



Waitaki

DISTRICT COUNCIL
TE KAUNIHERA Ā ROHE O WAITAKI

Notice of Meeting

and

AGENDA

of the

Finance, Audit and Risk Committee

in the

**Council Chamber, Third Floor
Waitaki District Council Headquarters
20 Thames Street, Oamaru**

9.00am, Tuesday 13 February 2018

MEMBERSHIP:

Cr Wollstein (Chair)
Cr Dawson
Cr Hopkins

Mayor Kircher (ex Officio)
Cr Garvan
Cr Wheeler

Finance, Audit and Risk Committee

9.00am, Tuesday 13 February 2018

**Council Chamber, Third Floor
Waitaki District Council Headquarters
20 Thames Street, Oamaru**

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RESOLUTION TO EXCLUDE THE PUBLIC

"That the public be excluded from the following parts of the proceedings of this meeting, namely agenda item 8.

The general subject of each matter to be considered while the public is excluded; the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter – Section 48(1)
Public Excluded: <ul style="list-style-type: none"> • Confirmation of Previous Meeting Public Excluded Minutes – 8 November 2017 PE 	<p>To protect the privacy of natural persons. Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)</p> <p>To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(1)(a) (Premature disclosure of the information would detrimentally affect the Council's position in the negotiations.)</p>

These resolutions are made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of the Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item."

- 8. Confirmation of Previous Meeting Public Excluded Minutes** 33 – 34
- 4 October 2017 PE

Waitaki District Council**Finance, Audit and Risk Committee**

**UNCONFIRMED MINUTES of Finance, Audit and Risk Committee meeting of the
Waitaki District Council held in the Whitestone Cheese Empire Room,
Oamaru Opera House, 94 Thames Street, Oamaru
on Wednesday 8 November 2017 at 9.02am**

Present: Cr Wollstein (Chair), Crs Dawson, Garvan, Hopkins, and Percival;
Mayor Kircher

In Attendance: Cr Tavendale
Cr Kingan
Cr Holding
Cr Wheeler
Cr Perkins (from 9.24am)
Mr Power (Chief Executive)
Mr Hope (Chief Financial Officer)
Mrs Guyan (Acting Community Services Group Manager)
Mr Chou (Chief Information Officer)
Mr Wells (Accounting Manager)
Ms Hooper (Governance Officer)

Apologies

There were no apologies.

Declarations of Interest

There were no declarations of interest.

1. Confirmation of Minutes

RESOLVED
FAR17/070

Cr Hopkins / Cr Dawson

"That the Finance, Audit and Risk Committee confirms meeting minutes of 4 October 2017, as circulated, as a true and correct record, with one minor grammatical change (under Agenda Item 5, last action point, delete "presented" in the second line."

CARRIED

2. Financial Report – Period 3 / Quarter 1

The financial report, as circulated, covered the first quarter of the 2017/18 financial year. Indications at this early stage are that most Council activities are operating, as in previous years, near or better than budget.

The Chair thanked Mr Wells for including the very useful explanatory comments on the variances. Mr Hope spoke to the report, highlighting in particular the impact of the wet start to the year on roading expenditure and on the consequent lower level of NZTA funding which was always paid in arrears.

Mayor Kircher provided an update on the Otago Rural Fire Authority balance matter, which had been discussed at the recent Otago Mayoral Forum. The Forum will be sending a letter to the new entity (Fire and Emergency New Zealand), and Forum members would await a reply to that before taking further action.

**ACTION POINT 1: More detail to be emailed out with the petrol tax breakdown.
(Mr Wells)**

**ACTION POINT 2: Cr Hopkins requested reports on the deterioration in the Kurow and Waihemo water rates accounts. It was AGREED that this information should come back through the Assets Committee, and be referred to the LTP process.
(Mr Hope / Mr Jorgensen / Mr Roesler)**

RESOLVED
FAR17/071

Cr Hopkins / Cr Dawson
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

3. **Second Quarter 2017-18 Treasury Strategy**

A cover report, as circulated, discussed Council's proposed Treasury Strategy for the second quarter of the 2017-18 financial year.

