rates payable, Bay of Islands-Whangaroa Ward**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	1,898	276	2,174
Median	2,437	236	2,673
Upper Quartile	2,937	267	3,205

**Table 11 Total rates as a percentage of gross income by household type, Bay of Islands-Whangaroa Ward**

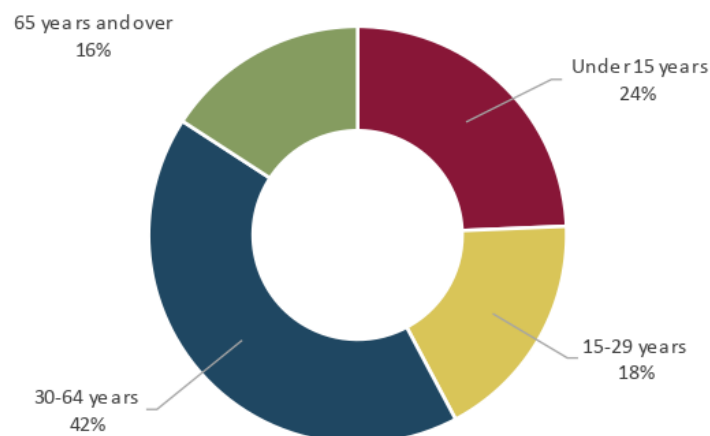
Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	7.7	1.1	8.8
	Median	9.9	1.0	10.8
	Upper Quartile	11.9	1.1	13.0
Married superannuitant, no other income	Lower Quartile	5.1	0.7	5.8
	Median	6.5	0.6	7.1
	Upper Quartile	7.8	0.7	8.5
Single working person (no kids)	Lower Quartile	3.2	0.5	3.6
	Median	4.1	0.4	4.5
	Upper Quartile	4.9	0.4	5.4
Single adult, two children, on benefit	Lower Quartile	9.4	1.4	10.8
	Median	12.0	1.2	13.2
	Upper Quartile	14.5	1.3	15.8
Single adult, two children, employed	Lower Quartile	3.2	0.5	3.6
	Median	4.1	0.4	4.5
	Upper Quartile	4.9	0.4	5.4
Couple, two children, one employed	Lower Quartile	3.2	0.5	3.6
	Median	4.1	0.4	4.5
	Upper Quartile	4.9	0.4	5.4
Couple, two children, both employed	Lower Quartile	1.6	0.2	1.8
	Median	2.0	0.2	2.2
	Upper Quartile	2.5	0.2	2.7
Two working adults, based in Auckland	Lower Quartile	1.4	0.2	1.6
	Median	1.8	0.2	2.0
	Upper Quartile	2.2	0.2	2.4

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## Appendix D Kaikohe-Hokianga Ward

Kaikohe-Hokianga Ward is the western ward of the Far North District. For our analysis, we have examined 3,031 residential properties. Of these residential properties, 16 percent are aged 65 years and over, 42 percent are aged between 30 and 64 years, 18 percent between 15 and 29 years, and 24 percent under 15 years.

**Figure 5 Percentage by broad age groups, Kaikohe-Hokianga Ward, 2018**



Even though there were less rates affordability issues in this ward, single superannuitant with no other income and single adult with two children, in receipt of Sole Parent Support households still had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels.

Married superannuitant with no other income; single working person (no kids); single adult employed with two children; and couple with one employed and two children households did not have rates in excess of five percent of gross household income in the lower quartile. However their median and upper quartile still exceeded five percent. For example, the average household income for married superannuitants with no other income is \$37,484. If they are paying median rates of \$2,434 (Table 12), then they are spending 6.5 percent of their income on rates (Table 13).

In Kaikohe-Hokianga the average (\$2,275) was below the median (\$2,434). The minimum was \$141 and the maximum is \$8,991.

### Kaikohe-Hokianga Ward average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$46,585
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$46,585

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- Couple with two children, one adult earning average wage - \$46,585
- Couple with two children, two adults earning average wage - \$93,170
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 12 Rates payable, Kalkohe-Hokianga Ward**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	1,397	241	1,638
Median	2,198	235	2,434
Upper Quartile	2,272	226	2,499

**Table 13 Total rates as a percentage of gross income by household type, Kalkohe-Hokianga Ward**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	5.7	1.0	6.6
	Median	8.9	1.0	9.8
	Upper Quartile	9.2	0.9	10.1
Married superannuitant, no other income	Lower Quartile	3.7	0.6	4.4
	Median	5.9	0.6	6.5
	Upper Quartile	6.1	0.6	6.7
Single working person (no kids)	Lower Quartile	3.0	0.5	3.5
	Median	4.7	0.5	5.2
	Upper Quartile	4.9	0.5	5.4
Single adult, two children, on benefit	Lower Quartile	6.9	1.2	8.1
	Median	10.9	1.2	12.0
	Upper Quartile	11.2	1.1	12.4
Single adult, two children, employed	Lower Quartile	3.0	0.5	3.5
	Median	4.7	0.5	5.2
	Upper Quartile	4.9	0.5	5.4
Couple, two children, one employed	Lower Quartile	3.0	0.5	3.5
	Median	4.7	0.5	5.2
	Upper Quartile	4.9	0.5	5.4
Couple, two children, both employed	Lower Quartile	1.5	0.3	1.8
	Median	2.4	0.3	2.6
	Upper Quartile	2.4	0.2	2.7
Two working adults, based in Auckland	Lower Quartile	1.0	0.2	1.2
	Median	1.6	0.2	1.8
	Upper Quartile	1.7	0.2	1.8



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## Appendix E Smaller areas within the Far North District

In addition to determining the rates affordability for the Far North District and its three main wards, we examined eight smaller areas within the wards which could be clearly defined within the rating unit database provided by FNDC. The eight smaller areas examined were:

- Kerikeri
- Kaikohe
- Opononi and Omapere
- Kaitaia
- Ahipara
- Paihia
- Russell
- Karikari Peninsula.

For each of the eight smaller areas, BERL examined the number of rating units owned by people living inside the District compared to the number of rating units owned by people living outside the District. For the first five areas listed above the number of units owned by people living outside the District were insufficient for analysis. Therefore, for these five areas (Kerikeri, Kaikohe, Opononi and Omapere, Kaitaia, and Ahipara) we only analysed the rating affordability of all residential properties.

For the three remaining areas (Paihia, Russell, and Karikari peninsula) there were sufficient rating units in both categories to warrant analysis. Therefore, for these three areas we examined the rating affordability of rating units split into two groups, those owned by people living in the District and those owned by people living outside the District.

### Kerikeri

Kerikeri had rates affordability issues in the following categories:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult with two children, in receipt of Sole Parent Support.

There were also rates affordability issues for those in the upper quartile of the following categories:

- Single adult earning average wage
- Single adult with two children, earning average wage
- Couple with two children, one adult earning average wage.



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#### Kerikeri average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$59,102
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$59,102
- Couple with two children, one adult earning average wage - \$59,102
- Couple with two children, two adults earning average wage - \$118,205
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 14 Rates payable, Kerikeri**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	1,938	279	2,217
Median	2,190	282	2,472
Upper Quartile	2,672	316	2,988

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**Table 15 Total rates as a percentage of gross income by household type, Kerikeri**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	7.8	1.1	9.0
	Median	8.9	1.1	10.0
	Upper Quartile	10.8	1.3	12.1
Married superannuitant, no other income	Lower Quartile	5.2	0.7	5.9
	Median	5.8	0.8	6.6
	Upper Quartile	7.1	0.8	8.0
Single working person (no kids)	Lower Quartile	3.3	0.5	3.8
	Median	3.7	0.5	4.2
	Upper Quartile	4.5	0.5	5.1
Single adult, two children, on benefit	Lower Quartile	9.6	1.4	10.9
	Median	10.8	1.4	12.2
	Upper Quartile	13.1	1.6	14.7
Single adult, two children, employed	Lower Quartile	3.3	0.5	3.8
	Median	3.7	0.5	4.2
	Upper Quartile	4.5	0.5	5.1
Couple, two children, one employed	Lower Quartile	3.3	0.5	3.8
	Median	3.7	0.5	4.2
	Upper Quartile	4.5	0.5	5.1
Couple, two children, both employed	Lower Quartile	1.6	0.2	1.9
	Median	1.9	0.2	2.1
	Upper Quartile	2.3	0.3	2.5
Two working adults, based in Auckland	Lower Quartile	1.4	0.2	1.6
	Median	1.6	0.2	1.8
	Upper Quartile	2.0	0.2	2.2

### Kaikohe

Again, single superannuitant with no other income, married superannuitant with no other income, single adult with two children, in receipt of Sole Parent Support households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels. These households therefore face rates affordability issues. In addition for Kaikohe the single adult earning average wage, single adult with two children, earning average wage, and couple with two children, one adult earning average wage also had rates affordability issues across lower quartile, median, and upper quartile total rates levels.

### Kaikohe average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$44,894

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- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$44,894
- Couple with two children, one adult earning average wage - \$44,894
- Couple with two children, two adults earning average wage - \$89,788
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 16 Rates payable, Kalkohe**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	2,157	219	2,376
Median	2,226	223	2,450
Upper Quartile	2,255	225	2,480

**Table 17 Total rates as a percentage of gross income by household type, Kalkohe**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	8.7	0.9	9.6
	Median	9.0	0.9	9.9
	Upper Quartile	9.1	0.9	10.0
Married superannuitant, no other income	Lower Quartile	5.8	0.6	6.3
	Median	5.9	0.6	6.5
	Upper Quartile	6.0	0.6	6.6
Single working person (no kids)	Lower Quartile	4.8	0.5	5.3
	Median	5.0	0.5	5.5
	Upper Quartile	5.0	0.5	5.5
Single adult, two children, on benefit	Lower Quartile	10.7	1.1	11.7
	Median	11.0	1.1	12.1
	Upper Quartile	11.2	1.1	12.3
Single adult, two children, employed	Lower Quartile	4.8	0.5	5.3
	Median	5.0	0.5	5.5
	Upper Quartile	5.0	0.5	5.5
Couple, two children, one employed	Lower Quartile	4.8	0.5	5.3
	Median	5.0	0.5	5.5
	Upper Quartile	5.0	0.5	5.5
Couple, two children, both employed	Lower Quartile	2.4	0.2	2.6
	Median	2.5	0.2	2.7
	Upper Quartile	2.5	0.3	2.8
Two working adults, based in Auckland	Lower Quartile	1.6	0.2	1.7
	Median	1.6	0.2	1.8
	Upper Quartile	1.7	0.2	1.8

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### Opononi and Omapere

The Opononi and Omapere area had significant rates affordability issues. The following categories had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult earning average wage
- Single adult with two children, in receipt of Sole Parent Support
- Single adult with two children, earning average wage
- Couple with two children, one adult earning average wage.

There are only two categories which do not have rates affordability issues, these categories involve two adults earning average wage.

### Opononi and Omapere average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$44,094
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$44,094
- Couple with two children, one adult earning average wage - \$44,094
- Couple with two children, two adults earning average wage - \$88,189
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

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**Table 18 Rates payable, Opononi and Omapere**

	<b>FNDC rates (\$)</b>	<b>NRC rates (\$)</b>	<b>Total rates (\$)</b>
Lower Quartile	2,555	259	2,814
Median	3,060	249	3,309
Upper Quartile	3,238	261	3,499

**Table 19 Total rates as a percentage of gross income by household type, Opononi and Omapere**

<b>Household type</b>		<b>FNDC rates (%)</b>	<b>NRC rates (%)</b>	<b>Total rates (%)</b>
Single superannuitant, no other income	Lower Quartile	10.3	1.0	11.4
	Median	12.4	1.0	13.4
	Upper Quartile	13.1	1.1	14.2
Married superannuitant, no other income	Lower Quartile	6.8	0.7	7.5
	Median	8.2	0.7	8.8
	Upper Quartile	8.6	0.7	9.3
Single working person (no kids)	Lower Quartile	5.8	0.6	6.4
	Median	6.9	0.6	7.5
	Upper Quartile	7.3	0.6	7.9
Single adult, two children, on benefit	Lower Quartile	12.6	1.3	13.9
	Median	15.1	1.2	16.4
	Upper Quartile	16.0	1.3	17.3
Single adult, two children, employed	Lower Quartile	5.8	0.6	6.4
	Median	6.9	0.6	7.5
	Upper Quartile	7.3	0.6	7.9
Couple, two children, one employed	Lower Quartile	5.8	0.6	6.4
	Median	6.9	0.6	7.5
	Upper Quartile	7.3	0.6	7.9
Couple, two children, both employed	Lower Quartile	2.9	0.3	3.2
	Median	3.5	0.3	3.8
	Upper Quartile	3.7	0.3	4.0
Two working adults, based in Auckland	Lower Quartile	1.9	0.2	2.1
	Median	2.3	0.2	2.4
	Upper Quartile	2.4	0.2	2.6

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### Kaitaia

Kaitaia has rates affordability issues; there were six categories with rates in excess of five percent of gross household income across lower, median and high quartile total rates levels. These categories were as follows:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult earning average wage
- Single adult with two children, in receipt of Sole Parent Support
- Single adult with two children, earning average wage
- Couple with two children, one adult earning average wage.

There were only two categories which did not have rates affordability issues, these categories involve two adults earning average wage.

#### Kaitaia average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$46,076
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$46,076
- Couple with two children, one adult earning average wage - \$46,076
- Couple with two children, two adults earning average wage - \$92,151
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 20 Rates payable, Kaitaia**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	2,141	281	2,422
Median	2,083	545	2,628
Upper Quartile	2,152	550	2,702

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Table 21 Total rates as a percentage of gross income by household type, Kaitiaki

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	8.7	1.1	9.8
	Median	8.4	2.2	10.6
	Upper Quartile	8.7	2.2	10.9
Married superannuitant, no other income	Lower Quartile	5.7	0.7	6.5
	Median	5.6	1.5	7.0
	Upper Quartile	5.7	1.5	7.2
Single working person (no kids)	Lower Quartile	4.6	0.6	5.3
	Median	4.5	1.2	5.7
	Upper Quartile	4.7	1.2	5.9
Single adult, two children, on benefit	Lower Quartile	10.6	1.4	12.0
	Median	10.3	2.7	13.0
	Upper Quartile	10.6	2.7	13.4
Single adult, two children, employed	Lower Quartile	4.6	0.6	5.3
	Median	4.5	1.2	5.7
	Upper Quartile	4.7	1.2	5.9
Couple, two children, one employed	Lower Quartile	4.6	0.6	5.3
	Median	4.5	1.2	5.7
	Upper Quartile	4.7	1.2	5.9
Couple, two children, both employed	Lower Quartile	2.3	0.3	2.6
	Median	2.3	0.6	2.9
	Upper Quartile	2.3	0.6	2.9
Two working adults, based in Auckland	Lower Quartile	1.6	0.2	1.8
	Median	1.5	0.4	1.9
	Upper Quartile	1.6	0.4	2.0



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### Ahipara

Ahipara has one of the widest ranges in terms of rates affordability, with a range of between 1.8–16.1 percent. Single adult with two children, in receipt of Sole Parent Support had the highest upper quartile of 16.1 percent, while two working adults based in Auckland had the lowest upper quartile of 2.4 percent.

Again, single superannuitant with no other income, married superannuitant with no other income, and single adult with two children, in receipt of Sole Parent Support households had rates affordability issues. Each of these categories had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels.

#### Ahipara average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$57,938
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$57,938
- Couple with two children, one adult earning average wage - \$57,938
- Couple with two children, two adults earning average wage - \$115,877
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 22 Rates payable, Ahipara**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Lower Quartile	2,162	240	2,402
Median	2,392	255	2,647
Upper Quartile	2,962	293	3,255

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**Table 23 Total rates as a percentage of gross income by household type, Ahipara**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	8.7	1.0	9.7
	Median	9.7	1.0	10.7
	Upper Quartile	12.0	1.2	13.2
Married superannuitant, no other income	Lower Quartile	5.8	0.6	6.4
	Median	6.4	0.7	7.1
	Upper Quartile	7.9	0.8	8.7
Single working person (no kids)	Lower Quartile	3.7	0.4	4.1
	Median	4.1	0.4	4.6
	Upper Quartile	5.1	0.5	5.6
Single adult, two children, on benefit	Lower Quartile	10.7	1.2	11.9
	Median	11.8	1.3	13.1
	Upper Quartile	14.6	1.4	16.1
Single adult, two children, employed	Lower Quartile	3.7	0.4	4.1
	Median	4.1	0.4	4.6
	Upper Quartile	5.1	0.5	5.6
Couple, two children, one employed	Lower Quartile	3.7	0.4	4.1
	Median	4.1	0.4	4.6
	Upper Quartile	5.1	0.5	5.6
Couple, two children, both employed	Lower Quartile	1.9	0.2	2.1
	Median	2.1	0.2	2.3
	Upper Quartile	2.6	0.3	2.8
Two working adults, based in Auckland	Lower Quartile	1.6	0.2	1.8
	Median	1.8	0.2	1.9
	Upper Quartile	2.2	0.2	2.4

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### **Russell**

Across the categories and levels those who live outside Russell tend to have greater rates affordability issues. The highest upper quartile was for single adult with two children, in receipt of Sole Parent Support from outside Russell (23.2 percent).

The following categories have rates affordability issues across the lower quartile, median and upper quartile:

- Single superannuitant with no other income, both resident owners and non-resident owners
- Married superannuitant with no other income, both resident owners and non-resident owners
- Single adult with two children, in receipt of Sole Parent Support, both resident owners and non-resident owners.

The following categories have rates affordability issues in the median and upper quartile categories, but not the lower quartile:

- Single adult earning average wage, both resident owners and non-resident owners
- Single adult with two children, earning average wage, both resident owners and non-resident owners
- Couple with two children, one adult earning average wage, both resident owners and non-resident owners.

### **Russell average household income by household composition**

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$62,591
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$62,591
- Couple with two children, one adult earning average wage - \$62,591
- Couple with two children, two adults earning average wage - \$125,182
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

### Table 24 Rates payable, Russell

**Table 25 Total rates as a percentage of gross income by household type, resident owners, Russell**


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**Table 26 Total rates as a percentage of gross income by household type, non-resident owners, Russell**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	11.0	1.0	12.0
	Median	14.5	1.3	15.8
	Upper Quartile	17.5	1.5	19.0
Married superannuitant, no other income	Lower Quartile	7.3	0.7	7.9
	Median	9.6	0.8	10.4
	Upper Quartile	11.6	1.0	12.5
Single working person (no kids)	Lower Quartile	4.3	0.4	4.8
	Median	5.7	0.5	6.2
	Upper Quartile	6.9	0.6	7.5
Single adult, two children, on benefit	Lower Quartile	13.5	1.3	14.7
	Median	17.7	1.6	19.3
	Upper Quartile	21.4	1.8	23.2
Single adult, two children, employed	Lower Quartile	4.3	0.4	4.8
	Median	5.7	0.5	6.2
	Upper Quartile	6.9	0.6	7.5
Couple, two children, one employed	Lower Quartile	4.3	0.4	4.8
	Median	5.7	0.5	6.2
	Upper Quartile	6.9	0.6	7.5
Couple, two children, both employed	Lower Quartile	2.2	0.2	2.4
	Median	2.9	0.3	3.1
	Upper Quartile	3.5	0.3	3.8
Two working adults, based in Auckland	Lower Quartile	2.0	0.2	2.2
	Median	2.6	0.2	2.9
	Upper Quartile	3.2	0.3	3.5

### Paihia

Rates affordability issues were substantial in Paihia. Households, both resident owners and non-resident owners of Paihia, had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels in most categories. These categories were:

- Single superannuitant with no other income
- Married superannuitant with no other income
- Single adult with two children, in receipt of Sole Parent Support
- Single adult earning average wage, outside of Paihia
- Single adult with two children, earning average wage, non-resident owners
- Couple with two children, one adult earning average wage, non-resident owners.

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The following categories had rates affordability issues in the median and upper quartile categories, but not the lower quartile:

- Single adult earning average wage, resident owners
- Single adult with two children, earning average wage, resident owners
- Couple with two children, one adult earning average wage, resident owners.

**Pāhla average household income by household composition**

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$58,004
- Single adult with two children, in receipt of Sole Parent Support - \$20,223
- Single adult with two children, earning average wage - \$58,004
- Couple with two children, one adult earning average wage - \$58,004
- Couple with two children, two adults earning average wage - \$116,007
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

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**Table 27 Rates payable, Pahiā**

		FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Resident owners	Lower Quartile	2,535	241	2,775
	Median	2,897	265	3,162
	Upper Quartile	3,265	289	3,554
Non-resident owners	Lower Quartile	2,724	253	2,978
	Median	3,093	278	3,370
	Upper Quartile	4,215	259	4,474

**Table 28 Total rates as a percentage of gross income by household type, resident owners, Pahiā**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	10.3	1.0	11.2
	Median	11.7	1.1	12.8
	Upper Quartile	13.2	1.2	14.4
Married superannuitant, no other income	Lower Quartile	6.8	0.6	7.4
	Median	7.7	0.7	8.4
	Upper Quartile	8.7	0.8	9.5
Single working person (no kids)	Lower Quartile	4.4	0.4	4.8
	Median	5.0	0.5	5.5
	Upper Quartile	5.6	0.5	6.1
Single adult, two children, on benefit	Lower Quartile	12.5	1.2	13.7
	Median	14.3	1.3	15.6
	Upper Quartile	16.1	1.4	17.6
Single adult, two children, employed	Lower Quartile	4.4	0.4	4.8
	Median	5.0	0.5	5.5
	Upper Quartile	5.6	0.5	6.1
Couple, two children, one employed	Lower Quartile	4.4	0.4	4.8
	Median	5.0	0.5	5.5
	Upper Quartile	5.6	0.5	6.1
Couple, two children, both employed	Lower Quartile	2.2	0.2	2.4
	Median	2.5	0.2	2.7
	Upper Quartile	2.8	0.2	3.1
Two working adults, based in Auckland	Lower Quartile	1.9	0.2	2.0
	Median	2.1	0.2	2.3
	Upper Quartile	2.4	0.2	2.6



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**Table 29 Total rates as a percentage of gross income by household type, non-resident owners, Pahiā**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	11.0	1.0	12.0
	Median	12.5	1.1	13.6
	Upper Quartile	17.0	1.0	18.1
Married superannuitant, no other income	Lower Quartile	7.3	0.7	7.9
	Median	8.3	0.7	9.0
	Upper Quartile	11.2	0.7	11.9
Single working person (no kids)	Lower Quartile	4.7	0.4	5.1
	Median	5.3	0.5	5.8
	Upper Quartile	7.3	0.4	7.7
Single adult, two children, on benefit	Lower Quartile	13.5	1.3	14.7
	Median	15.3	1.4	16.7
	Upper Quartile	20.8	1.3	22.1
Single adult, two children, employed	Lower Quartile	4.7	0.4	5.1
	Median	5.3	0.5	5.8
	Upper Quartile	7.3	0.4	7.7
Couple, two children, one employed	Lower Quartile	4.7	0.4	5.1
	Median	5.3	0.5	5.8
	Upper Quartile	7.3	0.4	7.7
Couple, two children, both employed	Lower Quartile	2.3	0.2	2.6
	Median	2.7	0.2	2.9
	Upper Quartile	3.6	0.2	3.9
Two working adults, based in Auckland	Lower Quartile	2.0	0.2	2.2
	Median	2.3	0.2	2.5
	Upper Quartile	3.1	0.2	3.3

### Karikari Peninsula

Again, both inside and outside of Karikari Peninsula, single superannuitant with no other income households, married superannuitants with no other income households, single adult with two children in receipt of Sole Parent Support households had rates in excess of five percent of gross household income across lower, median and high quartile total rates levels.

### Karikari peninsula average household income by household composition

Household income for the following household types was used:

- Single superannuitant with no other income - \$24,722
- Married superannuitants with no other income - \$37,484
- Single adult earning average wage - \$55,184
- Single adult with two children, in receipt of Sole Parent Support - \$20,223

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- Single adult with two children, earning average wage - \$55,184
- Couple with two children, one adult earning average wage - \$55,184
- Couple with two children, two adults earning average wage - \$110,367
- Couple with no children at home, two adults earning average wage (based in Auckland) - \$135,929.