Mr Hope noted that this was the standard strategy, which would likely change slightly to reflect the drawdown on cash reserves over the next few months. There was brief discussion about the need to consider other options for some of the investments if there would be less spare cash to invest. Mr Hope noted that the Finance, Audit and Risk Committee had committed to looking into other options in future.

RESOLVED
FAR17/072

Cr Hopkins / Cr Garvan
"That the Finance, Audit and Risk Committee recommends:
That Council:

1. Adopts the proposed Treasury Strategy for the second quarter of the 2017-18 financial year, by:
 - continuing the use of term deposit facilities for terms between 7 days and 12 months, and
 - continuing to make minimal use of the call account, but always dependent on consideration of short-term operational cash requirements and on achieving target interest rates.

CARRIED

4. **Corporate Group Activity Report to 31 October 2017**

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on various finance, information management and business development-related matters occurring subsequent to the writing of a similar report to the 4 October 2017 Committee meeting.

RESOLVED
FAR17/073

Cr Dawson / Cr Garvan
"That the Finance, Audit and Risk Committee receives the information."

CARRIED

The Chair advised his intention to move the meeting into public excluded. There were no media or members of the public in the meeting.

RESOLVED
FAR17/074

Cr Hopkins / Cr Percival
"That the public be excluded from the following part of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Meeting Minutes 16 August 2017
- Accounts Payable Analysis

CARRIED

"The general subject of each matter to be considered while the public is excluded; the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter – Section 48(1)
Public Excluded:	To protect the privacy of natural persons.
• Confirmation of Public Excluded Meeting Minutes 4 October 2017 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
• Accounts Payable Analysis PE	To enable the Council to carry out commercial negotiations without prejudice or disadvantage. Section 48(1)(a) (Premature disclosure of the information would detrimentally affect the Council's position in the negotiations.)

These resolutions are made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of the Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item."

Refer to Public Excluded Minutes

RESOLVED
FAR17/078

Cr Hopkins / Cr Dawson

"That Council resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required and considered."

CARRIED

There being no further business, the Chair declared the meeting closed at 9.53am.

Confirmed on this 13th day of February 2018 in the Council Chamber, Waitaki District Council Headquarters, 20 Thames Street, Oamaru.

Chairman

Finance, Audit and Risk Committee

Memorandum

From Finance and Corporate Development Group Manager **Date** 13 February 2018

Financial Report – 2018, Period 6 / Second Quarter

Recommendation

That the Finance, Audit and Risk Committee receives the information.

Financial Overview

This financial report effectively covers the first half of the 2017/18 financial year. Indications at this early stage are that most Council activities are operating, as in previous reports, close to or better than budget.

At this point, the processing of funding for capital expenditure for the second quarter has still to be completed. This particularly impacts the Waters, Property, and Parks and Recreation activities, and the detailed financial variance reports should be read whilst bearing that factor in mind.

Commentary

The GAAP Financial Reports, presented as Appendix (a), show an operating deficit of (\$323k) against a budgeted deficit for the same period of (\$964k). The result includes the recognition of a net gain of \$840k on the sale of the Boundary Creek property.

The GAAP Financial Reports are presented in the format required for Council's external financial reporting. Whilst they are based on information provided in the summarised activity reports included in Appendix (c), that information is re-stated to meet financial reporting standards and so the two sets of reports do not necessarily align.

Revenue

Overall revenue, including the gain on property sale of \$840k, is over budget by \$1.497m, with most revenue categories (except Other Grants & Donations and Finance income) achieving or bettering budget.

Notable variances from budget:

- User Charges are over budget by \$386k, largely as a result of unbudgeted revenue from forestry harvesting, generating gross income of \$299k. Other revenue items, including Rent, Cemetery charges and Camping revenue, are also over budget;
- Both Government Grants and Other Grants & Donations are running under budget by \$110k in total, due largely to timing issues. Government Grants includes the full amount that Council can recover from NZTA in relation to the flood event. The timing of all budgets in relation to the Cultural Facilities project have been altered to reflect the likelihood that these funds will not be received in this financial year;
- Development and Financial Contributions are over budget by \$139k; Roding development contributions ahead by \$107k, Water by \$28k, and RMA contributions by \$4k, while Sewer is precisely on budget;
- Finance income is slightly below budget, reflecting interest rates that are below those anticipated when setting the budget.