**Table 30 Rates payable, Karikari Peninsula**

		FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Resident owners	Lower Quartile	2,163	237	2,400
	Median	2,360	311	2,670
	Upper Quartile	2,738	276	3,014
Non-resident owners	Lower Quartile	2,255	244	2,498
	Median	2,502	260	2,762
	Upper Quartile	2,997	293	3,290

Rates affordability in the Far North  
Hōngōngoi 2020

**Table 31 Total rates as a percentage of gross income by household type, resident owners, Karikari Peninsula**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	8.7	1.0	9.7
	Median	9.5	1.3	10.8
	Upper Quartile	11.1	1.1	12.2
Married superannuitant, no other income	Lower Quartile	5.8	0.6	6.4
	Median	6.3	0.8	7.1
	Upper Quartile	7.3	0.7	8.0
Single working person (no kids)	Lower Quartile	3.9	0.4	4.3
	Median	4.3	0.6	4.8
	Upper Quartile	5.0	0.5	5.5
Single adult, two children, on benefit	Lower Quartile	10.7	1.2	11.9
	Median	11.7	1.5	13.2
	Upper Quartile	13.5	1.4	14.9
Single adult, two children, employed	Lower Quartile	3.9	0.4	4.3
	Median	4.3	0.6	4.8
	Upper Quartile	5.0	0.5	5.5
Couple, two children, one employed	Lower Quartile	3.9	0.4	4.3
	Median	4.3	0.6	4.8
	Upper Quartile	5.0	0.5	5.5
Couple, two children, both employed	Lower Quartile	2.0	0.2	2.2
	Median	2.1	0.3	2.4
	Upper Quartile	2.5	0.3	2.7
Two working adults, based in Auckland	Lower Quartile	1.6	0.2	1.8
	Median	1.7	0.2	2.0
	Upper Quartile	2.0	0.2	2.2

Rates affordability in the Far North  
Hōngongoi 2020

**Table 32 Total rates as a percentage of gross income by household type, non-resident owners, Karikari Peninsula**

Household type		FNDC rates (%)	NRC rates (%)	Total rates (%)
Single superannuitant, no other income	Lower Quartile	9.1	1.0	10.1
	Median	10.1	1.1	11.2
	Upper Quartile	12.1	1.2	13.3
Married superannuitant, no other income	Lower Quartile	6.0	0.6	6.7
	Median	6.7	0.7	7.4
	Upper Quartile	8.0	0.8	8.8
Single working person (no kids)	Lower Quartile	4.1	0.4	4.5
	Median	4.5	0.5	5.0
	Upper Quartile	5.4	0.5	6.0
Single adult, two children, on benefit	Lower Quartile	11.1	1.2	12.4
	Median	12.4	1.3	13.7
	Upper Quartile	14.8	1.4	16.3
Single adult, two children, employed	Lower Quartile	4.1	0.4	4.5
	Median	4.5	0.5	5.0
	Upper Quartile	5.4	0.5	6.0
Couple, two children, one employed	Lower Quartile	4.1	0.4	4.5
	Median	4.5	0.5	5.0
	Upper Quartile	5.4	0.5	6.0
Couple, two children, both employed	Lower Quartile	2.0	0.2	2.3
	Median	2.3	0.2	2.5
	Upper Quartile	2.7	0.3	3.0
Two working adults, based in Auckland	Lower Quartile	1.7	0.2	1.8
	Median	1.8	0.2	2.0
	Upper Quartile	2.2	0.2	2.4

Rates affordability in the Far North  
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## Appendix F Average rates assessment for all areas

**Table 33 Median rates**

	FNDC rates (\$)	NRC rates (\$)	Total rates (\$)
Far North District	2,215	297	2,512
Kaikohe-Hokianga Ward	2,198	235	2,434
Te Hiku Ward	2,334	254	2,588
Bay of Islands-Whangaroa Ward	2,437	236	2,673
Kaitaia	2,083	545	2,628
Ahipara	2,392	255	2,647
Karikari peninsula	2,473	258	2,732
Kaikohe	2,226	223	2,450
Opononi-Omapere	3,060	249	3,309
Kerikeri	2,190	282	2,472
Paihia	2,949	268	3,217
Russell	3,331	297	3,628

**Table 34 Median rates as a percentage of gross income for single superannuitant with no other income for each area**

Single superannuitant, no other income	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	9.0	1.2	10.2
Kaikohe-Hokianga Ward	8.9	1.0	9.8
Te Hiku Ward	9.4	1.0	10.5
Bay of Islands-Whangaroa Ward	9.9	1.0	10.8
Kaitaia	8.4	2.2	10.6
Ahipara	9.7	1.0	10.7
Karikari peninsula	10.0	1.0	11.0
Kaikohe	9.0	0.9	9.9
Opononi-Omapere	12.4	1.0	13.4
Kerikeri	8.9	1.1	10.0
Paihia	11.9	1.1	13.0
Russell	13.5	1.2	14.7

Rates affordability in the Far North  
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**Table 35 Median rates as a percentage of gross income for married superannuitant with no other income for each area**

Married superannuitant, no other income	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	5.9	0.8	6.7
Kaikohe-Hokianga Ward	5.9	0.6	6.5
Te Hiku Ward	6.2	0.7	6.9
Bay of Islands-Whangaroa Ward	6.5	0.6	7.1
Kaitaia	5.6	1.5	7.0
Ahipara	6.4	0.7	7.1
Karikari peninsula	6.6	0.7	7.3
Kaikohe	5.9	0.6	6.5
Opononi-Omapere	8.2	0.7	8.8
Kerikeri	5.8	0.8	6.6
Paihia	7.9	0.7	8.6
Russell	8.9	0.8	9.7

**Table 36 Median rates as a percentage of gross income for single working person with no kids for each area**

Single working person (no kids)	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	4.1	0.5	4.6
Kaikohe-Hokianga Ward	4.7	0.5	5.2
Te Hiku Ward	4.5	0.5	5.0
Bay of Islands-Whangaroa Ward	4.1	0.4	4.5
Kaitaia	4.5	1.2	5.7
Ahipara	4.1	0.4	4.6
Karikari peninsula	4.5	0.5	4.9
Kaikohe	5.0	0.5	5.5
Opononi-Omapere	6.9	0.6	7.5
Kerikeri	3.7	0.5	4.2
Paihia	5.1	0.5	5.5
Russell	5.3	0.5	5.8

Rates affordability in the Far North  
Hōngongoi 2020

**Table 37 Median rates as a percentage of gross income for single working person with no kids for each area**

Single adult, two children, on benefit	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	11.0	1.5	12.4
Kaikohe-Hokianga Ward	10.9	1.2	12.0
Te Hiku Ward	11.5	1.3	12.8
Bay of Islands-Whangaroa Ward	12.0	1.2	13.2
Kaitaia	10.3	2.7	13.0
Ahipara	11.8	1.3	13.1
Karikari peninsula	12.2	1.3	13.5
Kaikohe	11.0	1.1	12.1
Opononi-Omapere	15.1	1.2	16.4
Kerikeri	10.8	1.4	12.2
Paihia	14.6	1.3	15.9
Russell	16.5	1.5	17.9

**Table 38 Median rates as a percentage of gross income for single working person with two children for each area**

Single adult, two children, employed	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	4.1	0.5	4.6
Kaikohe-Hokianga Ward	4.7	0.5	5.2
Te Hiku Ward	4.5	0.5	5.0
Bay of Islands-Whangaroa Ward	4.1	0.4	4.5
Kaitaia	4.5	1.2	5.7
Ahipara	4.1	0.4	4.6
Karikari peninsula	4.5	0.5	4.9
Kaikohe	5.0	0.5	5.5
Opononi-Omapere	6.9	0.6	7.5
Kerikeri	3.7	0.5	4.2
Paihia	5.1	0.5	5.5
Russell	5.3	0.5	5.8



Rates affordability in the Far North  
Hōngongoi 2020

**Table 39 Median rates as a percentage of gross income for a couple with two children and one adult worker for each area**

Couple, two children, one employed	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	4.1	0.5	4.6
Kaikohe-Hokianga Ward	4.7	0.5	5.2
Te Hiku Ward	4.5	0.5	5.0
Bay of Islands-Whangaroa Ward	4.1	0.4	4.5
Kaitaia	4.5	1.2	5.7
Ahipara	4.1	0.4	4.6
Karikari peninsula	4.5	0.5	4.9
Kaikohe	5.0	0.5	5.5
Opononi-Omapere	6.9	0.6	7.5
Kerikeri	3.7	0.5	4.2
Paihia	5.1	0.5	5.5
Russell	5.3	0.5	5.8

**Table 40 Median rates as a percentage of gross income for a couple, with two children who are employed for each area**

Couple, two children, both employed	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	2.0	0.3	2.3
Kaikohe-Hokianga Ward	2.4	0.3	2.6
Te Hiku Ward	2.2	0.2	2.5
Bay of Islands-Whangaroa Ward	2.0	0.2	2.2
Kaitaia	2.3	0.6	2.9
Ahipara	2.1	0.2	2.3
Karikari peninsula	2.2	0.2	2.5
Kaikohe	2.5	0.2	2.7
Opononi-Omapere	3.5	0.3	3.8
Kerikeri	1.9	0.2	2.1
Paihia	2.5	0.2	2.8
Russell	2.7	0.2	2.9

Rates affordability in the Far North  
Hōngōngoi 2020

**Table 41 Median rates as a percentage of gross income for two working adults with no kids, based in Auckland for each area**

Two working adults, based in Auckland	FNDC rates (%)	NRC rates (%)	Total rates (%)
Far North District	1.6	0.2	1.8
Kaikohe-Hokianga Ward	1.6	0.2	1.8
Te Hiku Ward	1.7	0.2	1.9
Bay of Islands-Whangaroa Ward	1.8	0.2	2.0
Kaitaia	1.5	0.4	1.9
Ahipara	1.8	0.2	1.9
Karikari peninsula	1.8	0.2	2.0
Kaikohe	1.6	0.2	1.8
Opononi-Omapere	2.3	0.2	2.4
Kerikeri	1.6	0.2	1.8
Paihia	2.2	0.2	2.4
Russell	2.5	0.2	2.7



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## ARF007 Compliance – NRC Abatements

### Risk Status Progress Report December 2020

Prepared: 04/11/20

#### Description of risk and impact

FNDC has nine abatement notices due to non-compliance with resource consent conditions for district infrastructure issued by Northland Regional Council.

Many of these notices are over two years old, and six involve expensive wastewater assets. NRC lodged an Enforcement Order application with the Environment Court for ongoing non-compliance at the Paihia Wastewater Treatment Plant (ammonia levels), and FNDC are now under suspended orders requiring delivery of solid remedial action to avoid further litigation.

#### Existing Treatments

High level treatment plan completed:

- Established new permanent role solely focused on compliance (Infrastructure Compliance Lead)

#### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Resolve non-compliance with resource consent conditions to clear the nine abatement notices:	<p>Four abatement notices have been withdrawn or closed off.</p> <p>While NRC will not rule out future enforcement action, NRC are satisfied with the actions being undertaken and are confident that we will clear our abatement notices by June 2021.</p>
Relationship building with NRC – monthly activity level compliance meetings are held between FNDC / NRC as well as six monthly group level compliance meetings to provide an update on the Infrastructure Compliance Strategy.	<p>FNDC and NRC are actively collaborating.</p> <p>Monthly meetings and reporting are in place.</p> <p>Six monthly meetings will be re-instated within the next three months.</p>
Creation of an Infrastructure Compliance Strategy – two-year strategy with goals and deliverables to actively increase the level of compliance. This strategy directly informs the work programme of the Infrastructure Compliance Planner.	<p>Infrastructure Compliance Strategy completed and implemented in June 2020.</p> <p>The Infrastructure Compliance Lead will project manage the action points with timeline and deliverables to ensure ongoing compliance.</p>

## Progress update with regards to abatement notices

Abatement Notice	Progress
1. Kaitia Water Supply – Condition 4 – Contravention of Water Shortage Direction.	Closed.
2. Kawakawa WWTP – Conditions 3 & 12 – Bunded sludge disposal areas non-compliant.	Withdrawn.
3. Russell WWTP – E.Coli levels at compliance point.	Withdrawn.
4. Paihia WWTP – ammonia levels at compliance point.	Withdrawn.
5. Kerikeri WWTP – Condition 8 – Discharge of non-compliant wastewater.	On target to meeting the 30 November deadline of handover and completion which will allow us to apply for a withdrawal.
6. Ahipara WWTP – Condition 2 – leachate levels.	There is an Action Plan created to address the leachate levels.
7. Kerikeri Sports Complex – Exceeded discharge limits on multiple occasions.	There is an Action Plan created to investigate possible solution to management of wastewater.
8. Opononi WWTP – Condition 19 – E.Coli levels at compliance point.	An 'issues and options' plan has been commissioned with regards to addressing the non-compliance.
9. Kaitia WWTP – untreated discharges.	An Action Plan has been created to prioritise the creation of a Leak Detection Plan.

## Where are the gaps? / what more could we be doing?

Far North Waters Alliance is responsible for operational compliance with water and wastewater resource consents and FNDC must rely on Far North Waters to take ownership of this area. This includes having sound processes, systems and quality management in place, as well as having the technical capability to provide informed, cost effective and viable recommendations on improvements / upgrades needed to our water and wastewater assets to become and remain compliant.

Example of an identification of gaps	What more could we be doing?
Social procurement	One of our key issues was the vegetation surrounding the monitoring bores at the Russell WWTP. Far North Waters have contracted a local company, who are a father and son team dedicated to sustainable earthworks and vegetation clearing. The machines used are designed not only to perform robust vegetation clearance but can also be programmed to avoid indigenous plants and trees and can be used safely on archaeological sites because they do not disturb the cultural layer. This model is part of the Far North Waters Sustainable procurement strategy which not only positively impacts local economy, but ensures the work is being done by professionals who are deeply invested in the community. NRC have been updated of this clearance and have provided positive feedback.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	↓		Responsible:	GM IAMs	Date accepted:	30/05/19	Six monthly

## ARF010 Data Governance Risk

### Risk Status Progress Report December 2020

Prepared: 30/10/20

#### Description of risk and impact

Because of	There is a chance that...	leading to...
Lack of formal data governance	<p>Data quality may be negatively impacted</p> <p>Data may be inappropriately used</p> <p>Data breach may negatively impact Council reputation</p> <p>We are non-compliant with relevant legislation</p>	<p>Slow, ineffective decision making</p> <p>Lack of confidence in data and decisions made on the data</p> <p>Increased organisational risk</p> <p>Mistakes/errors</p> <p>Ineffective and poor processes</p> <p>Inefficient customer service</p> <p>Legal liability and sanction</p> <p>Reputational damage to Council and Councillors</p>

Data is an asset. Good data, used and analysed appropriately, enables faster, transparent, decision making, reducing organizational risk.

Data governance is the overarching framework that outlines the creation, maintenance, disposal and protection of data. The objectives of data governance are:

- Assure of data security and data quality
- Maximise the benefit generation of information
- Designate accountability for data quality
- Enable evidence-based policy development
- Increase consistency and confidence in decision making
- Consistent reporting
- Enable evidence-based business cases and strategies

#### Existing Treatments

A number of improvement initiatives, such as Resource Consents Vision 20/20 process improvement project and BCA improvements, have positively impacted data governance with both data and processing progress within these functions now visible.

Three active programmes of work will also result in improved data governance. These are:

1. Enterprise data warehouse programme
2. Program Darwin
3. Business Intelligence strategy.

## High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
<p>Data governance policies:</p> <ol style="list-style-type: none"> <li>Data Governance Policy designed to manage the creation, transformation, and usage of data and related information owned by or in the care of Far North District Council</li> <li>A Data Protection Policy has also been drafted. Its purpose is to describe how personal data must be collected, handled, and stored and retrieved, in order to meet the Far North District Council's data protection standards, comply with the law, and respect individual rights. This policy address data - collection, storage, use, accuracy, retention and protection.</li> </ol> <p>To address governance the following internal policies and procedures are required:</p> <ul style="list-style-type: none"> <li>Policy for Data (Security, Privacy, Ethics, Retention, Sourcing)</li> <li>Procedures for monitoring performance</li> <li>Procedures for reporting on raw data (meta-data)</li> <li>Procedures for ensuring legislative and Audit compliance including Internal data audit</li> <li>Procedure for actions in event a data breach</li> </ul>	<p>Underway:</p> <p>Several policies have been drafted and the need for additional policies identified e.g. IT Security Policy.</p>
<p>Implementation of the ALGIM (Association of Local Government Information Management) local government ICT security framework.</p>	<p>Underway:</p> <p>ALGIM completed an audit and benchmarking exercise in October 2020 which measured the compliance status of FNDC against the ALGIM local government ICT security framework. The framework then provides a number of recommendations to improve ICT security compliance status. This is subject of separate report on the Assurance Risk and Finance December 2020 Committee Agenda.</p>
<p>FNDC needs to implement the requirements of the internal policy "PC033 Privacy Policy", adopted August 2019, such as agree designated Privacy Officers.</p>	<p>To start.</p>

## Where are the gaps? / what more could we be doing?

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	↓		Responsible:	Chief Digital Officer	Date accepted:	30/05/19	Six monthly



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## ARF013 Drinking Water Resilience

### Risk Status Progress Report December 2020

Prepared: 02/11/20

#### Description of risk and impact

In accordance with our Risk Management Policy, adopted by Council August 2019, the “Drinking Water Resilience” risk has been identified and then adopted at the 05/07/20 Council meeting as a top organisational risk. This risk was scored and prioritised using the FNDC IDEATE methodology which assessed this risk against the defined risk categories and risk tolerances.

The primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia are surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. For each of these surface water takes FNDC hold a consent issued by the Northland Regional Council (NRC). The consents have conditions relating to many things but most importantly:

- the volume of water FNDC is authorised to take, and
- the instantaneous residual flow we are required to leave in the environment.

Surface water takes are impacted by droughts. Droughts typically cover a large geographically area; not just a single catchment or community.

Group / SLT	Risk level	Inherent Risk	Risk description	Because of	There is a chance that...	leading to...
Infrastructure and Asset Management	Organisational	35	Strategic	Lack of freshwater resilience - long-term trends in rain fall coupled with changing and increasing consumer demands	Current freshwater supply systems will continue to not meet demand both now and into the future	Critical impact on our communities i.e. lengthy water restrictions; no/interrupted supply; costly economic consequences (affordability); extensive Health & Safety impacts across the district; economic and reputational risk from a failure to supply adequate potable and fresh water; negative environmental impacts.



The “Drinking Water Resilience” risk has been analysed as both an organisational and a strategic risk. A score of 35 or greater is in the high-risk category. Drinking Water Resilience scored 35:

1. **Finance category**, 9: Impact is high ( $\geq 0.3\%$  rates increase); likelihood is will happen (the risk is likely to occur and there is frequent exposure to this risk)
2. **FNDC Customer category**, 9: Impact is high (potential loss of essential service and cost to customer); likelihood is will happen (the risk is likely to occur and there is frequent exposure to this risk)
3. **Reputational category**, 7: Impact is medium (loss of national trust and confidence, 1-2 years to re-establish); likelihood is will happen (the risk is likely to occur and there is frequent exposure to this risk)
4. **Compliance / Legal**, 3: Impact is medium (we are challenged and found to be non-compliant with fines or penalties <\$500,000); Likelihood is unlikely (there is a low exposure to this risk)
5. **Health & safety**, 7: Impact is high (public health outcome); Likelihood is probable (risk will possibly occur)

To ensure clarity this risk excludes “Action for healthy waterways” new rules and regulations aimed to:

- stop further degradation of New Zealand's freshwater resources and improve water quality within 5 years
- reverse past damage and bring New Zealand's freshwater resources, waterways, and ecosystems to a healthy state within a generation.

#### Existing Treatments

1. Water Supply Bylaw. This allows us to make water restrictions.
2. Water Shortage Management Plan – this outlines the process and guidelines for the different stages of water restriction levels.
3. Water Shortage Management Committee is established with internal technical specialists who monitor and make recommendations on water restrictions to GMIAM.
4. Drought Communication Plan.
5. Ability to create a dedicated drought response team (as used in the 19/20 drought).

#### High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
Drought resilience work for 20/21 financial year.	Approved, work is underway.
Water shortage management plan.	Annual review underway.
2021/2031 Long Term Plan.	Programme of work for water infrastructure is being developed.
Project Darwin – to understand asset knowledge to refine investment planning.	Underway. Pilot of the living asset plan by June 2021.
Crown 3-waters reform funding.	MOU signed.  Funding agreement and draft delivery plan have been submitted to DIA. Awaiting approval.  Raft of initiatives including the drought resilience work within the funding.
Water Shortage Management Committee	Has convened for 20/21 season.  Currently in a 2-weekly meeting cycle monitoring weather, river flows and consent conditions.
Drought Communication Plan	Developed.  Starting December 2020 the communication plan will roll out with a “be water wise” campaign.

**Where are the gaps? / what more could we be doing?**

- What is Council obligations in respect of non-public schemes?
- If a private scheme starts to impact ratepayer health what is Councils responsibility?
- Council needs to determine what level of residual risk are we prepared accept.
- The uncertainty of the ongoing ownership/management of these schemes under the Crowns proposed water supply reforms.

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	March 2020	Report frequency:
	—		Responsible:	GM IAMs	Date accepted:	05/07/20	Three monthly

## **6.2 LESSONS LEARNED FROM OUR TWIN CRISES: 2019/2020 FAR NORTH DROUGHT AND COVID-19 PANDEMIC**

**File Number:** A3002989

**Author:** Tanya Reid, Business Improvement Specialist

**Authoriser:** William J Taylor MBE, General Manager - Corporate Services

### **PURPOSE OF THE REPORT**

To provide a report on the lessons learned from managing two crises, the 2019/2020 Far North drought and the COVID-19 pandemic response.

### **EXECUTIVE SUMMARY**

- Learning from these experiences is Central to our identity as a progressive Council.
- A lesson learned exercise captures the knowledge and understanding gained by this experience. It is a principal component of an organisational culture committed to continuous improvement and adaptive management.
- These Lessons Learned, from our twin crises, will inform the evolution of our business continuity and crisis management processes to reduce the potential for future failure and mishap and to reinforce the positive.

### **RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Lessons Learned From Our Twin Crises: 2019/2020 Far North Drought and COVID-19 Pandemic.**

### **BACKGROUND**

In February 2020, the Council set up both a Crisis Management Team (CMT) and a Crisis Response Team (CRT).

These teams were set up to manage the Council's response to the dual crises of the 2019/2020 district-wide drought and the 2020 COVID-19 pandemic.

### **DISCUSSION AND NEXT STEPS**

Learning from these experiences is Central to our identity as a progressive Council. A lesson learned exercise captures the knowledge and understanding gained by this experience.

Three groups of staff (CMT, CRT and supporting staff), totalling 33, participated in separate bespoke Lessons Learned workshops. Design of these workshops was based on an agile retrospective and identified:

- what we did well
- the challenges faced
- what we will do differently next time.

A number of initiatives are in place, or planned, to use these learnings to evolve our business continuity and crisis management processes.

The full Lesson's Learned report is attached.

### **FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

No additional budgetary provision is requested.

### **ATTACHMENTS**

- 1. 2020 10 Lessons learned from the twin crises report - A3007269**  

2. **FNDC Supporting Team Award Entry - A3002994** [↓](#) 
3. **FNDC Fast-Tracked Project Award Entry - A3002993** [↓](#) 

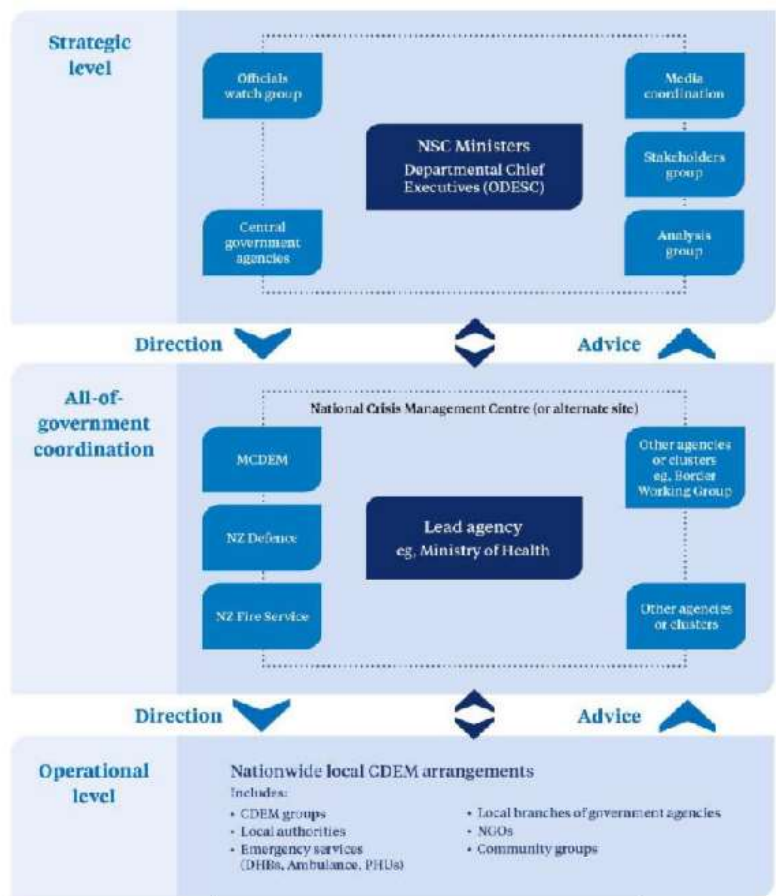


<p>24/08/19 – Email advising risk to Kaikohe drinking water</p> <p>05/11/19 – First Water Shortage Committee Meeting</p> <p>24/01/20 - New Zealand's Ministry of Health sets up a team to monitor the situation</p> <p>28/01/20 – Drought response team established</p> <p>03/02/20 - Entry restrictions on foreign nationals travelling to NZ from, or transiting through, mainland China.</p> <p>11/02/20 – Drought declared in Northland</p> <p>18/02/20 – Crisis Response Team established</p> <p>20/02/20 - NZ reports first case COVID-19</p> <p>28/02/20 – Revised Tactical Business Continuity Plans for Pandemic Response available</p> <p>10/03/20 – Pandemic planning: i-Sites and BOI cruise ships</p> <p>11/03/20 - WHO declares an official pandemic</p> <p>14/03/20 - Cruise ships are banned from NZ</p> <p>16/03/20 – National Crisis Management Centre activated</p> <p>16/03/20 – Border restrictions enacted</p> <p>16/03/20 - The total number of cases and deaths outside China has overtaken the total number of cases in China.</p> <p>Germany closes its borders with France, Austria and Switzerland, Canada shuts its borders to foreign nationals except US citizens</p> <p>17/03/20 – Elected Member briefing: FNDC arrangements for COVID-19 Pandemic</p> <p>19/03/20 – NZ border closed to non-New Zealand residents and citizens</p> <p>19/03/20 - Indoor gatherings of more than 100 people are cancelled</p> <p>21/03/20 - NZ introduces four level alert system immediately moving to Alert Level 2 - Reduce</p> <p>23/03/20 - NZ moved to Alert Level 3 – Restrict, effective immediately</p> <p>23/03/20 - COVID-19 roles established within CRT</p> <p>23/03/20 – FNDC staff sent home</p> <p>24/03/20 – Epidemic Notice issued</p> <p>25/03/20 – Declaration of National State of Emergency</p> <p>25/03/20 – NZ moved to Alert Level 4 – Eliminate</p> <p>25/03/20 – Provision of essential Services only</p> <p>29/03/20 – Directive issued to CDEM groups</p> <p>02/04/20 – COVID-19 Fraud Task Force established</p> <p>28/04/20 – NZ moved to Alert Level 3</p> <p>13/05/20 - NZ moved to Alert Level 2</p> <p>29/05/20 CRT disestablished</p> <p>15/07/20 All water restrictions lifted</p> <p><b>Lines of resilience</b></p> <p>To provide context to the management of the twin crises the roles and responsibilities (or activities) of each distinct group involved is summarised:</p>
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### Response Co-ordination

The National Crisis Management Centre (NCMC) was activated on 16 March 2020 to establish and coordinate the all-of-government response to COVID-19. The Ministry of Health led the government's response to a pandemic in New Zealand. The following diagram describes the hierarchy and flow of each government response unit.



The district response and co-ordination is described below:

### FNDC LINES OF RESILIENCE





	<p><b>Civil Defence, Northland CDEM Group</b></p> <p>CDEM's mission was to provide emergency potable water supplies for communities, whereas the goal of the drought crisis response team was to ensure continuity of reticulated water supply.</p> <ul style="list-style-type: none"> <li>• CDEM established temporary emergency water supplies in Kaikohe, Rawene and Kaitaia, in the event of a loss of reticulated water supply in these communities.</li> <li>• CDEM delivered water to marae and residential addresses across the region, where required.</li> <li>• CDEM prepared a Rural Water Provision Plan scoping 13 community sites across the district as potential water distribution centres.</li> </ul> <p>On 29 March 2020, the Director and National Controller Civil Defence Emergency Management issued a directive to CDEM Groups:</p> <ul style="list-style-type: none"> <li>• All CDEM groups need to activate their CDEM arrangements in support of the response to COVID-19.</li> <li>• All Group Controllers to support DHB's and PHU's in managing the pandemic in the community. Specifically, in accordance with the roles and responsibilities detailed in the New Zealand Influenza Pandemic Plan.</li> <li>• Plan and coordinate the provision of household goods and services and other essential items to people who have been displaced or who are sheltering in place.</li> <li>• Establish a phone number that people can call if they urgently need assistance with access to essential household goods and services.</li> <li>• Reminder that CDEM Local Controllers are required to follow the direction provided by Group Controllers.</li> </ul> <p><b>Crisis Management Team</b></p> <p>The Strategic Leadership Team convened regularly as the Crisis Management Team to discuss FNDC's response to the drought situation and COVID-19. The Crisis Management Team adopted four key principles: Quick, Calm, Smart, and Courageous.</p> <p><b>Crisis Response Team</b></p> <p>The crisis response team emerged from the drought response team and the local Incident Management Team for Civil Defence. The CRT formed under the Co-ordinated Incident Management Systems (CIMS) framework to align with other agencies that provided emergency management response such as Northland Civil Defence and Emergency Management (CDEM), New Zealand Police, Fire Emergency New Zealand (FENZ) and Northland District Health Board (NDHB). The use of this framework was to enable unified efforts and improved communication channels, along with enabling a more sustainable response effort.</p> <p>Team members were seconded from all areas of the organisation. Some team members were CIMS trained. The crisis response team operationalised FNDC response to the drought - the establishment of supplementary water sources – and the business continuity response required to ensure essential services were provided to our communities through alert levels 3 and 4 of the COVID-19 pandemic.</p>
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	<p><b>Summary of each crisis:</b></p> <p><b>1. Far North District Drought.</b></p> <p>Natural disasters usually announce their arrival as large, sudden events which generate destruction on impact, and then they're gone. Drought is different. It doesn't make a big entrance, the start of a drought might even be mistaken for a bit of a dry spell, and its impact builds over time.</p> <p>The Glossary of Meteorology defines a drought is 'a period of abnormally dry weather sufficiently prolonged for the lack of water to cause serious hydrologic imbalance in the affected area.' Meteorologists determine the onset and the end of a drought by monitoring meteorological and hydrological variables such as precipitation patterns, soil moisture, and stream flow.</p> <p>There are four different ways that drought can be defined.</p> <ul style="list-style-type: none"> <li>• Meteorological: a measure of departure of precipitation from normal.</li> <li>• Agricultural: refers to a situation where the amount of moisture in the soil no longer meets the needs of a particular crop.</li> <li>• Hydrological: occurs when surface and subsurface water supplies are below normal.</li> <li>• Socioeconomic: occurs when physical water shortages begin to affect people.</li> </ul> <p>2019/2020 the Far North District experienced such a natural disaster, a large-scale adverse drought event. This impacted Council's ability to supply drinking water to communities as the primary source for Kaikohe, Kaitaia, Opononi, Rawene, Kawakawa and Paihia drinking water supplies are unstored surface water takes from local rivers and streams. Kerikeri also relies heavily on surface water as its secondary source. Surface water takes are impacted by droughts and droughts typically cover a large geographic area; not just a single catchment or community. The result is that all the local streams approached their own unique design minimum flow at roughly the same time.</p> <p>The goal of the drought crisis response was to ensure continuity of reticulated water supply where as CDEM's mission was to provide emergency potable water supplies for communities.</p> <p><b>2. COVID-19 Pandemic</b></p> <p>Coronaviruses are a large family of viruses which may cause illness in animals or humans. In humans, several coronaviruses are known to cause respiratory infections ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The most recently discovered coronavirus causes coronavirus disease COVID-19.</p> <p>COVID-19 is the infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. This virus is responsible for the current pandemic (global outbreak) of a disease to which no one has immunity, there are currently no vaccines and treatment options are limited. A major focus of the response is on reducing transmission, case detection and contact tracing.</p> <p>FNDC COVID-19 pandemic response was informed through the Alert System which was introduced in March 2020 to manage and minimise the risk of COVID-19 in New Zealand. The system helps people, and organisations, understand the current level of risk and the restrictions that legally must be followed:</p>
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## New Zealand COVID-19 Alert Levels Summary

Unite  
against  
COVID-19

- The Alert Levels are determined by the Government and specify the public health and social measures to be taken in the fight against COVID-19. Further guidance is available on the [Covid19.govt.nz](https://www.covid19.govt.nz) website.
- The measures may be updated based on new scientific knowledge about COVID-19, information about the effectiveness of control measures in New Zealand and overseas, or the application of Alert Levels at different times (e.g. the application may be different depending on if New Zealand is moving down or up Alert Levels).

- Different parts of the country may be at different Alert Levels. We can move up and down Alert Levels.
- Services including supermarkets, health services, emergency services, utilities and goods transport will continue to operate at any level. Employers in those sectors must continue to meet health and safety obligations.
- Restrictions are cumulative (e.g. at Alert Level 4, all restrictions from Alert Levels 1, 2 and 3 apply).

Updated 28 August 2020

### ELIMINATION STRATEGY – New Zealand is working together to eliminate COVID-19


Alert Level	Risk Assessment	Range of Measures (can be applied locally or nationally)
<b>Level 4 – Lockdown</b> Likely the disease is not contained	<ul style="list-style-type: none"> <li>Sustained and intensive community transmission is occurring.</li> <li>Widespread outbreaks.</li> </ul>	<ul style="list-style-type: none"> <li>People are restricted to stay at home or their bubble other than for essential personal movement.</li> <li>Safe recreational activities allowed around home.</li> <li>Travel is severely limited.</li> <li>All gatherings cancelled and all public venues closed.</li> <li>Businesses closed except for essential services (e.g. supermarkets, pharmacies, clinics, petrol stations) and lifeline utilities.</li> <li>Educational facilities closed.</li> <li>Rationing of supplies and regulation of fuel use possible.</li> <li>Reorganisation of healthcare services.</li> </ul>
<b>Level 3 – Restrict</b> High risk the disease is not contained	<ul style="list-style-type: none"> <li>Multiple cases of community transmission occurring.</li> <li>Multiple active clusters in multiple regions.</li> </ul>	<ul style="list-style-type: none"> <li>People are restricted to stay home or their bubble other than for essential personal movement – including to go to work, school, or for local recreation.</li> <li>Physical distancing of two metres outside home, or one metre in controlled environments like schools and workplaces.</li> <li>People must stay within their immediate household bubble, but can expect this to relax, with close family / relatives, or living in caregivers, or support isolated people. This extended bubble should remain exclusive.</li> <li>Schools (Years 1 to 10) and Early Childhood Education centres can safely open, but all have limited capacity. Children should remain at home if possible.</li> <li>People must work from home unless that is not possible.</li> <li>Businesses cannot offer services that involve close personal contact, unless it is a supermarket, pharmacy, petrol station or hardware store providing goods to trade customers, or it is an emergency or critical situation.</li> <li>Other businesses can open premises, but cannot physically interact with customers.</li> <li>Limited case restriction activities are allowed.</li> <li>Public venues are closed (e.g. libraries, museums, cinemas, food courts, gyms, pools, playgrounds, markets).</li> <li>Gatherings of up to 10 people are allowed but only for wedding parties, funerals and tangihanga. Physical distancing and public health measures must be maintained.</li> <li>Healthcare services use virtual, non-contact consultations where possible.</li> <li>Inter-regional travel is highly limited (e.g. for critical workers, with limited exemptions for others).</li> <li>People at high risk of severe illness (older people and those with existing medical conditions) are encouraged to stay at home where possible, and take additional precautions when leaving home. They may choose to work.</li> </ul>
<b>Level 2 – Reduce</b> The disease is contained, but the risk of community transmission remains	<ul style="list-style-type: none"> <li>Limited community transmission could be occurring.</li> <li>Active clusters in more than one region.</li> </ul>	<ul style="list-style-type: none"> <li>People can reconnect with friends and family and socialise in groups of up to 100, go shopping, or travel domestically, if following public health guidance.</li> <li>Keep physical distancing of two metres from people you don't know when out in public or in enclosed spaces. Responses may include distancing in controlled environments like workplaces, where practicable.</li> <li>No more than 100 people at gatherings, including weddings, birthdays and funerals and tangihanga.</li> <li>Businesses can open to the public, if following public health guidance including physical distancing and record keeping. Alternative ways of working encouraged where possible.</li> <li>Hospitality businesses must keep groups of customers separated, seated, and served by a single person. Maximum of 100 people at a time.</li> <li>Sport and recreation activities are allowed, subject to conditions on gathering, record keeping, and where practical – physical distancing.</li> <li>Public venues such as museums, libraries and pools can open if they comply with public health measures and ensure 1 metre physical distancing and record keeping.</li> <li>Events facilities, including cinemas, stadiums, concert venues and casinos can have more than 100 people at a time, provided that there are no more than 100 in a defined space and the grounds to sit on.</li> <li>Health and disability care services operate as normally as possible.</li> <li>It is safe to send your children to schools, early learning services and tertiary education. There will be appropriate measures in place.</li> <li>People at higher risk of severe illness from COVID-19 (e.g. those with underlying medical conditions, especially if not well-controlled, and seniors) are encouraged to take additional precautions when leaving home. They may want, if they agree to their employer that they start to be safer.</li> <li>Face coverings required on public transport and aircraft (but not inter-island ferries). School buses and children under 12 are exempt along with passengers in taxis or private hire services and people with disabilities or mental health conditions.</li> </ul>
<b>Level 1 – Prepare</b> The disease is contained in New Zealand	<ul style="list-style-type: none"> <li>COVID-19 is uncontrolled overseas.</li> <li>Sporadic imported cases.</li> <li>Isolated local transmission could be occurring in New Zealand.</li> </ul>	<ul style="list-style-type: none"> <li>Border entry measures to minimise risk of importing COVID-19 cases.</li> <li>Intensive testing for COVID-19.</li> <li>Rapid contact tracing of any positive case.</li> <li>Self-isolation and quarantine required.</li> <li>Schools and workplaces open, and must operate safely.</li> <li>No restrictions on personal movements but people are encouraged to maintain a record of where they have been.</li> <li>No restrictions on gatherings but organisers encouraged to maintain records to enable contact tracing.</li> <li>Stay home if you're sick, report the symptoms.</li> <li>Wash and dry hands, cough into elbow, don't touch your face.</li> <li>No restrictions on domestic transport – avoid public transport or travel if sick.</li> <li>No restrictions on workplaces or services but they are encouraged to maintain records to enable contact tracing.</li> <li>QR codes used by the NZ Government must be displayed in workplaces and on public transport to enable use of the NZ COVID Tracer App for contact tracing.</li> </ul>

### Government actions included:

- An Epidemic Notice - this is a public policy tool to help Government agencies respond swiftly and effectively in a rapidly evolving situation. On 24 March 2020, the Prime Minister issued an [Epidemic Notice](#) under section 5 of the Epidemic Preparedness Act 2006. This was based on advice received from the Director-General of Health in response to the increasingly complex and far-reaching response to COVID-19. This notice enables the use of special powers in legislation. This notice lasts for three months unless the Government chooses to lift it earlier and has been extended.
- On 25 March 2020 12:21pm, a nationwide state of national emergency was declared under section 66 of the Civil Defence Emergency Management Act 2002. This was declared because of the unprecedented nature of this global pandemic and to ensure the government has all the powers it needs to slow the spread of COVID-19 and reduce its impact.
- On 27 April 2020, a Health Act Order came into effect. The Health Act Order outlines the functions around isolation or quarantine requirements, essential personal movement or recreation, infection control measure requirements for premises and the ability to close non-compliant premises and prohibitions on gatherings.
- The COVID-19 Public Health Response Act 2020 was passed as standalone legislation to provide a different legal framework for responding to COVID-19. The Act allows the Minister of Health (or the Director-General of Health in specified circumstances) to make orders under section 11 to give effect to the public health response to COVID-19 in New Zealand.

<p><b>Lessons Learned Workshop Methodology</b></p>	<p>Three groups of staff (CMT, CRT and supporting staff), totalling 33, participated in separate Lessons Learned bespoke workshops based on an agile six step framework:</p> <ol style="list-style-type: none"> <li>1. What did we do well?</li> <li>2. What's held us back?</li> <li>3. Categorise the challenges</li> <li>4. Identify the biggest issues/challenges which held us back.</li> <li>5. Prioritise these challenges</li> <li>6. Formulate the improvement challenge as "how might we" opportunity questions.</li> </ol> <p>To ensure the integrity and transparency of the outcomes the workshops design incorporates the following important principals:</p> <ul style="list-style-type: none"> <li>• Together alone – to remove bias</li> <li>• Tangible is more important than discussion</li> <li>• Everything is anonymous – this again removes bias and allows participants to be more adventurous</li> <li>• Getting started is more important than being right</li> <li>• The workshop design allows for innovation.</li> </ul>
<p><b>What did we do well?</b></p>	<p><b>What did we do well?</b></p> <p>The key theme which came through the sessions was the willingness of everyone to do their best for our community. This is best represented through the two entries into the ALGIM 2020 special awards where we were placed second in the "Supportive Team, all of Council" award and third in the fast-tracked project award for our #DigitalDemocracy entry.</p> <p>Within each of the sessions different aspects of what went well were identified, reflective of the focus of each group to the twin crises.</p>







# Supporting Our People

The northernmost territorial authority of New Zealand is a growing district of 68,500 with a high level of deprivation and a high number of over 65's. It is a district where distance, affordability and connectivity are all barriers.

This is the story of the willingness of everybody to go the extra mile. Of how our Council team of near 400 supported our people through the worst crises of drought and the ongoing COVID-19 pandemic. A remarkable team of caring dedicated people who stayed with the support but used our can-do initiative to innovate how we plan each other and our communities of how, together, we all made a difference.



It's an incredible account of how our rapidly distributed team of 400, from Te Kāo to Dunedin, were provided with the tools to



teamlessly deliver essential services. A team who participated in our 'who is your #2' campaign to ensure continuity and contingency planning, with #2's proactively stepping into and practicing their cover role; and who kept on putting their hand up to be deployed where they were able to make a difference, with cross team collaboration and volunteering the norm.

Supporting our people also equalled long kind conversations with our customers to understand how we could help them: no better demonstrated than the initiative taken by three staff to proactively contact 1108 customers, who usually paid their rates but had missed their May rate instalment, to work out individual plans to avoid costly penalties.

We are a progressive Council living our mission:

*"Creating Great Places, Supporting Our People."*

# Supporting Our People

These are some of the extraordinary efforts made to support our people:

- we established two new teams, the Crisis Management and Crisis Response Teams to ensure a whole of organisation response. These teams met daily
- following Level 4 lockdown announcement we migrated 400 staff into Working from Home in 48 hours – Council operations continued
- quickly established the COVID 19 rates relief policy, processes, and media campaign
- caring for our people is part of our DNA – we established a welfare programme to support our vulnerable people, including our Housing for the Elderly tenants
- a team member drove to Auckland to pick up mailed rate payments
- staff relocated their families/homes into areas with internet connectivity so they could keep on working
- teams, such as the service centre staff, asked to use the time to be upskilled on their continued to provide value. The service centre team completed a 'Request for Service' lease waste project

The Digital Information Services team pivoted to provide helping hands:

- working with providers to overcome the districts internet connectivity barrier procuring and delivering 4G modems or mobile phones with data connections
- deploying a team of three to deliver whatever was needed to keep our dispersed team working – driving from Palmer to Whangarei, Opononi to Paitia three days each week
- with our sites closed homes were repurposed into workplaces, with one team members home transforming into an inward goods depot
- mobilising our Data Insights and Programme Delivery team as additional Service Desk support, talking staff through hardware set up and connectivity solutions
- designing and establishing a new process to digitise and deliver our mail
- they even watered the plants.

This remarkable team of 4 staff:


- cleared 4869 IT tickets between 25 March – 30 June
- enabled 9000 Teams meetings between April and June

# FNDC Supportive Team Award Entry

Many everyday heroes volunteered their helping hands to support the wellbeing of our communities through initiatives such as:

- Te Hau Ora O McIlroy: with the creation and distribution of monaaki
- park packs and water
- Civil Defence: the distribution of essential supplies
- Northland Inc: staffing for business support
- Salvation Army: for the distribution of food parcels across the region
- Red Cross: for the delivery of meals on wheels

These efforts have been recognised by our communities:



Our grateful community members have expressed their appreciation for the support and assistance provided by the Council and its staff during these challenging times. The Council is proud to have received these awards and is grateful for the recognition.

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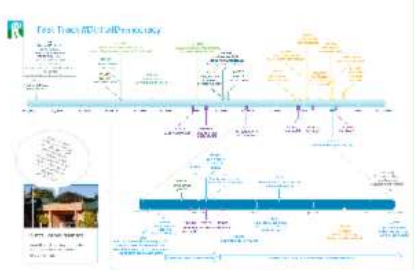
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<p><b>The machine kept on rolling:</b></p> <p>When it became apparent that law changes were to be enacted to enable #DigitalDemocracy FNDC abandoned plans to establish the old-style Emergency Committee structure. Instead the decision was made to fast track our #DigitalDemocracy programme, and to pivot, taking advantage of this opportunity for democratic and transparent decision making during the COVID 19 lockdown by implementing agile virtual Council and Committee meetings.</p> <p>A small team of staff (2 x IT + 2 x Democracy Services) were deployed to make it happen. In less than two weeks they fast-tracked the planned six-month digital rollout:</p> <ul style="list-style-type: none"> <li>implemented new server IT infrastructure</li> <li>deployed new devices to elected members</li> <li>established connectivity to all elected members including access to Teams 365</li> <li>launched the digital Council agenda</li> <li>livestreamed Council meetings</li> </ul> <p><b>The pivot:</b> with creative innovative solutions using the resources to hand:</p> <ul style="list-style-type: none"> <li>we created virtual Council meeting terms of reference</li> <li>testing, testing, testing protocols were refined to eliminate potential challenges, staff virtually tested the meeting protocols until they were ready to be piloted by elected members at a mock virtual Council meeting</li> <li>to support the new virtual environment staff report writing improvement (for elected members) implemented</li> <li>provided virtual support to elected members by their peers, the early adopters, our digital champions, Councillors Teapania and Smith, and the expanded COVID-19 FNDC help desk team</li> <li>established a safe secure virtual workshop environment for elected member only use - the elected members lounge</li> <li>virtual on-boarding of the new to FNDC, third Democracy Services project team member.</li> </ul>	<p>This allowed the Council machine to keep on rolling e.g.:</p> <ul style="list-style-type: none"> <li>increased frequency of Council meetings (from six weekly to fortnightly) enabled timely decision making to respond to the rapidly evolving twin crises of drought and pandemic</li> <li>9 April adoption of the rates relief policy</li> <li>completion of annual plan deliberations then adoption of the annual plan meeting the pre COVID 19 statutory timeline</li> <li>fast track response to bid for government "shovel ready" funding opportunities to position Council for the recovery phase.</li> </ul> <p><b>#DigitalDemocracy moved the dial:</b></p> <ul style="list-style-type: none"> <li>Our public gallery of 1-2 people / meeting has increased to &gt;300 listening to either the livestream or post meeting recording</li> <li>100% attendance by elected members at the virtual Council meetings</li> <li>increased elected member collaboration with more interactions enabled by information platforms such as Teams 365 chat and the 'elected member virtual lounge'</li> <li>improved all relationships - elected member to staff, elected member to elected member due to better transparency and increased collaboration</li> <li>increased engagement with the public by the Communication Team responding to questions via livestream</li> <li>reduced lean waste by taking two days out of the agenda production process, one day - printing time + one day - distribution of Council agenda to elected members</li> <li>reduced cost to print Council agenda saving \$5000 pa. reducing our carbon footprint and supporting our climate change strategy</li> <li>reduced cost to distribute agenda providing a soft staff time saving of one day per two-week cycle. reducing our carbon footprint through reduction in fleet mileage and supporting our climate change strategy</li> </ul> <p><b>Watch Council meetings:</b> Council is still testing out the COVID 19 livechat, along with the agenda.</p> <p><b>The success of #DigitalDemocracy will allow further innovation with the plan to deploy LGHUB in the very near future.</b></p> <p>The success of #DigitalDemocracy project was successfully fast tracked to enable democratic and transparent decision making during the COVID 19 pandemic. This success is a huge testament to our culture of being a progressive Council. We followed our procurement and approvals processes and procedure starting with business casing (which included a risk assessment).</p> <p><b>#DigitalDemocracy came in on budget, ahead of time and with additional unforeseen ongoing benefits.</b> The timeline below documents the pace at which we were able to successfully fast track our plan, and pivot, to ensure transparent democratic decision making could continue. This has set up our district to focus on a planned recovery from our then twin crises, now a triple crises recovery effort due to our recent 1 in 500-year flood event, while proactively planning our response to the expected drought this summer.</p> <p>Creating great places, supporting our people - it's how we roll.</p> 
<p><b>Challenges faced:</b></p> <p><b>Formulated as 'How might we...' opportunity questions.</b></p>	<p><b>Identifying the challenges, steps 2 through 6.</b></p> <p>"Together alone", anonymously and without discussion workshop participants then workshoped "what held them back." There was a group discussion to analysis the identified issues. The group then identified their biggest challenges. These were then worked up into "how might we" opportunity questions which capture the outputs from steps two through six.</p> <p>Three major themes emerge from the analysis of the "How might we..." opportunity questions:</p> <ol style="list-style-type: none"> <li>How might we provide effective management of a coordinated response (roles and responsibilities)?</li> <li>How might we effectively and efficiently engage with staff while ensuring their health, safety and wellbeing?</li> <li>How might staff effectively and efficiently engage with our organisation?</li> </ol> <p>Within each of these three themes specific challenges are identified. By theme these challenges, in descending order of priority, are:</p> <ol style="list-style-type: none"> <li><b>How might we provide effective management of a coordinated response (roles and responsibilities):</b> <ul style="list-style-type: none"> <li>How might we activate an effective and efficient response with everyone understanding what they are there for?</li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>• Provide clarity of our roles and responsibilities, and those of CDEM; and how we all connect to work together with multi agencies involved in the civil defence emergency? This includes key messages and direction of communications from agencies.</li> <li>• How might we follow a co-ordinated incident management system?</li> <li>• How might we adopt the CIMS structure for CDEM events, crisis response and business continuity?</li> <li>• How might we ensure timely prioritised flow of information and advice for reporting and decision making?</li> <li>• How might we recognize the additional responsibilities and effort a staff member does when involved in a crisis as part of that formal incident team (CIMs or otherwise)?</li> <li>• How might we improve the FNDC / CDEM relationship?</li> </ul> <p>2. How might we effectively and efficiently engage with staff while ensuring their health, safety and wellbeing):</p> <ul style="list-style-type: none"> <li>• How might we survey staff to understand number of staff who did not have daily contact from their line managers and to assess the leadership to understand depth of this issue and why this happened?</li> <li>• How might we provide better mental -health and wellbeing support?</li> <li>• How might we ensure policies and procedures are adhered to ensure the health and wellbeing of our staff are maintained? And that these staff have the appropriate authority and agreement as to what happens to their BAU responsibilities during the secondment.</li> </ul> <p>3. How might staff effectively and efficiently engage with our organisation?</p> <ul style="list-style-type: none"> <li>• How might we reduce connectivity difficulties?</li> <li>• How might we manage meetings and emails when working remotely?</li> <li>• How might we plan work where multiple teams are involved, where there may be bottlenecks to match work to team capacity and skill sets?</li> <li>• How might we use our digital tools more effectively?</li> </ul>
What should we do differently next time?	<p>How might we provide effective management of a coordinated response (roles and responsibilities)?</p> <p>The majority of these issues will be addressed in the review of the business continuity arrangements and are addressed within the terms of reference now in place for the COVID-19 Crisis Response Team (our planned response to co-ordinate the implementation of organisation operational plans as required to meet the measures we need to take at COVID Alert levels 3 and 4).</p> <p>How might we effectively and efficiently engage with staff while ensuring their health, safety and wellbeing?</p> <p>These challenges will need to be addressed by both the leadership team and the People and Capability team.</p> <p>How might staff effectively and efficiently engage with our organisation? The enabling and operating protocols designed by the Great workplaces initiative will address the majority of these challenges.</p>