The final claim related to the flood-damaged Roding system of \$537k has been approved and submitted to NZTA for payment, and is included in Government Grant revenue. Negotiations to secure insurance payouts related to other flood damage are well underway – about \$40k has been received during the second quarter, and these funds will be allocated as appropriate when other outstanding amounts have been received.

Expenditure

Overall expenditure is reported over budget by \$856k.

Notable variances from budget:

- Employee costs are under budget by \$338k. Of this, salaries and wages are \$375k under budget, reflecting savings made while a number of key positions remained vacant. As a consequence of those vacancies, Council's contributions to Kiwisaver are under budget by \$22k, but the cost of contractors required to fill those gaps amounted to \$64k, \$50k over budget.
- Other Expenses are over budget by \$1.069m. Unbudgeted Forestry harvesting costs account for \$239k of this variance, while Roothing flood repairs cost \$1.083m. Many other costs are running under budget.

Capital Expenditure

Overall capital expenditure, at \$6.422m, is under the budget of \$9.911m by \$3.489m.

Notable variances from budget:

- Roothing capital expenditure is under budget by \$2.553m, due in part to the essential restoration of flood-damaged infrastructure, and to delays resulting from weather conditions prior to Christmas;
- Water capital expenditure is ahead of budget by \$475k, due to progress made on South Hill improvements. Whitestone Contracting now has three crews working on the project. This work is regarded as part of the Hamnak project, which is budgeted to be completed over coming months;
- Sewer capital expenditure is down by \$254k, largely due to work planned for the Moeraki and Otematata schemes not progressing as yet;
- Stormwater capital expenditure is under budget by \$120k, as work scheduled for Oamaru has yet to commence;
- Property capital expenditure is under budget by \$534k, as a consequence of delays in starting work on the Courthouse, and the timing of works on the breakwater meaning that project is behind by \$64k.

More detail on the above projects and variances from budget has been provided in group activity reports to other Council Committees.

Ian Wells
Accounting Manager


Paul Hope
Finance and Corporate Development
Group Manager

Attachments

- Appendix (a) – Second Quarter Financial Reports
- Appendix (b) – Quarterly Treasury Report
- Appendix (c) – Internal Loans – position at 31 December 2017
- Appendix (d) – Special Funds and Reserves – summarised position at 31 December 2017
- Appendix (e) – Separate rate accounts – position at 30 September 2017
- Appendix (f) – Variance Reports and Commentaries for period six

Appendix (a) – Second Quarter Financial Reports

Statement of Comprehensive Revenue and Expense

for the six months ended 31 December 2017

	2018 6 Months Actual \$000	2018 6 Months Budget \$000	2018 Annual Budget \$000	2017 12 Months Actual \$000
Revenue				
Rates Revenue	15,251	15,027	30,717	30,303
User Charges	2,591	2,205	3,907	5,909
Regulatory Charges	874	838	1,557	1,508
Development and RMA Contributions	486	347	692	738
Government Grants and Subsidies	2,699	2,708	7,163	6,339
Other Grants and Donations	101	200	2,388	900
Finance Revenue	641	677	1,354	1,184
Petrol Tax	99	98	196	193
Infringements and Fines	44	29	57	86
Dividend and Subvention Payments	-	-	120	790
Assets vested in Council	-	-	-	726
Other gains and Losses	840	-	-	(1,618)
Total Revenue	23,626	22,129	48,151	47,058
Expenses				
Personnel costs	5,261	5,599	11,314	10,652
Depreciation and amortisation	6,184	6,059	12,119	11,887
Finance Costs	-	-	-	1
Other expenses	12,504	11,435	21,286	22,987
Total Expenses	23,949	23,093	44,719	45,527
Surplus / (Deficit) before Tax	(323)	(964)	3,432	1,531
Income Tax Expense / (Refund)	-	-	-	-
Surplus / (Deficit) after tax	(323)	(964)	3,432	1,531
Other Comprehensive Revenue and Expense				
Gain/(Loss) on revaluation of Infrastructural Assets	-	-	-	-
Gain/(Loss) on revaluation of Properties	-	-	14,315	9,741
Other Comprehensive Revenue	-	-	-	-
Total Other Comprehensive Revenue and Expense	-	-	14,315	9,741
Total Comprehensive Revenue and Expense	(\$323)	(\$964)	\$17,747	\$11,272