**Far North District Council**  
*Te Kaitiaki o Te Tai Tokerau ki te Raki*

**Project #DigitalDemocracy**

**FNDC Fast-Tracked Project Award Entry**

**HE ARA TĀMATA**  
**CREATING GREAT PLACES**  
*Supporting our people*

**The machine kept on rolling:**

When it became apparent that law changes were to be enacted to enable **#DigitalDemocracy** FNDC abandoned plans to establish the old-style Emergency Committee structure. Instead the decision was made to fast track our **#DigitalDemocracy** programme, and to pivot, taking advantage of this opportunity for democratic and transparent decision making during the COVID-19 lockdown by implementing agile virtual Council and Committee meetings.

A small team of staff (2 x IT + 2-3 x Democracy Services) were deployed to make it happen. In less than two weeks they fast-tracked the planned six-month digital rollout:

- Implemented new server IT infrastructure
- deployed new devices to elected members
- Established connectivity to all elected members including access to Teams 365
- launched the digital Council agenda
- livestreamed Council meetings

The pivot: with creative innovative solutions using the resources to hand:

- we created virtual Council meeting terms of reference
- testing, testing, testing - protocols were refined to eliminate potential challenges, staff virtually tested the meeting protocols until they were ready to be piloted by elected members at a mock virtual Council meeting
- to support the new virtual environment staff report writing improvement (for elected members) implemented
- provided virtual support to elected members by their peers, the early adopters, our digital champions, Councillors Tepania and Smith, and the expanded COVID-19 FNDC help desk team
- established a safe secure virtual workshop environment for elected member only use – the elected members lounge
- virtual on-boarding of the, new to Local Government, third Democracy Services project team member.

This allowed the Council machine to keep on rolling e.g.:

- increased frequency of Council meetings (from six-weekly to fortnightly) enabled timely decision making to respond to the rapidly evolving twin crises of drought and pandemic
- 9 April adoption of the rates relief policy
- completion of annual plan hearings and adoption within the pre- COVID-19 statutory timeline
- fast track response to bid for government “shovel ready” funding opportunities to position Council for the recovery phase.

**#DigitalDemocracy** moved the dial:

- Our public gallery of 1-2 people / meeting has increased to >100 listening to either the livestream or post meeting recording
- 100% attendance by elected members at the virtual Council meetings
- increased elected member collaboration with more interactions enabled by information platforms such as Teams 365 chat and an 'elected member virtual lounge'
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- reduced cost to print Council agenda saving \$5000 pa: reducing our carbon footprint and supporting our climate change strategy
- reduced cost to distribute agenda providing a soft staff time saving of one day per two-week cycle: reducing our carbon footprint through reduction in fleet mileage and supporting our climate change strategy.

The success of **#DigitalDemocracy** will allow further innovation with the plan to deploy LGHUB in the very near future.

The **#DigitalDemocracy** project was successfully fast tracked to enable democratic and transparent decision making during the COVID-19 pandemic. This success is a huge testament to our culture of being a progressive Council. We followed our procurement and approvals processes and procedure starting with business casing (which included a risk assessment).

**#DigitalDemocracy** came in on budget, ahead of time and with additional unforeseen ongoing benefits. The timeline below documents the pace at which we were able to successfully fast track our plan, and pivot, to ensure transparent democratic decision making could continue. This has set up our district to focus on a planned recovery from our then twin crises, now a triple crises recovery effort due to our recent 1 in 500-year flood event, while proactively planning our response to the expected drought this summer.

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**6.3 INTERNAL AUDIT AND ASSURANCE - DECEMBER 2020****File Number:** A3001786**Author:** Celine Carlisle, Audit and Assurance Specialist**Authoriser:** William J Taylor MBE, General Manager - Corporate Services**PURPOSE OF THE REPORT**

To provide the Assurance, Risk and Finance Committee with an update on internal and external audits, and any associated recommendations.

**EXECUTIVE SUMMARY**

This report provides an update on internal and external audit recommendations. Since the last report on 21 October 2020 no recommendations have been freshly completed. Consideration of more meaningful reporting, tracking and measuring of all recommendations has begun. Design work for this reporting process is being tested. Additional data is being collected for input of these new measures. More dynamic reporting will ensure active solutions capture, uphold and reinforce the original intent of each audit recommendation. An additional output of these measures will be community enhancing solutions that work and better flow of audit recommendations through to completion.

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Internal Audit and Assurance - December 2020.**

**BACKGROUND**

There are active plans in place to complete most outstanding recommendations. For those that have stalled the new reporting system will ensure they are completed in a timely manner.

Audit recommendations as at 12 November 2020:

ID	Audit Name	Title	Assigned To	Priority	Status	Description
23	Internal Audit – Information Security	External user access and authentication	Lisa Huria, Celine Carlisle	Must do	Almost complete	Network logon account internal audit completed.  <b>Progress:</b> IT team actioning audit findings.
28	Internal Audit – Information Security	Project Security Risks	Michelle Sharp	Should do	Underway	Information security controls need to be factored into Council's project management framework to ensure associated risks are managed.  <b>Progress:</b> The Project Management Office (PMO) continue to



						develop a checklist upholding information security for project delivery, completion December 2020. Information Security considerations to be included in Project Management Framework training to all key staff and inductions.
58	KPMG - Procurement	Spend monitoring	Petrina Keane	Should do	Underway	Implement quarterly procurement spend analysis.
59	KPMG - Procurement	Spend monitoring	Petrina Keane	Should do	Underway	As part of the spend analysis process, integrate category spend management on a periodic basis.
74	2017 Audit NZ Interim Annual Management Report	Legislative Compliance System	Celine Carlisle	Should do	On hold	Audit NZ recommend a mechanism for monitoring compliance with legislative requirements is put in place as part of the Council's overall risk management strategies.  Stakeholder interviews completed. A range of possible solutions have been investigated. The next step is to procure a legislative compliance system, and this will be considered in future budgets.
99	Contract Management Review	Set contract management guidelines	Warren Ure	Must do	Underway	Focus to set organisation wide contract management

						<p>guidelines, encompassing the three main contractual areas: physical works, fixed term operational and maintenance, and goods and services. This encompasses the four contract stages: contract planning and development, contract execution, contract management and contract review/close-out.</p> <p><b>Progress:</b></p> <p>Contract Management Policy and Framework progressing.</p>
105	2018 Audit NZ Final Annual Management Report	Resource Management Deposits (Bonds)	Ian Wilson	Must do	On hold	<p>When testing the liability balance related to resource management deposits, Audit NZ found some deposits in the listing were received 18 years ago.</p> <p>They recommended resource management deposits be reviewed and an assessment made as to whether they still meet the definition of a liability. If not, they should be released to revenue.</p> <p>The Compliance Team have undertaken analysis and site inspections to determine which</p>

						bonds can be refunded.
111	Three Waters Interim Alliance Agreement Review	Education of Alliance contracts and principles	Glenn Rainham	Should do	Underway	Greater education for staff regarding expectations of an Alliance contract and understanding of the Alliance principles.  Toolbox sessions are held regularly with Far North Waters.
115	Three Waters Interim Alliance Agreement Review	Agree on Key Performance Indicators (KPI)	Glenn Rainham	Should do	Underway	Agree on the KPI's through the Alliance Management Team, including finance and contract performance, proactiveness and innovation, and co-developed Health and Safety.
123	2019 Audit NZ Final Annual Management Report	Deferral of capital expenditure	Andy Finch	Must do	Underway	Audit NZ recommend the Council consider the impact of deferred capital expenditure on asset condition and any potential impact this may also have on Council's asset valuations and impairment assessments for future reporting cycles.  Council has commenced Programme Darwin which is aimed at addressing issues with asset management. Delivery of the capital programme being one of these issues. Council is reviewing the capital programme to ensure it is

						achievable from inception and limited to what can reasonably be delivered.
138	LGOIMA Compliance and Practice Report	Amend operational guidance on staff intranet to comply with LGOIMA	Carla Ditchfield-Hunia	Must do	Almost complete	SLT approved the policy. Legal Services working with Communications and IT teams to place it on the Intranet.
139	LGOIMA Compliance and Practice Report	Develop a Proactive Release Policy	Carla Ditchfield-Hunia	Must do	Almost complete	<p>The Proactive Release Policy is nearing completion. As a result of the adoption of this policy, Legal Services will commence work on establishing the processes for proactive release of information, as well as how we manage publicly excluded items according to the policy guidelines. The Proactive Release Policy is complete and adopted.</p> <p><b>Progress:</b></p> <p>The Ombudsman has been updated on progress as it continues.</p>

Complete: 0

Almost complete: 3

Underway: 7

On hold: 2

Total: 12

## FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

This report is for information only.

## ATTACHMENTS

Nil

**6.4 LEVEL OF SERVICE KPI QUARTER 1 PERFORMANCE REPORT****File Number:** A2998583**Author:** Mia Haywood, Accounting Support Officer**Authoriser:** William J Taylor MBE, General Manager - Corporate Services**PURPOSE OF THE REPORT**

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

**EXECUTIVE SUMMARY**

This report is to present the level of serviceKey Performance Indicators (KPI) performance report for the Assurance, Risk and Finance committee's consideration.

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Level of Service KPI Quarter 1 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 on 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. Q1 - Level of Service Quarterly Performance Report - A2998576 [↓](#) 





## **Quarterly Performance Report:**

**Quarter 1: July - September 2020**

### **Performance of Service Level Results**

## Introduction

Welcome to the performance report for the first quarter of 2020/2021.

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

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.

## Roading

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	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	Decrease of 11 fatal and serious injury crashes	30 total 4 fatalities 26 serious injury crashes	No increase	Fatalities/serious injury crashes 2020/21	3	2	2	7	-23
		Actual increase in serious injuries and fatalities is 6		Fatalities/serious injury crashes 2019/20.	30 Total 4 Fatalities 26 serious injury 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	0	No crashes caused by road condition	< previous year	No. crashes caused by road condition per km travelled 2012021	0	0	0	-	0
				No. crashes caused by road condition per km travelled 2019/20	0	0	0	-	
				%	0	0	0	-	
The average quality of ride on a sealed local road network, measured by smooth travel exposure	97%	94%	≥87%		N/A	N/A	N/A	N/A	N/A
								-	
					0.0%	0.0%	0.0%	0.0%	
				Q1 Performance Comments:					
				Smooth Travel Exposure (STE) is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined roughness threshold. The results are generated annually at the end of a financial year.					
The percentage of the sealed local road network that is resurfaced	35.6 km 4.1%	5.7%	≥9% of the sealed network resurfaced per annum	Length resurfaced km	0.0	0.0	0.0	-	0.0%
				Total length sealed road network	877.2	877.2	877.2	8,772.0	
				%	0.0%	0.0%	0.0%	0.0%	
Resurfacing of the roading network as outlined in the Council's roading programme	1	0.887	≥95% of planned work completed	Length completed work km	0.0	0.0	0.0	0.00	0.0%
				Total length planned	0.0	0.0	0.0	0.00	
				%	0.0%	0.0%	0.0%	0.0%	

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	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	97.1%	96.9%	≥95%	No. responded within timeframe	142	47	12	201	99.5%
				Total incidences	143	47	12	202	
				%	99.3%	100.0%	100.0%	99.5%	
Urgent - within 7 days	81.9%	92.9%		No. responded within timeframe	20	21	34	75	90.4%
				Total incidences	20	26	37	83	
				%	100.0%	80.8%	91.9%	90.4%	
Non-urgent - within 14 days	88%	92%		No. responded within timeframe	411	286	239	936	88.0%
				Total incidences	460	323	281	1064	
				%	89.3%	88.5%	85.1%	88.0%	
The Hokianga Ferry Service will run in accordance with the advertised timetable	99%	99%	≥95%	No. runs on time	879	885	853	2617	96.6%
				Total scheduled crossings	914	910	884	2708	
				%	96.2%	97.3%	96.5%	96.6%	
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	84%	99.7%	≥95%	North (fixed and repaired)	0.0%	0.0%	0.0%	0.0%	0.0%
				South (fixed and repaired)	0.0%	0.0%	0.0%	0.0%	
				Total	0.0%	0.0%	0.0%	0.0%	

## Footpaths

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	
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).	98.7%	Grade 1 - 11.46% Grade 2 - 37.87% Grade 3 - 50.02% Grade 4 - 0.38% Grade 5 - 0.27%	Maintain / Increase	217,113 condition assessments meet standard	99	99	99	0	99.2%
				218,770 condition assessments undertaken	99	99	99	0	
					100.00%	100.00%	100.00%	0.0%	
Resurface and extend the footpath network as planned	96.0%	100.0%	≥95% of planned work completed	Length completed work	0.00	0.00	0.00	-	0.0%
				Total length planned	0.00	0.00	0.00	-	
				%	0.0%	0.0%	0.0%	-	
Emergency / Public Safety - within 3 hours	N/A	No incidences to report	≥95%	No. responded within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
Urgent - within 7 days	N/A	No incidences to report		No. responded within timeframe	0	0	0	0	No incidences to report
				Total incidences	0	0	0	0	
				%	0.0%	0.0%	0.0%	0.0%	
Non-urgent - within 14 days	90%	93.6%		No. responded within timeframe	15	8	8	31	97.7%
				Total incidences	15	8	10	33	
				%	100.0%	100.0%	80.0%	93.9%	

## Water Supply

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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>	All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water	Kaikohe Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kerikeri Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Paihia Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kawakawa Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kaitaia Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Opononi Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Rawene Compliant Y/N	N/A	N/A	N/A	N/A	N/A
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>	All schemes compliant	All schemes compliant	Each scheme continuously meets the required standards for drinking water Each scheme to be reported on separately	Kaikohe Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kerikeri Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Paihia Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kawakawa Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Kaitaia Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Opononi Compliant Y/N	N/A	N/A	N/A	N/A	N/A
				Rawene Compliant Y/N	N/A	N/A	N/A	N/A	N/A
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this)	31.7% water loss	0.25	<26%	Total Nett Metered	2585444	2549080	2515869	7,650,393	26.0%
				Total Nett Production	3427931	3450543	3457622	10,336,096	
				%	24.6%	26.1%	27.2%	26.0%	

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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:									
<b>(a) attendance for urgent call-outs:</b> from the time that the local authority receives notification to the time that service personnel reach the site	0.85 hours	0.95	< 2 hours	Median attend time	1.6	0.7	0.7	0.7	0.7
<b>(b) resolution of urgent call-outs:</b> from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	2.5 hours	2.78	< 4 hours	Median response time	4.9	3.5	2.8	3.5	3.5
<b>(c) attendance for non-urgent call-outs:</b> from the time that the local authority receives notification to the time that service personnel reach the site, and	0.1 working days	0.3	< 2 working days	Median attend time	0.9	0.7	0.7	0.7	0.7
<b>(d) resolution of non-urgent call-outs:</b> from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	0.2 working days	0.8	<3 working days	Median response time	0.9	0.8	0.8	0.8	0.8
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.	91.37 complaints per 1000	78.11	100	Complaints YTD	51.0	105.0	171.0	171.0	16.80
				Monthly complaints	51.0	54.0	66.0	171.0	
				Number connected properties	10180	10180	10180	10,180	
				Total per 1000 properties	5.0	10.3	16.8	16.8	
The average consumption of drinking water per day per resident within the territorial authority district	486L per person per day	310.78L	≤ 350L per person per day	Volume consumed this month	2585444	2549080	2515869	2,550,131	159.72
				No of residents	21,872	21,872	21,872	21,872	
				Consumption per resident	323.9	319.3	315.1	319.4	



## Wastewater

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system	2 per 1000 connections	2.42	≤ 12 per 1000 connections	Number affected	4	6	0	10	0.92
				Number connected properties	10886	10886	10886	10886	
				Total per 1000 properties	0.37	0.55	0.00	0.92	

Compliance with the territorial authority's resource consents for discharge from its sewerage system, measured by the number of:

(a) abatement notices	0	1	1 or less	Number of notices	0	0	0	0	0
(b) infringement notices	0	1	0	Number of notices	0	0	0	0	0
(c) enforcement orders	0	0	0	Number of notices	0	0	0	0	0
(d) convictions	0	0	0	Number of notices	0	0	0	0	0

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	0.5 hours	1.1	≤ 2 hours	Median attend time (hours)	1.3	1.3	1.4	1.3	1.30
				Achieved/Not Achieved:	Achieved	Achieved	Achieved	Achieved	
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	3.85 hours	3.16 hours	≤ 4 hours	Median response time (hours)	2.4	2.6	2.7	2.6	2.60
				Achieved/Not Achieved:	Achieved	Achieved	Achieved	Achieved	

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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	80.60%	56%	≥ 95% responded in ≤ 2 hours	No. attended in 2 or less hours	10	3	8	21	46.7%
				Total incidences	18	14	13	45	
				%	55.6%	21.4%	61.5%	46.7%	
b) resolution to prevent overflow	75%	41%	≥ 95% responded to in ≤ 4 hours	No. resolved in 4 or less hours	9	6	9	24	53.3%
				Total incidences	18	14	13	45	
				%	50.0%	42.9%	69.2%	53.3%	
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	21.92 per 1000 connections	22.52	≤ 50 per 1000 connections	Number affected	39	30	20	89	7.68
				Number connected properties	11591	11591	11591	11591	
				Total per 1000 properties	3.36	2.59	1.73	7.68	

## Stormwater

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
The number of flooding events that occur in a territorial authority district	0	0	0	Number of events	1	0	0	1	1
For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's Stormwater system.)	0.00 per 1000 properties	No events	0 per 1000	Number affected	3*	0	0	3	3
				Number connected properties	15666	15666	15666	15666	0.19
				Total per 1000 properties	0.19	0.00	0.00	0.19	
				Q1 Performance Comments:					
				The heavy rain in July effected many places in the Far North. The response from Council and Civil Defence was prompt and quickly came to the aid of the community.					
				*Number effected is pending confirmation from Civil Defence.					
(a) abatement notices	0	0	1 or less	Number of notices	0	0	0	0	0
(b) infringement notices	0	0	0	Number of notices	0	0	0	0	0
(c) enforcement orders	0	0	0	Number of notices	0	0	0	0	0
(d) convictions	0	0	0	Number of notices	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	No events for 2018/19 Period	No events	≤ 48 hours	Median response time (hours)	48 hours	0	0	0	0
				Q1 Performance Comments:					
				Flooding eventsin July were responded to in 48 hours but Council and Civil Defence.					

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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	26.59 RFS per 1000 properties	16.42	0	Number complaints	91	56	22	169	10.79
				Number connected properties	15666	15666	15666	15666	
				Total per 1000 properties	5.81	3.57	1.40	10.79	
				Q1 Performance Comments:					
				A very high volume of requests received particularly around mid to late July coinciding with the heavy rain. However in September this has come down to normal levels.					
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.	Opononi Compliant Y/N	No events	≥ 95% responded to within set timeframe	No. responded within timeframe	3	0	0	3	100.0%
				Total incidences	3	0	0	3	
				%	100.0%	100.0%	100.0%	100.0%	
				Q1 Performance Comments:					
				All suspected flood events have been responded to within the timeframe.					

## 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	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Percentage by tonnage of waste from refuse transfer station that is recycled/ reused	63.7%	64.3%	65.0%	Tonnage recycled/reused	667.22	719.63	797.64	2184.49	59.8%
				Total Tonnage	1168.36	1200.24	1284.96	3653.56	
				%	57.1%	60.0%	62.1%	59.8%	
Add at least one new community recycling facility	0	1	Minimum of 1 per year	Number completed	0	0	0	0	0
				<b>Q1 Performance Comments:</b>					
				No new community recycling facilities have been opened this quarter. However, there is an agreement in principal with Te Ti trust to open a community recycling centre in Waitangi. We hope to finalise the details and open the site before the year's end.					
All refuse transfer stations to be open on time	97%	99.97%	99.5%	No reports or complaints regarding late openings	0	0	0	0	100.0%
				Number of days opened across all sites per month. Summer = 662 days per month Winter = 613 day per month	613	613	613	613	
					100.0%	100.0%	100.0%	100.0%	

### Attending to RFS relating to illegal dumping

Attending to K1-5 relating to illegal dumping										
Offensive waste: pick up within 24 hours	80%	100%	95% within set timeframe	No. collected within timeframe	0	0	0	0	100.0%	
				Total incidences	0	0	0	0		
				%	100.0%	100.0%	100.0%	100.0%		
Standard waste: pick up within 4 days	89.1%	91.1%	95% within set timeframe	No. collected within timeframe	24	31	23	78	84.8%	
				Total incidences	31	36	25	92		
				%	77.4%	86.1%	92.0%	84.8%		
				Q1 Performance Comments:						
				Of the 14 incidents not picked up within 4 days, 7 were caused by a two day delay due to staff not working over weekends and 2 were due to difficult or remote locations.						