Appendix (a) – Second Quarter Financial Reports (continued)

Statement of Financial Position

As at 31 December 2017

	2018 Actual \$000	2018 Budget \$000	2017 Actual \$000
Public Equity			
Ratepayers' Equity	310,208	310,208	310,208
Revaluation Reserve	415,199	426,746	415,187
Operating Reserve	21,873	25,448	21,932
Other Reserves	14,879	15,648	14,842
Total Public Equity	\$762,159	\$778,050	\$762,169
Non-Current Assets			
Property Plant and Equipment	719,478	740,550	719,240
Intangible Assets	681	820	681
Forestry	226	100	226
Assets held for Sale	1,150	1,150	1,150
Other Financial Assets			
- Investments in CCO's	4,912	4,912	4,912
- Investments in other entities	145	145	145
- Loans to other entities	26,391	25,032	25,060
	752,983	772,709	751,414
Current Assets			
Cash and Cash Equivalents	4,376	2,150	4,483
Receivables	3,445	3,275	3,470
Prepayments	300	285	233
Inventory	26	14	26
Other Financial Assets			
- Term deposits	8,375	6,750	9,425
- Loans to other entities	16	1	16
Assets held for Sale	-	-	369
	16,538	12,475	18,022
Total Assets	769,521	785,184	769,436
Non-Current Liabilities			
Provisions	788	390	788
	788	390	788
Current Liabilities			
Trade and Other Payables	5,492	5,620	5,272
Employee Entitlement Liabilities	1,024	1,050	1,074
Provisions	58	74	133
	6,574	6,744	6,479
Total Liabilities	7,362	7,134	7,267
Net Assets	\$762,159	\$778,050	\$762,169

Appendix (b) – Quarterly Treasury Report

Treasury Overview

This report reviews Treasury performance for the second quarter of the 2017/18 financial year, and projects Council's expenditure profile and anticipated investment maturity over the next twelve months.

Interest rates have continued to disappoint, having again failed to reach the levels allowed for in the budget during the second quarter. As noted in the first quarter's report, rates charged for the NOIC and Observatory Village loans reduced on those charged last year due to the contractual basis on which those rates are calculated.

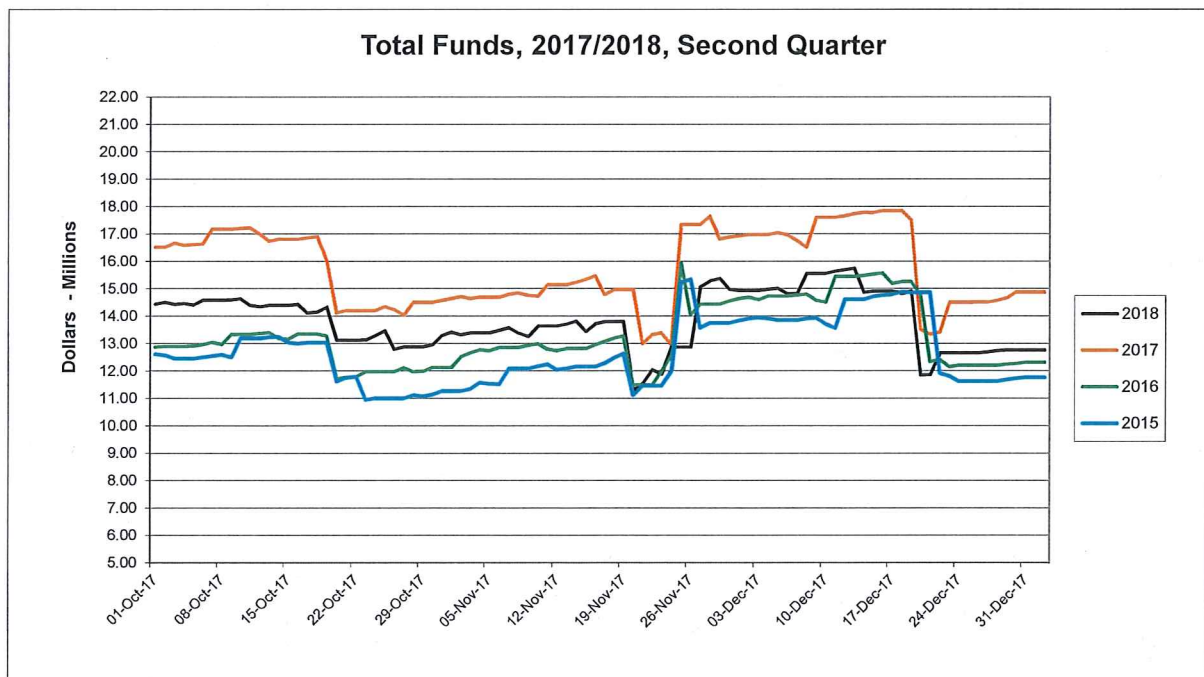
Council uses the four major New Zealand banks for deposits, and compares rates when deciding on investment opportunities. These banks are rated "AA" or better by Standard and Poors. Council has approved five other "A" rated banks for investment purposes on a more limited basis but, in the short term, it is unlikely that use of other banks will be required.