## District Facilities

### Cemeteries

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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 for 18/19 year	0.02	No complaints are received regarding the preparations for our funeral services	No. complaints received	0	0	0	0	0.0%

### Civic and Community Buildings

To provide buildings for public recreation and leisure

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Number of community halls per ward per annum modified to improve disability access									
Northern Ward	1	0	1 hall per ward per annum	Number completed	0	0	0	0	0
Eastern Ward	2	0	1 hall per ward per annum	Number completed	0	0	0	0	0
Western Ward	3	0	1 hall per ward per annum	Number completed	0	0	0	0	0
All Civic and Community buildings are safe for Community use and meet all statutory legislation levels	Achieved - All 18 Council building's have current BWOF certificates	All buildings compliant	All halls have appropriate certificates including BWOF for those that require them	Number uncertified	7	7	7	21	-16.7%
				Q1 Performance Comments					
				7 of 18 sites are uncertified. 7 BWOFs expired in the same month where all other BWOF expire at different times of the year					

### Housing for the Elderly

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Occupancy of available units	97.0%	94.1%	95.0%	Occupied Units	138	136	135	409	92.7%
				Total Units	147	147	147	441	
				%	93.9%	92.5%	91.8%	92.7%	
				Q1 Performance Comments					
					Vacant units are currently undergoing refurbishment but expect that once units have been refurbished the occupancy rate will increase				
Percentage of faults responded within: Emergency - 12 hours	92.1	100%	100.0%	No. responded within timeframe	6	9	7	22	100.0%
				Total incidences	6	9	7	22	
				%	100.0%	100.0%	100.0%	100.0%	
Percentage of faults responded within: Urgent - 2 days	73.3%	92.6%	100.0%	No. responded within timeframe	7	13	11	31	59.6%
				Total incidences	10	23	19	52	
				%	70.0%	56.5%	57.9%	59.6%	
Percentage of faults responded within: Non Urgent - 7 days	67.3%	86.1%	≥95%	No. responded within timeframe	14	13	7	34	51.5%
				Total incidences	23	24	19	66	
				%	60.9%	54.2%	36.8%	51.5%	
				Q1 Performance Comments					
					Emergency faults were all attended to within twelve hours. However, target was not met for urgent and non urgent faults due to the influx of works identified during the six monthly inspections.				



### Public Toilets

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

Council will provide well maintained and accessible public toilets in high use areas.									
Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Increase the number of public toilets with disabled access per annum in line with facility renewal/upgrades	5 Completed	2	2	Number completed	0	0	0	0	0
				Number of audits met	7	0*	9	16	100.0%
				Total number of audits	7	0*	9	16	
					100.0%	0.0%	100.0%	100.0%	
Ensure that public toilets are maintained to an acceptable standard as per contract		72.2%		90.9%	≥92%	Q1 Performance Comments			
					Audit were carried out over August, however final numbers are being finalised.				

### Car Parks

Council will provide well maintained public car parks

Performance Measure	2019/20 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Provide additional disability parking spaces in each ward									
Northern Ward	3 additional parking spaces	0	2 per annum	Number completed	0	0	0	0	0
Eastern Ward	2 additional parking spaces	0	2 per annum	Number completed	0	0	0	0	0
Western Ward	0 additional parking spaces	0	2 per annum	Number completed	0	0	0	0	0
					Q1 Performance Comments				
					Eastern Car Parks are currently in detailed design stage with the Construction is due to commence November.				

## Customer Services

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

Council provides the right services, in the right places, to the agreed standard									
Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Percentage of abandoned calls (Contact Centre)	20.8%	14.6%	6%	Abandoned calls	1,763	1,655	1,131	4,549	18.1%
				Total calls received	9,013	8,432	7,683	25,128	
				Percentage %	19.6%	19.6%	14.7%	18.1%	
				Q1 Performance Comments:					
				A significant increase in calls in July due to flooding in the region has impacted the quarters overall result.					
Percentage of Ask.U.s emails processed within 5 working days	100%	100%	>100%	Processed within 5 days	2,297	1,678	1,457	5,432	100.0%
				Total emails received	2,297	1,678	1,457	5,432	
				Percentage %	100.0%	100.0%	100.0%	100.0%	
Service Centre users' satisfaction	96.80%	User satisfaction 89%	≥96.8	User satisfaction 2020/21	96.0%	97.0%	97.0%	96.7%	96.7%
				User satisfaction 2019/20	96.0%	95.0%	96.0%	95.7%	
				Percentage change %	0.0%	2.1%	1.0%	1.0%	

**i-SITES**

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Number of visitor bookings through the Information centres will show an increase each year	14.2%	-14.6%	≥1% increase on previous year	Visitor bookings 2020/21	3,836	1,439	2,970	8,245	-88.3%
				Visitor bookings 2019/20	2,947	2,587	2,741	8,275	
				Percentage change %	30.2%	-44.4%	8.4%	-0.4%	
				Q1 Performance Comments:					
				July and September have seen good visitor numbers with August down with Auckland closing with COVID-19.					
Increase net profit on retail sales by 1.5% per year (profit increase on previous year)	1.8%	-0.1%	Retail sales net profit ≥1% increase on previous year	Percent net profit 2020/21	45.0%	43.9%	42.7%	42.7%	5.2%
				Percent net profit 2019/20	45.0%	43.9%	42.7%	40.6%	
				Change in percent net profit	0.0%	0.0%	0.0%	2.1%	
				Q1 Performance Comments:					
				Retail was performing well until Auckland went into lockdown. We are also looking at changing the product we sell to appeal to new Zealanders.					
Customer/Visitor satisfaction	1.642	0.9933	≥1% increase on previous year	Visitor satisfaction 2019/20	100	100	100	100	0.0%
				Visitor satisfaction 2018/19	100	100	100	100	
				Percentage change %	0.0%	0.0%	0.0%	0.0%	

## Libraries

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Customer/Visitor satisfaction	94.50%	93.40%	≥ to previous year	Visitor satisfaction 2020/21	91.7%	91.0%	93.9%	92.2%	92.2%
Increase the percentage of online library service use	8.4% increase	25.9%	≥1% increase on previous year	Online hits 2020/21	95,566	81,085	52,886	229,537	4.8%
				Online hits 2019/20	38,237	35,846	35,448	109,531	
				Percentage change %	149.9%	126.2%	49.2%	109.6%	
				Q1 Performance Comments:					
				Growth has increased due to range of online resources, and increased customer awareness of these resources during lockdown.					
Increase the total library membership relevant to the population of the District	42.50%	41.60%	≥ to previous year	Membership numbers	26,889	27,102	27,350	27,114	39.1%
				District population	69,300	69,300	69,300	69,300	
				Percentage %	38.8%	39.1%	39.5%	39.1%	
				Q1 Performance Comments:					
				Growth has been steady rising, memberships can now be done online at home, with no need to come into a physical library.					

## Environmental Management

### Animal Control

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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Respond to reported incidents by contacting customer and arranging next steps within the following timeframes:

Urgent within 2 hours	51.1%	94.3%	≥92%	No. responded within timeframe	62	83	47	192	98.0%
				Total incidences	62	87	47	196	
				%	100.0%	95.4%	100.0%	98.0%	
Non-urgent within 10 days	88.80%	95.90%	≥92%	No. responded within timeframe	255	292	270	817	98.4%
				Total incidences	256	299	275	830	
				%	99.6%	97.7%	98.2%	98.4%	
				Q1 Performance Comments:					
					Animal Management continue to perform highly in response times. The number of RFS received have remained constant. These months are high in dog registration queries, which ran from 1 July to 1 September 2020. September remains high in queries due to late fees and follow ups.				

### Environmental Health

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

To monitor food premises in accordance with the requirements of the Food Act, 2017.									
Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Food Control Plan and National Programme audits completed as scheduled	93%	74.6%	≥95% of all food control plans and national programs assessed	No. completed as scheduled	25	35	52	112	91.8%
				Total scheduled	26	36	60	122	
				%	96.2%	97.2%	86.7%	91.8%	
				Q1 Performance Comments:					
				Verifications that did not proceed are due to operator cancelling verification due to sickness, or operator cancelled as they were not prepared for verification when staff arrived to perform audit.					

### Monitoring and Enforcement

To ensure compliance with Resource Management Act relating to noise pollution

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
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Respond to noise complaints within the following timeframes:

In urban areas: 1 hour	78.60%	74.4%	≥95% within set timeframe	No. responded within timeframe	61	65	22	148	79.6%
				Total incidences	76	83	27	186	
				%	80.3%	78.3%	81.5%	79.6%	
In rural areas: 2 hours	74.50%	85.7%	≥95% within set timeframe	No. responded within timeframe	5	12	7	24	75.0%
				Total incidences	6	16	10	32	
				%	83.3%	75.0%	70.0%	75.0%	
				Q1 Performance Comments:					
					Noise response is consistently below required timeframe. Regular meetings are being held with contractor to ensure that this measure improves.				

### District Licensing

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

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
All licensed premises to be visited for Host Responsibility inspections at least once every four years.	22.8%	55.2%	≥25% of premises visited annually	No. premises visited	20	10	21	51	19.6%
				Total premises	260	260	260	260	
				%	7.7%	3.8%	8.1%	19.6%	
				Q1 Performance Comments:					
				The team are tracking extremely well in terms of the number of Good Host Visits being completed. Well on target to exceed the number of visits in 2019/20					

### Resource Consent Management

To administer and enforce the Resource Management Act 1991.

Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Respond to compliance incidents within 10 working days	74%	75%	≥93%	No. responded within timeframe	27	24	24	75	100.0%
				Total incidences	27	24	24	75	
				%	100.0%	100.0%	100.0%	100.0%	
Process applications made under the Resource Management Act 1991 within statutory timeframes	57%	66%	≥95%	No. processed within timeframe	41	38	30	109	83.8%
				Total applications	48	45	37	130	
				%	85.4%	84.4%	81.1%	83.8%	
				Q1 Performance Comments:					
				The team have maintained a good percentage of consents issued within the statutory time frames. This is a good result as there has been a high number of consents received. Consents over are still largeley due to legacy delays caused by the lock down and large number of consents issued. The new workflow reporting and consultant processing milestones will give more visibility to this to manage accordingly.					



### Building Consent Management

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

To comply with current legislative requirements with regards to processing building consent applications									
Performance Measure	2018/19 Result	2019-20 Result	2020-21 Target	Measures	Jul-20	Aug-20	Sep-20	Q1 Total Performance	YTD %
Process building consents within statutory timeframes	48.8%	95.0%	≥95%	No. processed within timeframe	137	99	128	364	99.2%
				Total applications	139	100	128	367	
				%	98.6%	99.0%	100.0%	99.2%	
				Q1 Performance Comments:					
				The return to the office has been beneficial to the Level of Service , and the challenge is to now maintain 100% for the remainder of the year.					

**6.5 REVENUE RECOVERY REPORT - 31 OCTOBER 2020.****File Number: A3008875****Author: Margriet Veenstra, Manager - Transaction Services****Authoriser: William J Taylor MBE, General Manager - Corporate Services****PURPOSE OF THE REPORT**

The purpose of this report is to provide reporting to the Far North District Council Assurance, Risk, and Finance Committee.

**EXECUTIVE SUMMARY**

This is the third report for the financial year 2020/21 and provides information on action taken to collect the current and arrears balances for rates, water and sundry debt so far this year, and to provide information on how collection is tracking against targets.

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report "Revenue Recovery Report - 31 October 2020."**

**1) BACKGROUND**

This document has been prepared to outline current and arrears balances for rates, water and Sundry debt as at 31 October 2020 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 data provided is for General Title and Maori Freehold Land rates and water accounts with sundry debtors shown in a separate table.

**General Title rates and water debt**

Key actions since the last report:

- Between the 1<sup>st</sup> of October and the 20<sup>th</sup> of October, debt management proactively called owners of properties with mortgages who are in arrears to offer payment plans to avoid mortgage demand.
- On 21 October, 327 mortgage demand letters were sent to the owners of properties with arrears debt of more than \$3,000 and several calls were received by the team from owners after their banks contacted them.
- Instruction was given to external law firm to proceed with legal action for those properties on hold since early this year. So far, default judgement has been received for a further 4 properties with a debt of \$80,833.35 for which charging orders will be registered against the properties. A further three are to be applied for and one is with the court for judgment.
- Council Legal team have started preparing files for legal proceedings for 10 properties passed to them.

Next actions:

- Prepare policy for approval by Council of next actions post default judgment from the courts.
- Proactive calling between 23 November and 27 November, to rate payers who missed the 2<sup>nd</sup> instalment due date to offer assistance or payment plans.

- Proactive calling of owners of properties with mortgages with arrears debt of less than \$3,000 to offer payment plans to avoid mortgage demand in February.
- Commence final demand letters to owners without a mortgage with an arrears debt, focussing on those properties where statute barred will apply in the near future.

For the total number of General Title rates and water accounts marked as 'Debt recovery action to commence':

- These are properties where there is no mortgage, no payments have been received and the owner has not contacted Council to discuss payment options.
- 70% of these accounts have arrears of more than two rating years.
  - 70% of these accounts have received final demand letters from council but a review will take place and a final letter will be sent prior to commencing filing for debt recovery through the courts due to the time lag since the last letter.
  - Debt management will send the first final demand letters to the remaining 30%.
- 30% is for accounts with up to two years rates arrears.
  - Debt management to commence calling.
  - If no contact is made, first demand letters will be sent.

### **Sundry debtors debt**

The total sundry debtors aged debt balance has increased since the last report, mainly driven by \$170,000 resource consent invoices becoming overdue. The 90+ days debt for resource consents has halved since the last report. Of the total debt, 47% is attributed to invoices raised for Resource Consents and 26% for Building Consents.

The following actions agreed to reduce the resource consent debt are now in place or completed:

- The legal opinion from RMA specialist lawyer for council regarding requesting payment prior to issuing consent has been received. Outcome is that council **may not** withhold the resource consent decision from the applicant for incomplete payment.
- A workshop was held on the 14th October with Debt Management, Resource Consent Team and District Services Administration to agree actions, inter-departmental communications and processes.
- Fee review tracker is now in place in objective, where all team members register fee reviews that have been requested by customers and updated by the resource consent team as they process the review. All communications to customers as to the outcome of the review will be saved to the same folder.

Further actions to be implemented for resource consent and building consent debt:

- A workshop with Building Consents team to review aged debt, identify improvements in processes, agree actions to reduce future debt.
- Implement interim invoicing at key stages of a resource application and stop the process if invoices are not paid by the due date. Research into the required elements has been completed and the process will be agreed in the next weeks.
- Add additional wording to the resource consent application confirmation letter to customers, to explain the payment process, requirements and responsibilities of the applicant.
- Add more detail to resource consent invoices to give a better overview of charges and reduce queries.
- Fee review of initial application fee for resource consent and implementation of an increase at the start of the next rating year in line with current average costs.
- Debt management to focus on the \$170,000 debt which has recently become overdue to avoid these ageing further.

Additional debt collection actions by debt management:

- Due to the low value debt on many accounts, legal proceedings would not be a cost-effective option, so we have registered with Centrix, a NZ owned credit bureau, allowing debt management to register default notice against the debtor affecting their credit score.

- It requires Council to send three letters prior to registering the debt. Debt management have created three demand letters and have commenced sending them in the post.
- A fourth letter will be sent once the default notice has been registered to notify the debtor.

### **3) 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. **31.10.20 ARF Revenue Recovery Report attachment - A3008888** [↓](#) 

**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>	N/A
State the relevant Council policies (external or internal), legislation, and/or community outcomes (as stated in the LTP) that relate to this decision.	Local Government (Rating) Act 2002
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 (for example – youth, the aged and those with disabilities).	N/A
State the financial implications and where budgetary provisions have been made to support this decision.	Within the body of the report
Chief Financial Officer review.	The Chief Financial Officer has reviewed this report

**General Title rates and water rates analysis by age at 31 October 2020.**

<b>General Title Rates and Water Arrears 2020-21</b>							
<b>General Title Rates 31 October 2020</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Abandoned Land	64,843	64,034	64,057	59,678	111,962	364,574	42
Payment Arrangement	82,623	38,700	20,788	966	-	143,077	65
Deceased Rate Payer	80,351	73,922	70,467	60,917	101,801	387,460	48
Mortgage Run 2020-2021	1,396,879	569,960	300,866	79,938	94,950	2,442,593	852
Legal Action Commenced (external)	147,104	125,713	116,837	107,041	305,268	801,963	70
Legal Action Commenced (FNDC)	14,621	14,533	14,147	14,326	33,267	90,893	10
Liquidation	5,240	4,101	3,845	3,958	7,003	24,148	3
Direct Debit	332,836	105,903	45,772	16,847	18,654	520,011	227
Debt recovery action to commence	1,326,121	827,039	570,742	442,730	523,217	3,689,849	766
<b>Rates Total</b>	<b>3,450,617</b>	<b>1,823,905</b>	<b>1,207,520</b>	<b>786,401</b>	<b>1,196,123</b>	<b>8,464,567</b>	<b>2,083</b>

<b>General Title Water 31 October 2020</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Abandoned Land	644	185	313	296	599	2,037	1
Payment Arrangement	96,399	14,328	728	18	-	111,472	15
Deceased Rate Payer	28,220	22,544	14,237	12,845	6,258	84,103	13
Mortgage Run 2019-2020	365,428	164,172	86,485	12,018	6,781	634,885	504
Legal Action Commenced (external)	8,369	11,179	9,145	10,620	25,672	64,986	11
Legal Action Commenced (FNDC)	4,860	3,409	7,484	1,037	3,080	19,870	2
Liquidation	-	-	-	-	-	-	-
Direct Debit	87,664	46,168	20,802	2,282	3,224	160,140	138
Debt recovery action to commence	44,213	38,089	33,537	42,691	45,797	204,326	215
<b>Water Total</b>	<b>635,796</b>	<b>300,076</b>	<b>172,732</b>	<b>81,806</b>	<b>91,410</b>	<b>1,281,819</b>	<b>899</b>

**Maori Freehold Land rates and water analysis by age at 31 October 2020.**

<b>MFL Rates 31 October 2020</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Payment Arrangement	6,022	5,134	3,733	3,303	1,737	19,928	6
Deceased ratepayer	23,739	23,088	22,633	20,585	33,444	123,488	14
Direct debit	50,614	38,592	31,477	22,845	30,674	174,202	41
Abandoned Land	5,298	5,235	5,247	5,091	10,332	31,203	3
Debt recovery action to commence	4,151,677	3,792,494	3,526,707	3,440,608	6,263,877	21,175,363	2,360
<b>Rates Total</b>	<b>4,237,349</b>	<b>3,864,542</b>	<b>3,589,796</b>	<b>3,492,432</b>	<b>6,340,064</b>	<b>21,524,184</b>	<b>2,424</b>

<b>MFL Water 31 October 2020</b>	<b>2019-2020</b>	<b>2018-2019</b>	<b>2017-2018</b>	<b>2016-2017</b>	<b>2015+</b>	<b>Total</b>	<b># accounts</b>
Payment Arrangement	-	-	-	-	-	-	-
Direct Debit	2,158	338	-	-	-	2,496	5
Debt recovery action to commence	51,517	53,732	51,490	32,870	41,051	230,660	41
<b>Water Total</b>	<b>53,674</b>	<b>54,070</b>	<b>51,490</b>	<b>32,870</b>	<b>41,051</b>	<b>233,156</b>	<b>46</b>



## Sundry Debtors by age at 31 October 2020.

<b>Sundry Debtors Aged Period Report as at 31 October 2020</b>						
<b>Category</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>90 Days +</b>	<b>Total</b>	<b>% Debt</b>
Sundry	12,539	9,042	52,165	31,125	104,871	14%
Bookings	-	300	-	3,295	3,595	0%
Septage	-	3,441	56	28	3,525	0%
Refuse	867	1,996	1,292	11,973	16,128	2%
Building	37,110	20,733	26,583	103,192	187,618	26%
Resource	170,354	21,094	79,227	72,286	342,961	47%
Liquor	4,777	4,129	1,680	4,313	14,898	2%
Health	15,115	7,055	3,785	29,133	55,088	8%
<b>Total</b>	<b>240,761</b>	<b>67,790</b>	<b>164,789</b>	<b>255,344</b>	<b>728,683</b>	<b>100%</b>

**6.6 FNHL FIRST QUARTER FINANCIAL REPORT SEPTEMBER 2020****File Number: A3006830****Author: Janice Smith, Chief Financial Officer****Authoriser: William J Taylor MBE, General Manager - Corporate Services****PURPOSE OF THE REPORT**

To report the financial position of Far North Holdings Limited as at 30 September 2020.

**EXECUTIVE SUMMARY**

At the Council meeting of 23 April 2020, Council requested that Far North Holdings Limited report on the financial position on a quarterly basis. This report is the first quarter report for the financial year 2020/21.

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report FNHL First Quarter Financial Report September 2020.**

**BACKGROUND**

At the Council meeting - 23 April 2020, Council resolved the following:

**RESOLUTION 2020/21**

Moved: Mayor John Carter

Seconded: Cr Dave Collard

**That Council:**

- a) accept the Half Year Report from Far North Holdings Limited:**
- b) request that future reports contain the following information;**
  - i) annual and Year to Date budget,**
  - ii) commentary on any significant variances, and**
  - iii) detail of significant income and expenditure, for example fees & charges and salaries to aid the shareholder understanding of the financial position.**

The September 2020 first quarter financial report is the first report received for the current financial year.

**DISCUSSION AND NEXT STEPS**

The report as attached, now includes additional information as requested by Council at the meeting of 23 April 2020.

This financial year has been challenging with the impacts of Covid-19. As budgeted, Covid-19 has particularly affected income relating to cruise ships and airports. Rent relief has also been provided to those tenants who continue to be affected during this quarter. However, these income reductions have been compensated by an increase in marina, boat yard and car park activity. Tourism has been thriving in the Bay of Islands with New Zealanders travelling around their own country.

Overall, income is up against budget for the first quarter by \$15,031. This is a very pleasing position at this time of the financial year.

Expenditure is behind budget overall, with the most significant variance being employee benefit expenses with \$144,254. Other areas showing greater than \$50k movement are Other operating expenses (+\$54,169) and Inventory (-\$61,747).

Overall, the surplus is ahead of budget by \$138,315 which equates to 148% of the budgeted surplus of \$93,228.

FNHL's interest cover ratio is at 2.57, with a bank permissible ratio of 1.5. Our equity/asset ratio is also favourable at 52.37% with a bank permissible ratio of 50%.

#### **FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION**

There are no financial implications arising from this report.

#### **ATTACHMENTS**

1. **FNHL - First Quarter Report 2020 - A3006781** [↓](#) 



**Far North  
Holdings Limited**

**First Quarter Report  
2020/2021**



**1 July 2020 to 30 September 2020**



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## **First Quarter Report**

### **For the 3 months ended 30 September 2020**

In accordance with Part 5, Section 67 of the Local Government Act 2002 and Far North Holdings Limited ("FNHL") Statement of Intent for the three years to June 2023 the Directors hereby report on the activities of the company for the 3 months from 1 July 2020 to the 30 September 2020.

FNHL's Statement of Financial Position at 30 September 2020 and Statement of Financial Performance for the 3 months to 30 September 2020 are attached.

FNHL's financial performance has exceeded expectations for the first quarter, with profit of \$232k, being \$138k ahead of budget and \$114k ahead of the same period last year. The balance sheet reflects additional borrowings of \$1.7m for ongoing project costs and cashflow requirements. Shareholder funds have increased by \$290k.

FNHL's interest cover ratio is at 2.57, with a bank permissible ratio of 1.5. Our equity/asset ratio is also favourable at 52.37% with a bank permissible ratio of 50%.

### **Covid-19 Lockdown and Economic Outlook**

This financial year has been challenging with the impacts of Covid-19. As budgeted, Covid-19 has particularly affected income relating to cruise ships and airports. Rent relief has also been provided to those tenants who continue to be affected during this quarter. However, these income reductions have been compensated by an increase in marina, boat yard and car park activity. Tourism has been thriving in the Bay of Islands with New Zealanders travelling around their own country.

While Covid-19 and the restrictions implemented throughout New Zealand have impacted FNHL, our solid performance and strong financial management meant we have been able to withstand the challenges presented. FNHL will continue to manage finances prudently and continue to facilitate and develop commercial and infrastructural assets, and business growth in the Far North District.

### **Significant Variances**

Cost of goods sold is \$170k below budget due to the delay in budgeted honey sales. The company continues to focus on identifying additional markets and distribution channels for this product.

Service revenue is favourable by \$158k reflecting the increased boating activity in the Bay of Islands and car park revenue.

Employee Benefit expenses are favourable by \$144k. This is a timing issue and will balance out over the next quarter as additional senior staff have been employed to assist with the growing requirements of FNHL's business and upcoming projects.

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### **Achievements**

In August, Bay of Islands Airport won an architecture award. The judges commented that "the project took a very challenging brief that sought to strike a balance between immediate needs and the anticipation of future growth. The architect diagrammed the flow of incoming and outgoing passengers and drew inspiration from the idea of an eddy to place a café in the centre of the two streams of passengers. The stratagem works and because it does, Bay of Islands Airport is one of the more successful regional airports. Artwork created by local mana whenua artists grounds the project and reflects its near-civic nature as an expression of manaakitanga, which is about being gracious hosts. The desire of architect and clients that the building should tell the stories of the local iwi is certainly worth celebrating."

### **Project Updates**

The Te Hononga project in Kawakawa is now complete. Work on the ātea had been hampered by the July floods so it was a hive of activity to get it ready on time for the opening by the Prime Minister in October. Te Hononga includes a public library, a council service centre, public toilets and showers, a gallery, an interpretative centre detailing Hundertwasser's connection to Kawakawa, a community workshop area, expanded car and bus parking to take pressure off the town's main street and an ātea, or town square. The ātea has been created on a space created by demolishing the old library and post office, creating a link between Te Hononga and the main street and to give the town an outdoor gathering space. The collaboration between the Hundertwasser Memorial Park Charitable Trust and Ngati Hine as resulted in a stunning asset for the Far North.

Manea Footprints of Kupe project is progressing well and is on schedule for opening in early December. Working in partnership with NZ Māori Tourism and Te Hua o te Kawariki Trust, telling the story of Kupe in the Hokitika. All exterior work is complete, and the focus is now on fit-out of the theatre and powhiri space, finishing the landscaping and the carving of pou for the site.

FNHL is set to implement parts of a long-shelved plan to develop the waterfront at Paihia in the Bay of Islands. Receiving \$8m from the Provincial Growth Fund (PGF) to build breakwaters that will protect waterfront infrastructure, including the town's wharf and main road, and utility services such as sewage and water. FNDC has earmarked an additional \$5.3m to the project. This would enable development of the recreational area and restoration of the beach between the wharf and Nihonui Point if this is what the community wants. Community consultation meetings have commenced, and design is underway.

The fitness / walking trail on the new reserve on Opuā Kellet Street Hilltop is almost complete. This connects the residential area on Kellet Street and the school, to the soon to be marina playground. The marina playground will be a hybrid of conventional play equipment and elements of a traditional Māori Māra Hūpara. This has been delayed but the company hopes to install this early in the new year.

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FNHL has had commitment from PGF for a second round of funding in support of the Ngawha Innovation and Enterprise Park development near Kaikohe. A large team comprising from FNHL, Northland Inc, Ngati Rangī, government agencies, iwi, sector specialists, engineers, architects and planning and economic development experts has developed the business case for the park and built a masterplan designed to provide the 'closed loop' system over several stages of development.

There has been significant interest in Stage One of the park's development from a range of potential occupants involved in food manufacturing, bioenergy, covered horticulture, research and development, and trades training that could see the production of low-cost community and social housing. These organisations are either expanding or new to the district, and would offer new jobs to local unemployed people, or those whose activities complement the 'closed loop' aspiration of the development. This involves tenants using the innovations and unwanted by-products of other businesses on the site to avoid additional demand on already-stretched community services such as potable water, raw water, wastewater treatment and waste management services.

In addition to FNHL's own projects, FNHL provides project management services. FNHL is privileged to be part of the team involved in the redevelopment of the Te Waiariki Ngawha Springs near Kaikohe. We supported the Parahirahi Ngawha Waiariki Trust in the planning stages of the \$4.3m project and compiled their application for PGF and Foundation North funding, which were successful. This project is on track for completion in December.

FNHL is also providing project management services to the Far North District Council on a range of Council-owned and Council-commissioned projects for the re-development and upgrade of various items of marine infrastructure around the District. These include the Mangonui Waterfront, Windsor Landing access road and carpark, Pukenui and Unahi wharf renewals, Hokianga wharves (Te Karaka, Motuī, Mangungu and Rangī Point), and Rangitane maritime facilities.

In partnership with Ngati Rehia, FNHL is project-managing design, consenting and construction of a wharewaka and mangrove boardwalk as part of the Rewa's Village redevelopment project. The wharewaka will be an iconic structure, visible to all visitors to the Stone Store Basin and surrounding areas.

FNHL is pleased to lend its project management skills and expertise to these developments. This mahi will provide employment, economic, cultural and social outcomes to support the growth of our District whilst enabling the local community.



## FAR NORTH HOLDINGS LIMITED

STATEMENT OF FINANCIAL PERFORMANCE  
For Three Months Ended 30 September 2020

	Actual 3 months to 30-Sep-20 \$	Budget 3 months to 30-Sep-20 \$	Budget vs Actual Variance		Actual 3 months to 30-Sep-19 \$
			%	\$	
Goods sold	381,161	551,322	-31%	(170,161)	353,472
Services	1,815,620	1,657,542	10%	158,078	1,538,781
Rental income	869,289	857,723	1%	11,566	961,158
Recoverables	118,692	102,199	16%	16,493	93,433
Commission	-	3,750	-100%	(3,750)	2,826
Finance income	4,554	1,749	160%	2,805	3,072
<b>Total Revenue</b>	<b>3,189,316</b>	<b>3,174,285</b>	<b>0%</b>	<b>15,031</b>	<b>2,952,743</b>
Employee benefit expenses	820,549	964,803	-15%	(144,254)	660,442
Director compensation	30,425	39,801	-24%	(9,376)	38,342
Corporate overheads	130,453	111,486	17%	18,967	94,189
Donations	22,166	7,752	186%	14,414	284
Other operating expenses	890,138	835,969	6%	54,169	884,765
Direct expenses from investment property	270,137	269,614	0%	523	207,805
Inventories	222,003	283,750	-22%	(61,747)	276,941
Impairment of receivables	3,505	6,249	-44%	(2,744)	121
Depreciation and amortisation	209,341	234,618	-11%	(25,277)	261,454
Finance expenses	359,056	327,015	10%	32,041	410,959
<b>Total Expenses</b>	<b>2,957,773</b>	<b>3,081,057</b>	<b>-4%</b>	<b>(123,284)</b>	<b>2,835,303</b>
<b>Operating Surplus</b>	<b>231,543</b>	<b>93,228</b>	<b>148%</b>	<b>138,315</b>	<b>117,440</b>
Income tax expense	-	-	-	-	-
<b>Profit/(loss) for the period</b>	<b>231,543</b>	<b>93,228</b>	<b>138,315</b>	<b>117,440</b>	

## FAR NORTH HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	30-Sep-20	30-Jun-20	30-Sep-19
<b>Equity</b>			
Share capital	18,000,000	18,000,000	18,000,000
Reserves	7,825,556	7,767,045	8,067,596
Retained earnings	<u>36,876,712</u>	<u>36,645,168</u>	<u>31,903,580</u>
	<b><u>62,702,268</u></b>	<b><u>62,412,213</u></b>	<b><u>57,971,177</u></b>
<b>Current Assets</b>			
Cash and cash equivalents	18,863	31,831	16,973
Trade receivables & prepayments	2,068,221	2,142,344	2,743,162
Inventories	1,584,127	1,582,439	1,264,780
Other investments	<u>570,717</u>	<u>570,716</u>	<u>743,778</u>
	4,241,926	4,327,330	4,768,694
<b>Non Current Assets</b>			
Intangible assets	100,000	100,000	200,000
Biological assets	1,603,560	1,603,560	2,403,730
Property, plant & equipment	26,699,890	26,666,493	26,914,026
Investment properties	<u>87,000,783</u>	<u>85,474,560</u>	<u>81,446,183</u>
	115,404,233	113,844,613	110,963,939
<b>Total Assets</b>	<b>119,646,159</b>	<b>118,171,943</b>	<b>115,732,632</b>
<b>Current Liabilities</b>			
Current Loans	1,166,606	1,764,360	-
Payables, accruals and income in advance	<u>2,701,386</u>	<u>4,007,171</u>	<u>5,088,235</u>
	3,867,992	5,771,531	5,088,235
<b>Non Current Liabilities</b>			
Loans	38,906,840	37,178,172	39,047,339
Deferred tax liability	2,849,253	2,849,253	2,639,824
Income in advance	<u>11,319,807</u>	<u>9,960,774</u>	<u>10,986,057</u>
	53,075,899	49,988,199	52,673,220
<b>Total Liabilities</b>	<b>56,943,891</b>	<b>55,759,730</b>	<b>57,761,455</b>
	<b><u>62,702,268</u></b>	<b><u>62,412,213</u></b>	<b><u>57,971,177</u></b>

**6.7 COUNCIL FINANCIAL REPORT FOR THE PERIOD ENDING 31 OCTOBER 2020****File Number: A3013139****Author: Angie Thomas, Manager - Accounting Services****Authoriser: Janice Smith, Chief Financial Officer****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 31 October 2020.

**EXECUTIVE SUMMARY**

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

**RECOMMENDATION**

**That the Assurance, Risk and Finance Committee receive the report Council Financial Report for the Period Ending 31 October 2020.**

**BACKGROUND**

This report provides financial information as at 31 October 2020.

**DISCUSSION AND NEXT STEPS**

The 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 Oct 2020 (Pd4) - A3013124** [↓](#) 



Far North District Council

# Council Financial Report

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for the period ending **31-October-2020**

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## Financial Overview

Key financial metrics from the Statement of Financial Performance for the Far North District Council as at 31-October-2020.

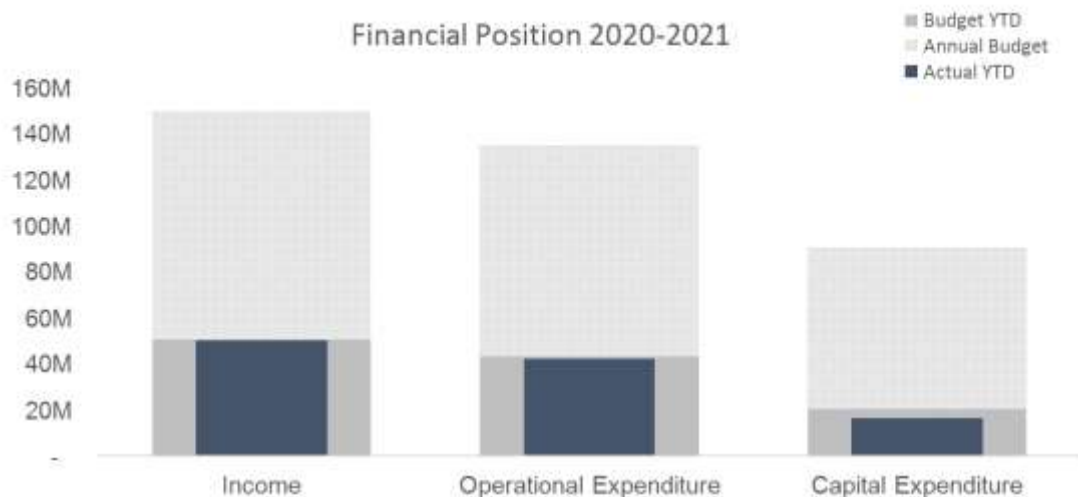
The overall performance of Council has continued as usual even though we have only just come out of the final drought level, post COVID-19 and the recent flood event.

The organisation is refocusing their priorities in order to accommodate these situations so ongoing income and expenditure will be reviewed.

With every new financial year there are a number of variances across the organisation, this is mainly due to timing of the budgets. These are being reviewed and will be timed accordingly in the coming months.

The commentary this month will only be by exception.

Overall, we had a Variance to Budget YTD movement of \$.8M.



## Year to Date

Actual Position as at 31-October-2020

	Actual YTD	Budget YTD	Variance to Budget YTD	% Variance Actual to Budget YTD
Total Income	50.2M	50.4M	0.2M	0%
Operational Expenditure	42.2M	43.3M	1.0M	-2%
<b>Net Operating Position</b>	<b>8.0M</b>	<b>7.2M</b>	<b>0.8M</b>	<b>11%</b>
<b>Capital Expenditure</b>	<b>16.3M</b>	<b>20.4M</b>	<b>4.1M</b>	<b>-20%</b>

## Year End

Forecast Position as at 30-June-2021

	Annual Forecast	Annual Budget	Forecast Variance to Budget	% Variance Forecast to Budget YTD
Total Income	169.8M	149.9M	19.9M	13%
Operational Expenditure	137.3M	135.0M	2.3M	2%
<b>Net Operating Position</b>	<b>32.4M</b>	<b>14.9M</b>	<b>17.6M</b>	<b>118%</b>
<b>Capital Expenditure</b>	<b>111.6M</b>	<b>90.6M</b>	<b>21.0M</b>	<b>23%</b>

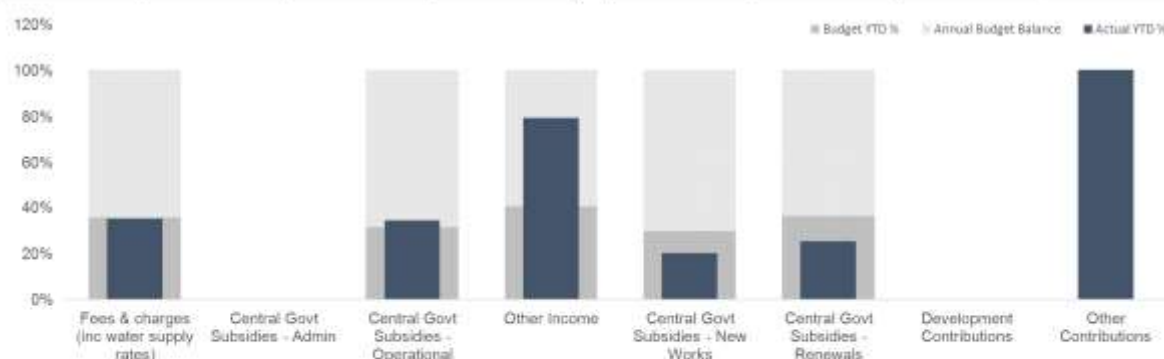
*\*In the tables above and throughout this report, variances +/- 5% from budget are indicated as on track / green, anything outside this is red.*



## Council Financial Performance – Income

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes general rates and rates penalties.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
19.9M	20.1M	-0.1M	-1%	58.3M	78.2M	19.9M	25%



### Highlights:

#### Central Govt Subsidies – Operational

- Funding received from Waka Kotahi (NZTA) for the July 2020 storm event and ongoing maintenance of footpaths across the district.
- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the Responsible Camping Working Group initiatives in partnership with between Far North District Council (FNDC), Department of Conservation (DoC) and Northland Regional Council (NRC).
- Unbudgeted Tourism Infrastructure Funds (TIF) received for the Waitangi Jetty toilet capacity upgrade project.

#### Other Income

- Planned Provincial Growth Funds (PGF) have been received for the Lake Omapere de-mobilisation costs and the continued use of the Refining NZ hose and pump which was not able to be removed due to wet weather.
- Planned Provincial Growth Funds (PGF) have been received for road seal projects at Ruapekapeka, Ngapipito and Peria Road.
- Ministry of Business, Innovation & Employment (MBIE) grant received under the maintaining the quality of great rides fund for the Twin Cost Cycletrail.

#### Central Govt Subsidies – New Works

- Ongoing unbudgeted Tourism Infrastructure Funds (TIF) received from Ministry of Business, Innovation & Employment (MBIE) for the construction of public toilets at Opononi, Mitimiti, Waitangi boat ramp and Haruru Falls bush walk.
- Subsidy new works income for ongoing minor safety & improvements projects from last financial year for bridges at Otaua Rd, West Coast Rd; Panguru Rd raising and associated improvements.
- Unbudgeted Tourism Infrastructure Funds (TIF) grant received for the Waitangi Jetty Toilet capacity upgrade and Cable Bay Carparks.
- Subsidy received from the Ministry of Business, Innovation & Employment (MBIE) for the Pungaere Road seal extension.

**Central Govt Subsidies – Renewals**

- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event.
- Safety improvement and resilience projects across district has not commenced as planned.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.

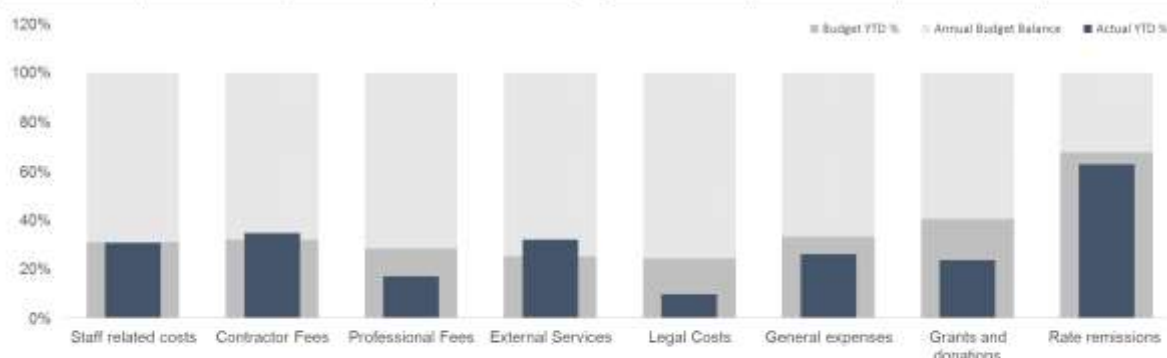
**Other Contributions**

- Planned Provincial Growth Funds (PGF) capital grant received for road seal projects at Ruapekapeka. Ngapipito and Peria road.

## Council Financial Performance – Operational Expenditure

Please note these figures relate to the Statement of Financial Performance controllable costs only, which excludes allocations, interest costs, depreciation and other asset costs and gain/loss on disposal.

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
30.1M	31.1M	1.0M	-3%	98.7M	101.0M	2.3M	2%



### Highlights:

#### Contractor Fees

- Roothing maintenance and operational expenses incurred across the district for sealed and unsealed pavement maintenance, drainage, structures and traffic services maintenance.
- There is a variance related to both a timing issue with budget phasing and increased Ventia Limited expenditure over the first quarter in the areas of labour, materials and sub-contractors relating to the July 2020 storm event for response and recovery.
- ICT professional engaged for citrix optimisation services for Enabling Great Workplaces.

#### Professional Fees

- A number of consultants have not yet been engaged across the organisation.

#### External Services

- Provincial Growth Funding (PGF) has been received for the Lake Omapere water crisis emergency expenditure.
- A new project was set up for the July 2020 storm event and a claim will be made to Northland Emergency Management in due course to cover the actual spend.
- First response unbudgeted expenditure incurred for the July 2020 storm event which Waka Kotahi (NZTA) has approved to subsidise.

- Planned Provincial Growth Funds (PGF) operational grant received for road seal projects at Ruapekapeka, Ngapipito and Peria Road.
- Resources have been re-prioritised for the Shovel Ready projects to complete by the summer holidays. Works include spraying noxious weeds, removal of self-seeded and hazardous roadside trees, roadside litter collection, site rail improvements and accelerated unsealed network grading program.
- Footpaths is ahead of budget due to ongoing construction from 2019/2020 at Tau Henare Drive in Waitangi which will be completed by November 2020.

**General Expenses**

- General expenses are behind budget, insurance is due for renewal and provision for doubtful debts has not been allocated as this is an annual process, valuations are a lot less at this stage of the year.

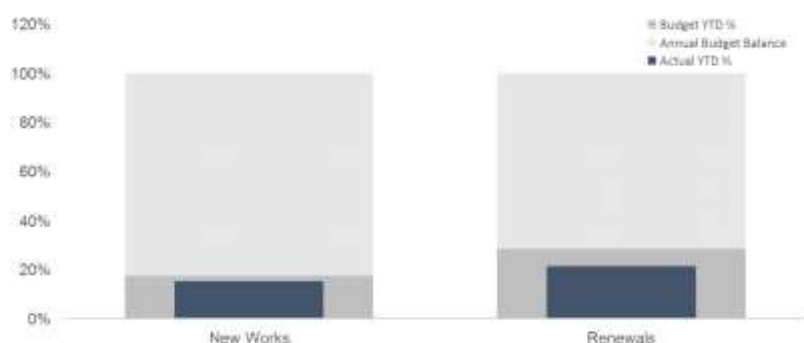
**Grants and Donations**

- A number of grants have not yet been paid to the various recipients.

## Council Financial Performance – Capital Expenditure

*These figures are direct from the Statement of Capital Performance.*

Actual YTD	Budget YTD	Variance to Budget YTD	% Variance to Budget YTD	Annual Budget	Annual Forecast	Forecast Variance to Budget	% Forecast Variance to Budget
16.3M	20.4M	- 4.1M	-20%	90.6M	111.6M	21.0M	19%



### Highlights:

#### New Works

- The East Coast WWTP Resource Consent is under budget - the consent has been appealed to the environment court and Council is working towards mediation which has been significantly delayed due to COVID-19 and conflicting schedules between stakeholders.
- The Paihia Treatment Plant Power Supply project is under budget, it is currently in design phase for a recirculation system which will enhance and prolong the lifespan of the new plant, commitments have been raised.
- District wide sludge management is under budget. Sludge work has been delayed due to lack of resourcing and COVID-19. Work is ongoing and commitments have been raised.
- The Houhora Wastewater Treatment Plant, the Council approved project is under budget to replace sand and treatment tank. The sand has now been replaced but there has been a delay with the tank which will be invoiced in December 2020.
- Kaitia New Source (Sweetwater) is behind budget but funds are fully committed, and work is progressing.
- Planned Provincial Growth Funds (PGF) road sealing projects commenced at Ruapekapeka, Ngapipito and Peria road.
- Panguru Rd raising project is ahead of schedule and on track to complete before summer holiday, offset by the Infill Lighting project which is behind programme due to lengthy negotiations and approval of the tender phase, however the contract is now essentially approved and ready to start construction.

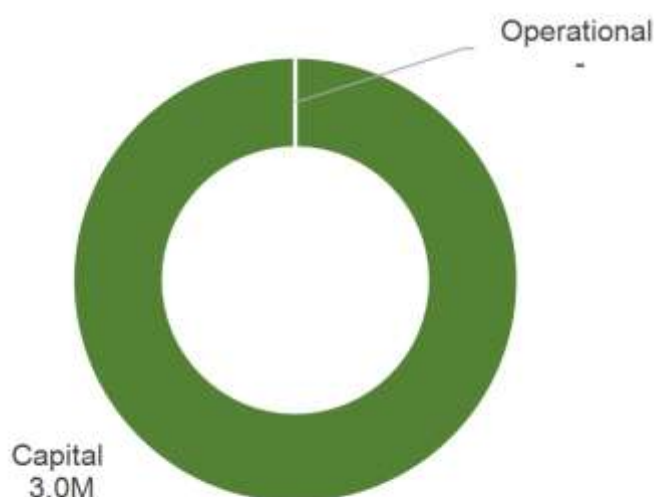
**Renewals**

- Kerikeri Wastewater Treatment Plant is under budget. The commissioning phase of the plant will run until the end of November at which time connections will commence and be completed by May 2021 with close out expected in June 2021.
- Emergency Works awarded tenders have come under budget.
- Sealed road resurfacing and rehabilitation are behind schedule as contractor resources were reprioritised to undertake repairs for the July 2020 storm event.
- Ferry renewal scope and works are reduced due to long lead time to make to get the jet pump into the country.
- Safety improvement and resilience projects across district has not commenced as planned.
- Unsealed Road Metalling is ahead of schedule due to the suitable weather conditions before the summer season.
- Reactive unbudgeted building structural renewal works at the Rawene Housing for the Elderly to fix flooring and wall structures in bathroom due to shower leaking within wall cavity.

## Unbudgeted Expenditure

These are additional works not included in the original budget for the current year.

Unbudgeted work greater than \$100,000 must be approved by Council, anything less than that can be approved by a General Manager with appropriate financial delegation.



Unbudgeted Expenditure		
<i>*Expenditure over \$100K approved by Council (in grey)</i>		
<b>Unbudgeted Capital Works</b>		<b>Amount</b>
<b>Monument Hill Drought Impact</b>	<b>CAPEX New Works Contract Services</b>	<b>1,184,000</b>
<b>Lake Omapere (PGF)</b>	<b>External Services</b>	<b>500,000</b>
<b>Kerikeri WTP New Clarifiers</b>	<b>CAPEX New Works Contract Services</b>	<b>500,000</b>
<b>Windsor Landing Carpark and Access</b>	<b>CAPEX New Works Contract Services</b>	<b>261,195</b>
<b>Awanui River Intake Permanent Weir</b>	<b>CAPEX New Works Contract Services</b>	<b>150,000</b>
<b>Kotui Library Licence/Subscription</b>	<b>Software Licence Fees</b>	<b>137,863</b>
<b>Houhora WWTP</b>	<b>CAPEX New Works Contract Services</b>	<b>112,000</b>
<b>Structural works Kawakawa WTP</b>	<b>CAPEX New Works Contract Services</b>	<b>109,051</b>
Paihia WTP Self-Cleaning Screen	CAPEX New Works Contract Services	100,000
District Wide Leak Detection Equipment	CAPEX New Works Contract Services	100,000
Hundertwasser toilet upgrade	CAPEX Renewal Works Contract	82,000
Kawakawa Water Take Consent	CAPEX New Works Contract Services	70,000
East Coast PS Bush Point Rd	CAPEX New Works Contract Services	49,942
Kawakawa WTP Roof Replacement	CAPEX New Works Contract Services	47,366
East Coast PS Leslie Rd	CAPEX New Works Contract Services	38,000
Kerikeri Wastewater Infrastructre	CAPEX New Works Contract Services	31,836
60 Peninsula Parade Hihi Sewer	CAPEX New Works Contract Services	22,387

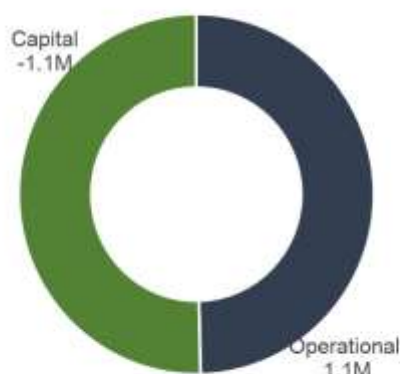


Opononi/Omapere WTP pH Treatment	CAPEX New Works Contract Services	15,000
Kerikeri Wastewater Infrastructre	Equipment Purchases (uncapitalisable)	13,827
Te Hononga CCTV - Hundertwasser	CAPEX New Works Contract Services	12,000
Rawene Housing for the Elderly	CAPEX Renewal Works Contract	11,836
Lake Omapere (PGF)	Grants Operational	-500,000
		<b>3,048,303</b>

## Budget Movements

These are budgets timed in future years, brought forward into the current year (positive values) OR budgets timed in the current year to be moved out to future years (negative values).

The figures that follow exclude the \$5M Roothing budget adjustment moved out to future years to reflect the lower of FNDC or NZTA budget.



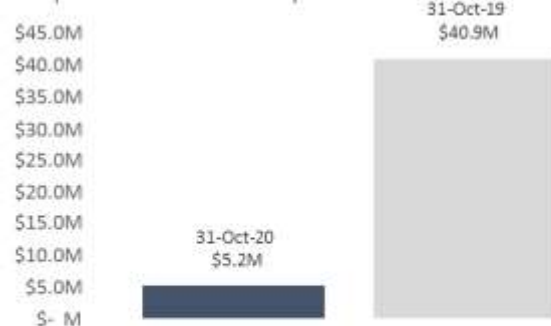
Budget Movements		
General Ledger	Comment	Amount
Infrastructure & Asset Management Operations	TIF funding applications wrongly classified as Capex in EB	1,100,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	241,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-349
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-2,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Community Board Operations	Opex budget savings 2020-2021 Corporate Services	-5,000
Council Advisory Services	Opex budget savings 2020-2021 Corporate Services	-5,220
Internal Control & Risk Management	Opex budget savings 2020-2021 Corporate Services	-12,000
Pou Herenga Tai Cycle Trail NZ Heritage	Cycletrail MBIE grant July 2020 storm event	-241,000
		<b>1,070,431</b>
Project Ledger	Comment	Amount
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	300,700

Hokianga Harbour Coastal Repairs	Hokianga Harbour Coastal Repairs Correction	200,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	110,000
RFID Installation	RFID Budget Brought Forward	90,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE	80,000
IT Online Services Stage 3	Pathway Online Services funds from future year 2021-22 required	70,330
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	70,000
Ward Wide Town Beautification / Improvements Western	Ward Wide Town Western Beautification / Improvements	52,275
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	40,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	20,000
Rawene Housing for the Elderly	Rawene HFTE Unit3 building structural & plumbing fixtures renewal	15,753
Russell Chapel Street Carpark	Russell Chapel Street Carpark Remove budget now project	-2,245
Parks & Reserves Western	P&R Western Assets moving out to future years	-3,251
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-5,000
Mamaru Road Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-20,000
Parks & Reserves Western	P&R Western Assets moving out to future years	-32,511
Point Road, Taipa - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-40,000
Water Saving Devices for Russell public toilet facilities	Budget not required this FY Move to 2024-25	-50,000
Foreshore Road, Taipa Footpath - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-70,000
Donald Ln to WINZ on N Park Drive - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-80,000
Length of Blacks Road - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-110,000
Russell Chapel Street Carpark	Russell Chapel Street Carpark	-122,451
Maritime - Improvement to Structures	Hokianga Harbour Coastal Repairs Correction	-200,000
Kaikohe Footpath Signal Stn Rd, Omapere - MBIE	New footpath redeployment package MBIE shovel ready funds 2020-21	-300,700
TIF Funding Application	TIF funding applications wrongly classified	-1,100,000
		<b>-1,087,100</b>
		<b>-16,669</b>

## Treasury Report

### Cash Position

Compared to same time last year



	31-Oct-20	31-Oct-19
ASB General Fund	\$ 0.1M	\$ 0.6M
ASB Special Funds	\$ 5.1M	\$ 5.0M
Investments	\$ - M	\$ 36.5M
<b>Total Cash</b>	<b>\$ 5.2M</b>	<b>\$ 40.9M</b>

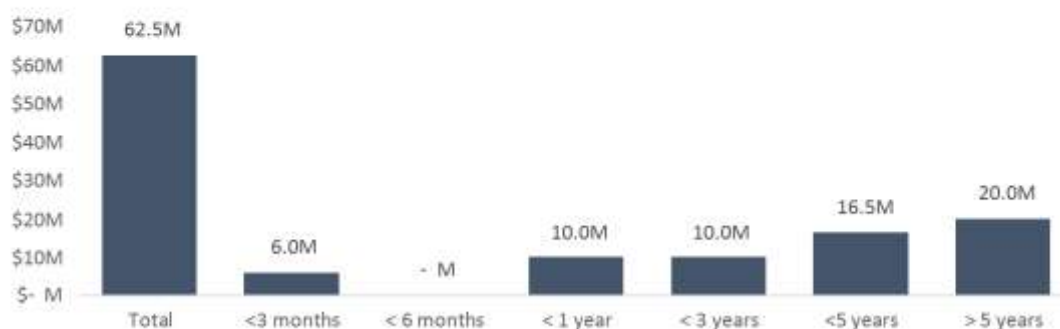
### Banking Facility



<b>Banking Facility</b>	<b>\$ 30.0M</b>
Drawn down	\$ 6.0M
Available	\$ 24.0M

### Public Debt

#### Loans by Maturity Date



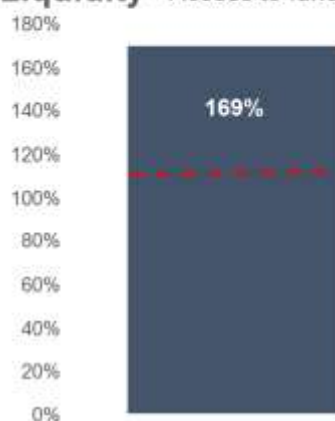
## Treasury Compliance

**Net Debt** as a % of Revenue must be less than 175%



Net Debt	\$ 57.3M
Budgeted Total income	\$ 141.7M
Debt Ceiling	\$ 247.9M
Net debt as % total revenue	40%
Policy Maximum	135%

**Liquidity** - Access to funds must be greater than 110%



External Debt	\$ 56.5M
ASB Banking Facility	\$ 30.0M
ASB Banking Facility used	-\$ 6.0M
<b>Total Committed Public Debt</b>	<b>\$ 80.5M</b>
Liquid Investments Cash at Bank	\$ 5.2M
Liquid Investments ASB Overdraft Facility	\$ 10.0M
	<b>\$ 95.7M</b>
Access to Funds	169%
Policy Minimum	110%

*Note: Total revenue is based on 2020/21 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.*

## Statement of Financial Performance

for the period ending Oct 2020 (Pd4)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget YTD	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
<b>Operational Income</b>										
Rates - general (excl water supply rates)	29,948	29,842 -	106	89,525	-	89,525	59,578	33%	89,525	-
Rates - penalties	292	518	227	2,073	-	2,073	1,781	14%	2,073	-
Fees & charges (inc water supply rates)	5,978	6,067	89	17,059	-	17,059	11,081	35%	16,904	155
Central Govt Subsidies - Admin	-	-	-	-	-	-	-	0%	-	-
Central Govt Subsidies - Operational	3,723	3,409 -	314	10,276	550	10,825	7,102	34%	10,884	59
Other Income	2,916	1,497 -	1,419	3,686	-	3,686	770	79%	4,427	741
<b>Capital Income</b>										
Central Govt Subsidies - New Works	1,890	2,782	892	6,124	3,230	9,354	7,464	20%	9,327	27
Central Govt Subsidies - Renewals	4,389	6,314	1,925	15,051	2,327	17,378	12,990	25%	15,297	2,082
Development Contributions	-	-	-	-	-	-	-	0%	-	-
Other Contributions	1,043	-	1,043	-	-	-	1,043	100%	21,321	21,321
<b>Total Operating Income</b>	<b>50,179</b>	<b>50,428</b>	<b>250</b>	<b>143,794</b>	<b>6,107</b>	<b>149,901</b>	<b>99,723</b>	<b>33%</b>	<b>169,758</b>	<b>19,857</b>
<b>Operational Expenditure</b>										
Staff related costs	9,988	10,041	53	32,633	-	32,633	22,645	31%	32,604	29
Contractor Fees	9,921	9,202 -	720	28,719	-	28,719	18,798	35%	29,243	524
Professional Fees	1,586	2,614	1,028	9,291	-	9,291	7,705	17%	9,901	610
External Services	3,362	2,648 -	714	9,217	1,319	10,536	7,174	32%	11,679	1,143
Legal Costs	66	166	100	682	-	682	617	10%	682	-
General expenses	3,368	4,275	907	12,904	-	12,904	9,536	26%	12,961	56
Grants and donations	387	664	276	1,624	22	1,647	1,259	24%	1,624	22
Rate remissions	1,412	1,525	114	2,257	-	2,257	845	63%	2,257	-
Allocations (direct and indirect)	-	0	0	0	-	0	0	0%	0	-
Interest costs	478	572	93	1,715	-	1,715	1,236	28%	1,715	-
<b>Sub total</b>	<b>30,568</b>	<b>31,706</b>	<b>1,138</b>	<b>99,042</b>	<b>1,342</b>	<b>100,384</b>	<b>69,816</b>	<b>30%</b>	<b>102,666</b>	<b>2,282</b>
Depreciation and other asset costs	11,666	11,548 -	117	34,645	-	34,645	22,979	34%	34,645	-
Gain/Loss on Disposal	7	-	7	-	-	-	7	100%	-	-
<b>Total Operational Expenditure</b>	<b>42,226</b>	<b>43,255</b>	<b>1,028</b>	<b>133,687</b>	<b>1,342</b>	<b>135,029</b>	<b>92,802</b>	<b>31%</b>	<b>137,310</b>	<b>2,282</b>
<b>Net Operating Surplus</b>	<b>7,952</b>	<b>7,174</b>	<b>778</b>	<b>10,107</b>	<b>4,765</b>	<b>14,872</b>	<b>6,920</b>		<b>32,448</b>	<b>17,575</b>

## Statement of Capital Performance

for the period ending Oct 2020 (Pd4)

	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	1,173	779 -	394	13,028	4,031	17,059	15,885	7%	17,278	220
Environmental Management	155	233	78	-	1,914	1,914	1,760	8%	1,914	-
Roading and Footpaths	10,409	12,601	2,193	37,388	7,974	45,362	34,953	23%	63,989	18,627
Wastewater	2,117	3,738	1,621	4,936	6,760	11,696	9,579	18%	11,552	144
Stormwater	669	345 -	325	1,179	666	1,844	1,175	36%	1,844	-
Solid Waste Management	15	-	15	325	96	421	406	4%	421	-
Water Supply	980	1,895	914	4,495	2,054	6,549	5,569	15%	8,675	2,126
Governance & Strategic Administration	511	435 -	76	2,334	1,952	4,286	3,776	12%	4,357	70
Customer Services	286	416	130	533	933	1,467	1,181	19%	1,557	90
Strategic Planning & Policy	-	-	-	-	-	-	-	0%	-	-
<b>Total Capital Expenditure</b>	<b>16,316</b>	<b>20,440</b>	<b>4,125</b>	<b>64,219</b>	<b>26,380</b>	<b>90,599</b>	<b>74,283</b>	<b>18%</b>	<b>111,586</b>	<b>20,989</b>



## Analysis of Operational Income and Expenditure by LTP Group

Income	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	1,206	429 -	777	1,866	923	2,789	1,583	-43%	2,789	-
Environmental Management	2,664	2,009 -	655	5,464	-	5,464	2,800	-49%	5,464	-
Roading and Footpaths	12,410	12,457	47	34,441	3,151	37,592	25,183	-33%	56,949	19,357
Wastewater	31	1,641	1,610	403	2,032	2,435	2,404	-1%	2,435	-
Stormwater	-	-	-	-	-	-	-	-100%	-	-
Solid Waste Management	489	499	10	1,405	-	1,405	915	-35%	1,405	-
Water Supply	2,489	2,550	61	6,642	-	6,642	4,153	-37%	7,142	500
Governance & Strategic Administration	514	389 -	126	1,458	-	1,458	944	-35%	1,458	-
Customer Services	109	95 -	14	442	-	442	334	-25%	442	-
Strategic Planning & Policy	27	-	27	75	-	75	48	-36%	75	-
<b>Total Operating Income</b>	<b>19,939</b>	<b>20,068</b>	<b>130</b>	<b>52,196</b>	<b>6,107</b>	<b>58,303</b>	<b>38,364</b>	<b>34%</b>	<b>78,160</b>	<b>19,857</b>

Operational Expenditure	Year To Date (\$000's)			Full Year (\$000's)						
	YTD Actual	Total Budget	Variance	LTP Budget	Budget Brought Forward	Total Annual Budget	Actual vs Budget Variance	Actual vs Budget %	Total Annual Forecast	Forecast vs Budget Variance
District Facilities	2,529	3,193	663	9,549	550	10,099	7,570	25%	10,076	24
Environmental Management	3,011	3,195	184	10,489	-	10,489	7,479	29%	10,389	100
Roading and Footpaths	8,282	7,960 -	322	25,521	-	25,521	17,239	32%	27,260	1,739
Wastewater	2,120	2,211	91	6,850	792	7,642	5,522	28%	7,656	14
Stormwater	504	484 -	20	1,942	-	1,942	1,438	26%	1,942	-
Solid Waste Management	1,196	1,391	195	4,282	-	4,282	3,086	28%	4,282	-
Water Supply	2,252	1,409 -	842	4,970	-	4,970	2,718	45%	5,470	500
Governance & Strategic Administration	7,118	7,639	520	21,576	-	21,576	14,458	33%	21,547	30
Customer Services	1,615	1,735	120	5,658	-	5,658	4,043	29%	5,741	82
Strategic Planning & Policy	1,456	1,918	463	6,489	-	6,489	5,034	22%	6,589	100
<b>Total Direct Costs</b>	<b>30,083</b>	<b>31,134</b>	<b>1,051</b>	<b>97,328</b>	<b>1,342</b>	<b>98,669</b>	<b>68,586</b>	<b>30%</b>	<b>100,951</b>	<b>2,282</b>

## 6.8 ALGIM IT SATISFACTION SURVEY RESULTS

**File Number:** A2988867

**Author:** Damon Campbell, Chief Digital Officer

**Authoriser:** William J Taylor MBE, General Manager - Corporate Services

### PURPOSE OF THE REPORT

To provide the Assurance, Risk and Finance Committee with an update on the recently completed Association of Local Government Information Managers (ALGIM) IT Satisfaction and Benchmarking survey that was undertaken by Council staff.

### EXECUTIVE SUMMARY

- One of the key areas for Council is to ensure that services and activities provided meet the outcomes and expectations of the customers using these services.
- The survey has been completed by 20 Council (including Far North District Council (FNDC)) out of the 78-total number of Councils, approximately 26% of the New Zealand Local Government sector.
- Over the past 12 months there has been a significant and substantial amount of change and improvements completed. The purpose of participating in this particular survey was it provided Council with a great deal of information around the effects of the past 12 months changes, understand what future improvement or services work plans need to be covered, and finally provide Council with information as to where FNDC ranks against the sector.

### RECOMMENDATION

**That the Assurance, Risk and Finance Committee receive the report ALGIM IT Satisfaction Survey Results.**

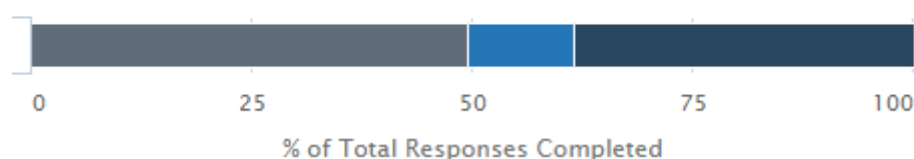
### BACKGROUND

As per the 9<sup>th</sup> September Assurance, Risk and Finance report – Digital Information Services update where the overview of the survey was discussed, the survey has the following key benefits and value propositions:

- Identify dissatisfied stakeholders and build tailored improvement plans to meet their needs.
- Identify how IT capacity constraints effect the business, providing a strong case for budgetary increases or refocus.
- Focus IT activity on where it is needed most by the business.
- Measure the satisfaction of your key decision makers annually.
- Move beyond opinion and get to the facts to build an accurate strategy and roadmap of initiatives based on your maturity.
- Create a baseline for future improvement of IT maturity.

The IT Satisfaction survey was undertaken between the 16<sup>th</sup> September and 2<sup>nd</sup> October with a completion percentage of 49.52% (205 responses).

## Survey Completion Stats



Completed	205	49.52%
Partial	50	12.08%
Not Started	159	38.41%

Last Updated: 2020-10-02 10:29:24 AM NZDT

Please note that the total invited are individuals that maybe full time or part-time and not total positions (FTEs) that are reported to Council.

The completed sample size of 205 response can be broken down by the following groups within Council.

## Demographic Completion Stats

Select Demographic ▼

### Department

Note: Completion data will not be displayed for groups with less than 4 participants to preserve confidentiality

<b>Chief Executive Office</b>	22	
Completed	15	68.18%
Partial	2	9.09%
Not Started	5	22.73%
<b>Corporate Services</b>	103	
Completed	64	62.14%
Partial	9	8.74%
Not Started	30	29.13%
<b>District Services</b>	181	
Completed	78	43.09%
Partial	24	13.26%
Not Started	79	43.65%
<b>Infrastructure &amp; Asset Management</b>	71	
Completed	30	42.25%
Partial	8	11.27%
Not Started	33	46.48%
<b>Strategic Planning &amp; Policy</b>	37	
Completed	18	48.65%
Partial	7	18.92%
Not Started	12	32.43%

The survey results are broken down into the following dimensions

- Satisfaction with IT.
- Value from IT.
- Relationship with IT.
- IT Capacity and Constraints.

The survey results are aligned to thirteen core services that our people answered questions on. These services are aligned to the benchmarking methodology to ensure alignment of rankings and scale.

## DISCUSSION AND NEXT STEPS

The results of this survey will be used to further our business operations and improvement planning so that we are able to enable and support our people, and teams get the best out of the services provided by the Digital Information Services Team.

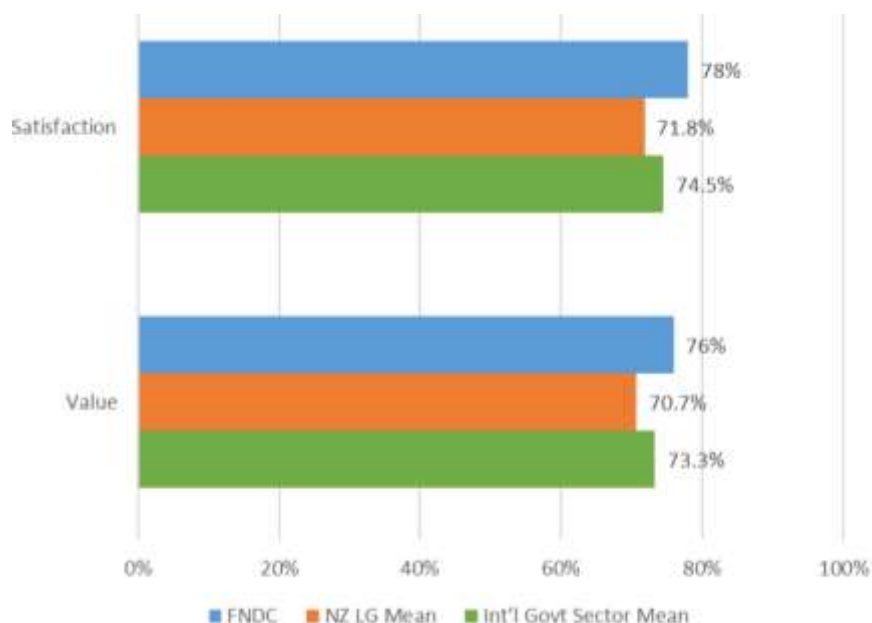
Below is a summary of the information with a presentation that will give the members of the Assurance, Risk and Finance Committee greater insights into the results and what they mean to Council.

## IT SATISFACTION SURVEY – SUMMARY RESULTS

The results below are a consolidated summary of the two main metrics – Satisfaction and Value. These are compared against the other Councils that have participated in this survey as well as the International Government sector that use this survey via the InfoTech platform.

### Far North District Council

- 78% overall **Satisfaction**
  - 6% higher than New Zealand Local Govt mean of 72%
  - 4% higher than Int'l Govt Sector mean of 74%
- 76% overall **Value**
  - 5% higher than New Zealand Local Govt mean of 71%
  - 3% higher than International Govt Sector mean of 73%



## Satisfaction by Group

The overall summary scores based on Council's internal groups below shows the satisfaction level, the top priorities from the thirteen core services, and the measure of constraint the group has with the services provided.

### Chief Executive Office



#### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Service Desk
- 3 Client-Facing Technology

**45%** CAPACITY CONSTRAINT

Respondents: 15

### Corporate Services



#### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Data Quality
- 3 Service Desk

**41%** CAPACITY CONSTRAINT

Respondents: 64

### Strategic Planning & Policy



#### Top Priorities

- 1 Service Desk
- 2 Network & Comm. Infrastructure
- 3 Business Apps

**34%** CAPACITY CONSTRAINT

Respondents: 18

### Infrastructure & Asset Management



#### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Service Desk
- 3 Business Apps

**47%** CAPACITY CONSTRAINT

Respondents: 30

### District Services



#### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Service Desk
- 3 Business Apps

**50%** CAPACITY CONSTRAINT

Respondents: 78

### Satisfaction by Tier

The level of satisfaction by the tier within the organisation shows another view and priorities. These are particularly useful to ensure that we are aware and can accommodate the different and unique needs from across the vertical levels within Council.

### Executive Leadership



#### Top Priorities

- 1 Client-Facing Technology
- 2 Network & Comm. Infrastructure
- 3 IT Security

**40%** CAPACITY CONSTRAINT

## Manager



### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Service Desk
- 3 Business Apps

**54%** CAPACITY CONSTRAINT

## Team Member



### Top Priorities

- 1 Network & Comm. Infrastructure
- 2 Service Desk
- 3 Business Apps

**43%** CAPACITY CONSTRAINT

### Organisational Constraint

The results around constraints from groups and tiers is summarised below with an average constraint level that will be a key metric for each time we undertake this survey.

This constraint measure is defined as:

*“To what extent is your group constrained and prevented from reaching your strategic goals by IT capacity?”*

Another way to view this percentage is that the satisfaction measures “what we deliver” and “the constraint” is a measure of how fast this work can be completed in order to achieve the goals of the individual business units or organisational outcomes.

Overall, the average of 45% shows an acceptable level of constraint, but with the level of digital changes over the past 12 months within Council, this is something that Council officers will take into consideration with our future short-term planning and longer-term strategic view.



## Capacity Needs

### Constraint

To what extent is your group constrained and prevented from reaching your strategic goals by IT Capacity?



### Capacity Constraint by Department



## Shadow IT

The measurement of how much additional services are being used and procured across Council.

*“To what extent do you look externally and purchase IT services and applications without corporate IT involvement, due to a lack of internal IT Capacity?”*

The results need to be taken within the context that Council currently procures several services and applications that are cloud or subscription based and those that are not directly provided by the Digital Information Services department, which is why this score may appear higher than expected.

## Shadow IT

### Overall Shadow IT

To what extent do you look externally and purchase IT services & applications without corporate IT involvement, due to a lack of internal IT capacity?

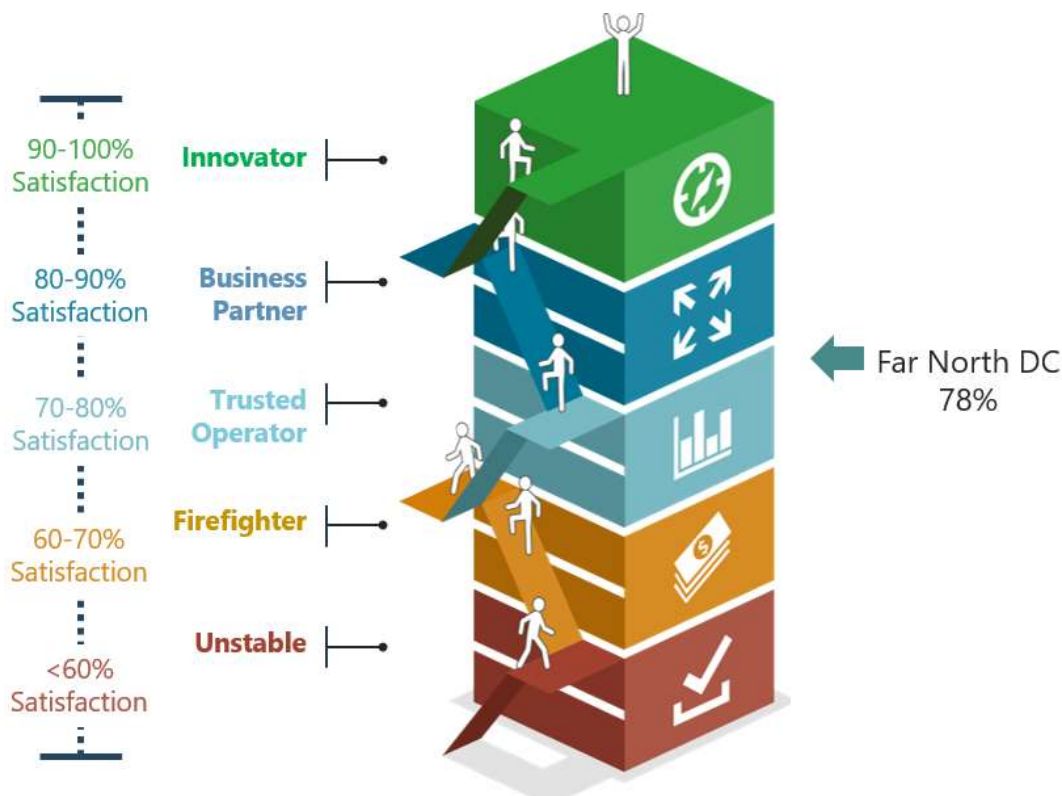


### Shadow IT by Department



## Relationship between Satisfaction and Maturity

The framework that is used by the survey shows where in relation to the other participants we have been benchmarked and to what level of maturity Council is against the thirteen core services.



## Relationship Satisfaction

The relationship satisfaction score was assessed across the following four relationship dimensions:



As you can see the above scores except for 'Trains Effectively' are at a satisfactory level. The Strategic Leadership Team has been briefed on these results and an updated strategy around what the next 12-month improvement plan will look like will be developed in early 2021.

It is important to note that when Council is compared to the other 19 Councils in New Zealand that shows this scored at 69% for New Zealand Government and International Government sector so is slightly above Council score of 62% but does suggest a sector wide area where improvement is needed.

## KEY RECOMMENDATIONS

- Satisfaction and Value scores compare very favourably with New Zealand Local Government averages.
- Initiatives should be developed to sustain and drive up the satisfaction score from current 78% to a short-term target (of 83%), while also driving up the value score.
- Digital Information Services should target initiatives to move certain services from Firefighter to Trusted Operator. 3 of 13 core services are in the Firefighter tier, with satisfaction scores below 70%.
- Digital Information Services should engage business units to sustain and improve relationships and better understand departmental needs and priorities.
- Identify which departments are believed to be most important in shaping opinion and engage them early in agreeing IT priorities and actions.
- Set target maturity/satisfaction goals for next 12 months then build a roadmap of initiatives to lift the maturity/satisfaction levels to achieve them.

## FINANCIAL IMPLICATIONS AND BUDGETARY PROVISION

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

## ATTACHMENTS

1. **ALGIM NZ Local Government IT Satisfaction Benchmark Report 2020 Detail - A2997607**





# New Zealand Local Government IT Satisfaction Benchmark Report

## Executive Summary

October 2020

Colin Andersen  
Managing Director  
Mobile: +64 21 224 1900  
Email: [colin@effectus.co.nz](mailto:colin@effectus.co.nz)

Website: [www.effectus.co.nz](http://www.effectus.co.nz)

Scott Adams  
Principal Consultant  
+64 21 389 426  
[scott@effectus.co.nz](mailto:scott@effectus.co.nz)





## IT Satisfaction Survey

Effectus partners with the *Info-Tech Research Group* who have run the IT Satisfaction Survey over 1,100 times globally and can definitively prove that quantifying satisfaction and then addressing the gaps will improve value for the organisation.

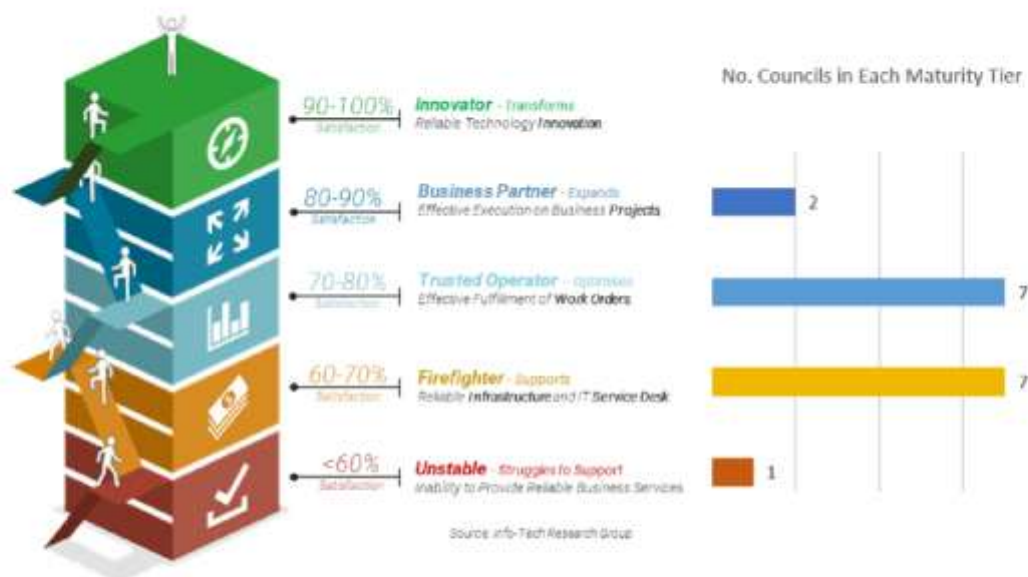
The advancement of IT to a desired state (normally Business Partner is sufficient) will improve strategic flexibility and better alignment with business objectives and outcomes.

### Results from the ALGIM Surveys

ALGIM and Effectus conducted a series of New Zealand Local Government IT Satisfaction surveys between February and July 2020 and incorporated them with previous surveys Effectus has conducted to produce a Local Government benchmark.

#### Satisfaction Levels

The New Zealand Local Government average **satisfaction score** is **71.5%** across all surveys conducted to date, and **74.5%** for surveys conducted in 2020. The number of councils that attained satisfaction levels in each of the maturity tiers is shown below.



#### What does "good" look like?

- Overall satisfaction score 80% and the role of IT as a Business Partner is well-established.
- IT services consistent & reliable, with none of the 13 Core IT Service satisfaction scores below 70%.
- Relationship scores above 75% and a leadership culture which fosters collaboration and trust.
- IT and business management engaging more on value-adding and future-oriented processes and less on infrastructure and operations which, while essential, are reliable and cause little fuss.





Thirteen Core IT Services were included in the IT Satisfaction Survey, as reflected below:

		Satisfaction Importance		<p>One of the 13 Core IT Services is in the <b>Business Partner</b> tier, with an average satisfaction score above 80%.</p> <p>5 services are in the <b>Trusted Operator</b> tier, with scores between 70% and 79%.</p> <p>7 services are in the <b>Firefighter</b> tier, with scores between 60% and 69%.</p>
IT Security	Satisfaction with practices ensuring organisational devices and data are properly secured	81.0%	4	
Service Desk	Satisfaction with responsiveness and effectiveness of service desk	78.1%	7	
Service Requests	Satisfaction with how requests are handled	73.5%	8	
IT Policies	Satisfaction with policy design and enforcement around security, governance, etc.	72.4%	12	
Devices	Satisfaction with desktops, laptops, mobile devices, etc.	71.9%	5	
Network & Comms	Satisfaction with readiness of core systems and networks	70.6%	1	
Data Quality	Satisfaction with providing reliable and accurate data	68.5%	2	
Business Apps	Satisfaction with applications and functionality	66.4%	3	
Projects	Satisfaction with large department or corporate projects	65.7%	10	
Requirements Gathering	Satisfaction with IT's ability to understand and support the business	65.1%	13	
Analytical Capability	Satisfaction with standard reports, custom reports and the ability to generate business insights	63.4%	11	
Innovation Leadership	Satisfaction with providing opportunities for innovation and forward leadership	63.1%	9	
Client Facing Solutions	Satisfaction with customer experience and effectiveness	61.7%	6	

### Insights

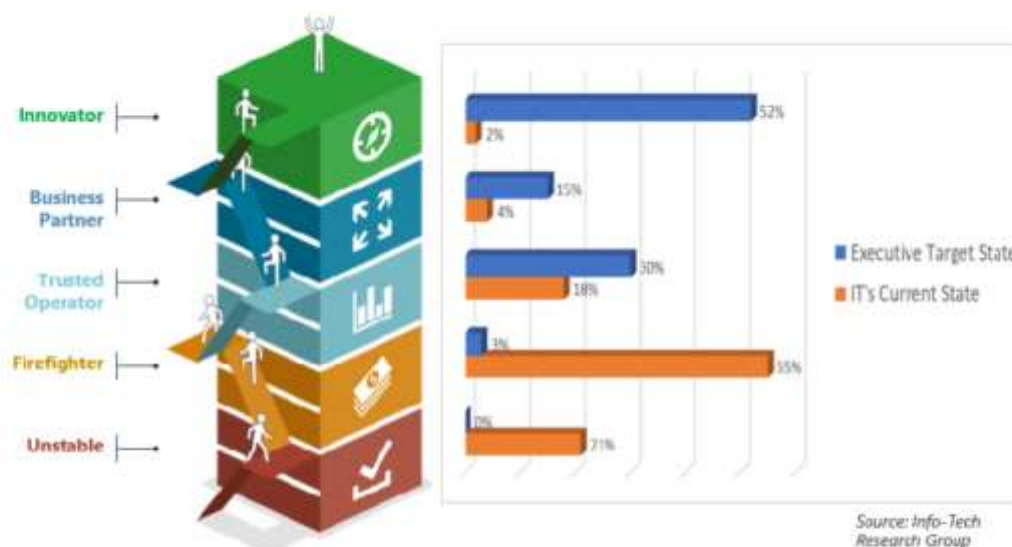
- The survey gathered participants' perceptions of IT services as opposed to an audit or assessment of IT Services. Their perception is their reality and is, generally, the only measure that is being used by the business to assess IT.
- Perceived satisfaction does not correlate well to council size, IT staffing or IT budget.
- Perceived satisfaction is heavily impacted by IT's relationship with the business.
- IT teams in smaller councils appear to be able to forge stronger relationships with business.
- IT's customers still think IT is about the plumbing. High importance is placed on Network, Security, Devices and Service Desk – even when satisfaction with these services has been consistently high.
- We would like to see forward-looking services such as Innovation, Projects, Analytics and Client-Facing Solutions having a higher level of importance, but this is still not the case for most councils.
- Satisfaction levels in NZ Local Government have historically been a few percent lower than the international government sector average. Some very good recent results have lifted the NZ overall satisfaction up to be in line with the international average.
- While most Local Government IT Executives see the IT function as reasonably mature and aspire to be Business Partners, satisfaction surveys indicate that about half of IT functions are still in Firefighter mode.
- All Councils had some IT Services in the Firefighter maturity tier with satisfaction scores below 70%, and this is where attention should be focused to address dissatisfaction and drive up maturity.



### Suggested actions to improve satisfaction

As per the following chart there is a global issue with business expectations not being met by IT. It is never too late to start implementing measures that better align IT with business leadership. This includes, but is not limited to, the following:

- Ensure there is effective prioritisation of activity with an engaged IT Steering Group.
- Engage departments with lower satisfaction scores early to improve relationships and better understand needs and priorities.
- Identify initiatives to improve services with lower satisfaction scores and higher importance ranks.
- Undertake an internal IT Capability Assessment to quantify which IT Process Areas absolutely need focus and which ones just need maintenance.
- Set realistic target satisfaction and maturity goals for the next 12 months and align with the Local Government satisfaction benchmark.
- Include initiatives in your project roadmap to achieve these targets.
- Keep demonstrating the value to the business of successful implementations of IT.
- Keep demonstrating the worth of the business taking accountability for projects and initiatives that used to be left with IT.
- Run the IT Satisfaction survey periodically (preferably annually) to track progress and realign with expectations. Share the results with the business and demonstrate improvement over time.



### In Summary

The biggest benefit of doing an IT Satisfaction Survey is the transparency it provides of what the perception of IT is and how that impacts the business getting value from IT. The illumination it provides will result in positive activity from the business and IT to address misalignment.

Given that the majority of Councils in New Zealand are in the Trusted Operator or Firefighter tier, the opportunity is there to substantially improve business alignment which will improve business value, through the use of IT.



# New Zealand Local Government IT Satisfaction Benchmark

## Appendix – Results Analysis

October 2020

Colin Andersen  
Managing Director  
Mobile: +64 21 224 1900  
Email: [colin@effectus.co.nz](mailto:colin@effectus.co.nz)

Website: [www.effectus.co.nz](http://www.effectus.co.nz)

Scott Adams  
Principal Consultant  
+64 21 389 426  
[scott@effectus.co.nz](mailto:scott@effectus.co.nz)





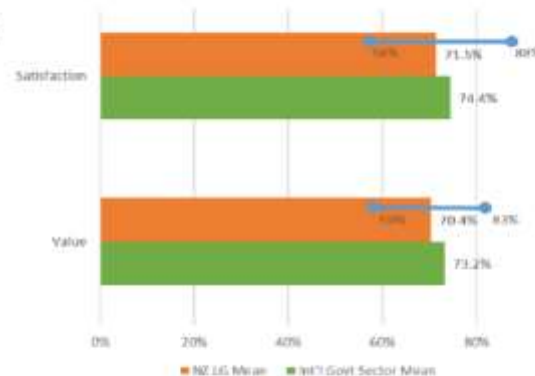


## Results Analysis

This IT Satisfaction Benchmarking initiative is based on Info-Tech Research Group's CIO Business Vision online survey. The benchmark includes survey results from 17 councils and excludes superseded results if councils had conducted previous surveys.

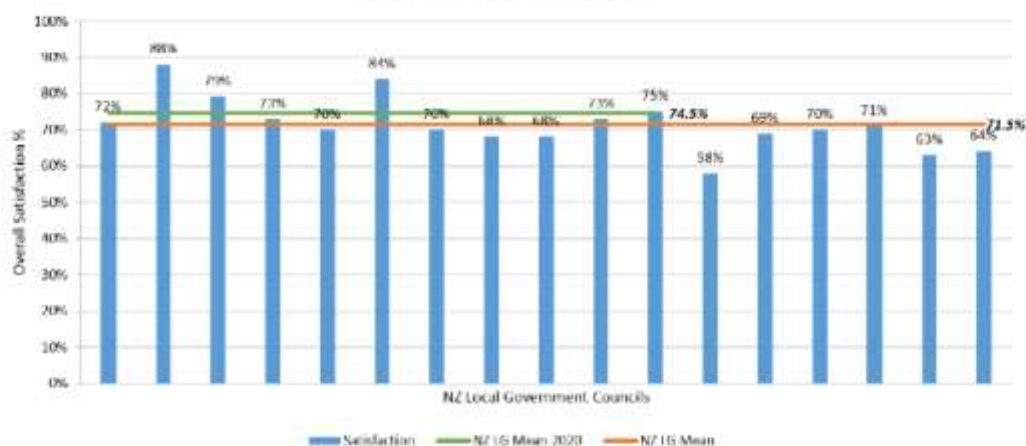
### Overall Satisfaction and Value

- The New Zealand Local Government overall satisfaction score is 71.5%, with council scores ranging between 58% and 88%.
- The average value score is 70.4%, with scores ranging between 59% and 83%.



While the average Overall Satisfaction score is 71.5% across all surveys conducted to date, this is somewhat higher for surveys conducted in 2020, at 74.5%. The highest-scoring 5 councils averaged an Overall Satisfaction score of 80% while the lowest-scoring 5 councils averaged an Overall Satisfaction score of 64%.

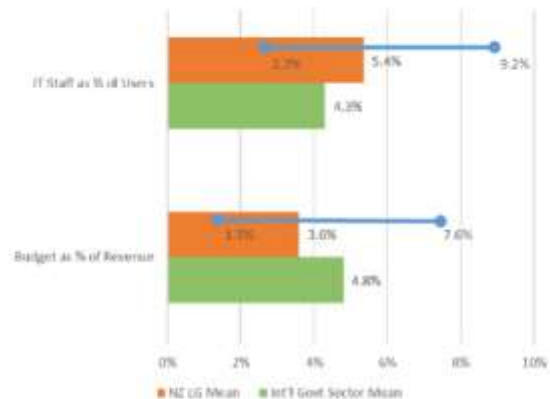
### Overall Satisfaction by Council





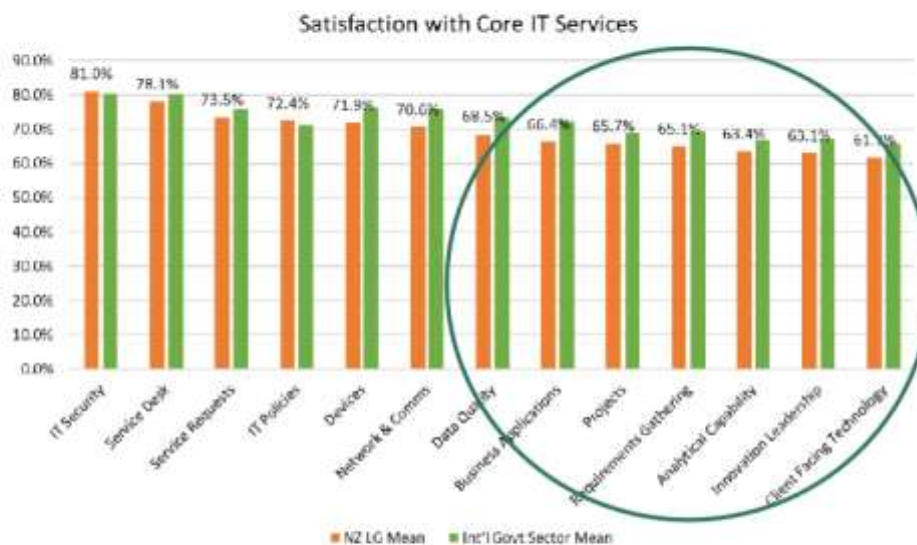
### Budget and Staffing

- The average IT Staff as % of Users is 5.4%, with a range of 2.3% to 9.2%.
- The average IT Budget as % of Revenue is 3.6%, with a range of 1.3% to 7.6%.
- These percentages are indicative only and may be skewed by IT's scope in each Council, sourcing strategy, level of centralisation, etc.
- Future surveys will aim to standardise budget & staffing responses.



### Service Satisfaction

The perception of Overall Satisfaction addressed in Question 1 is typically scored somewhat higher than satisfaction scores for the 13 Core IT Services addressed later in the survey (~2% higher). In higher-scoring councils this difference is significantly higher (~7%). This may relate to a relationship and goodwill factor expressed in answers to Question 1. The Overall Satisfaction mean is 71.5% while the average of satisfaction scores across the 13 Core IT Services is 69%.

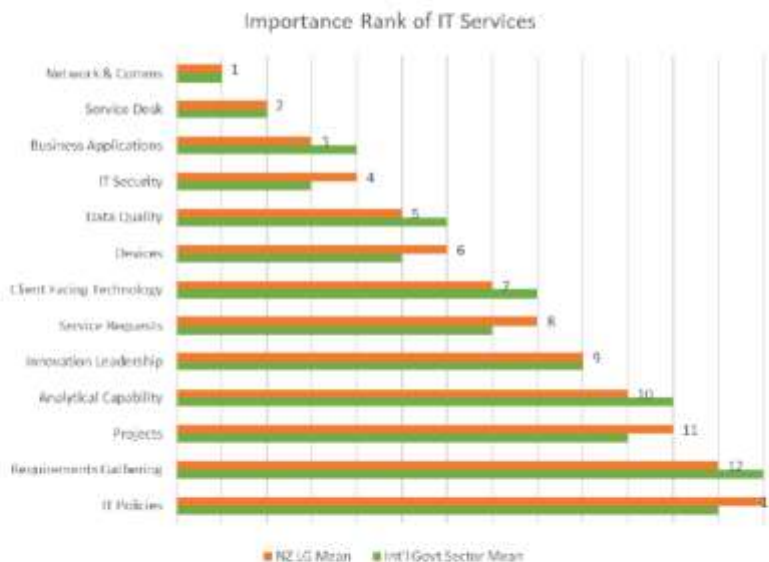


The circled services above highlight the focus areas for improvement across all councils. Focusing on these areas will bring greater alignment with the business, delivering higher business value and faster improvement in IT Satisfaction results.



### Service Importance

The Importance ranking of IT services in NZ Local Government is consistent with the Importance ranking internationally, with no services varying by more than one position. It is worth noting that infrastructure and operations-related services like Networks, Service Desk and Devices remain high in importance despite receiving relatively good satisfaction scores, while high-value and future-oriented services such as Projects, Analytical Capability and Innovation remain relatively low in importance.



### Relating Importance to Satisfaction

Satisfaction scores are lower than the International Govt Sector mean overall and for 11 of the 13 core IT services. The largest negative differences against International Govt Sector means relate to some of the services deemed to be most important by councils.

Service Benchmarks	Importance Rank	NZ Local Govt Mean	Int'l Govt Sector Mean	Difference
Network & Comms	1	70.6%	75.9%	-5.3%
Service Desk	2	78.1%	80.2%	-2.1%
Business Applications	3	66.4%	72.3%	-5.9%
IT Security	4	81.0%	80.4%	0.6%
Data Quality	5	68.5%	73.6%	-5.1%
Devices	6	71.9%	76.2%	-4.3%
Client Facing Technology	7	61.7%	65.6%	-3.9%
Service Requests	8	73.5%	75.8%	-2.3%
Innovation Leadership	9	63.1%	67.0%	-3.9%
Analytical Capability	10	63.4%	66.8%	-3.4%
Projects	11	65.7%	69.0%	-3.3%
Requirements Gathering	12	65.1%	69.5%	-4.4%
IT Policies	13	72.4%	71.1%	1.3%
<b>Overall Satisfaction</b>		<b>71.5%</b>	<b>74.4%</b>	<b>-2.9%</b>



A negative Service Gap exists where a service is ranked relatively high in terms of Importance but scored relatively low for Satisfaction. Likewise, a positive Service Gap exists where a service has a low Importance rank but a relatively high Satisfaction score. Negative service gaps indicate services that require attention sooner, possibly by redirecting attention and resources from services with high positive service gaps.

For example, in the results above, **Business Applications** indicates a negative Service Gap with an average Importance rank of 3<sup>rd</sup> and the 8<sup>th</sup>-highest Satisfaction score. IT Policies indicates a positive Service Gap, with the lowest Importance rank and the 4<sup>th</sup>-highest Satisfaction score. This is illustrated further in the diagram below. Results will vary by council and should be assessed to identify services most in need of attention.



### Relationship Satisfaction

Relationship Satisfaction was measured across four dimensions as listed in the table below. Results averaged 70.6% and are fairly well aligned with international government sector results.

Relationship Satisfaction	NZ Local Govt Mean	Int'l Govt Sector Mean
Understands Needs	71.6%	72.9%
Executes Requests	71.3%	71.7%
Communicates Effectively	69.6%	71.5%
Trains Effectively	69.8%	68.4%
<b>Average</b>	<b>70.6%</b>	<b>71.1%</b>

The highest-scoring 5 councils averaged 78% for Relationship Satisfaction (with an Overall Satisfaction score of 80%) while the lowest-scoring 5 councils averaged 62% (with an Overall Satisfaction score of 64%), indicating a close correlation between satisfaction levels and the IT-Business relationship.

**7 KARAKIA WHAKAMUTUNGA – CLOSING PRAYER**

**8 MEETING CLOSE**