Overall Cash Position

Every effort is made to improve, or at least maintain, potential investment returns while still ensuring sufficient funds remain available for normal operational requirements. Amounts invested are based on expected inflows and always allow a margin so no external borrowing will be required.

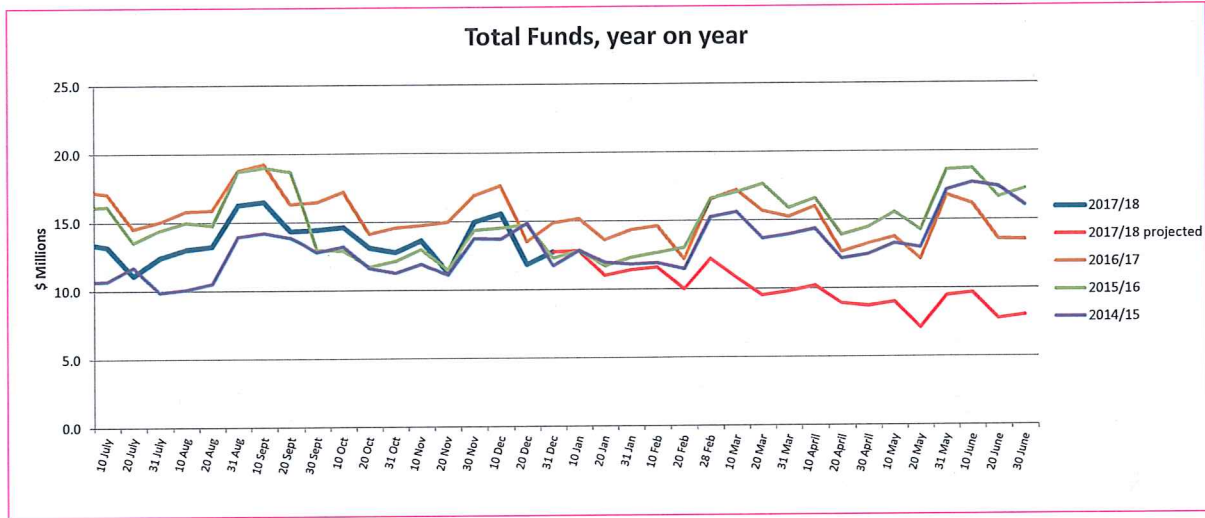
As was reported in the previous Treasury Report, Council's bank account became overdrawn over Labour weekend as a direct result of a deposit-holder misinterpreting Council's investment instruction. The maximum amount of the overdraft was \$340,102. The bank involved has assumed full responsibility for the error and Council has incurred no fees as a result.

Total Cash Funds, Second Quarter Movements



Appendix (b) – Quarterly Treasury Report (continued)

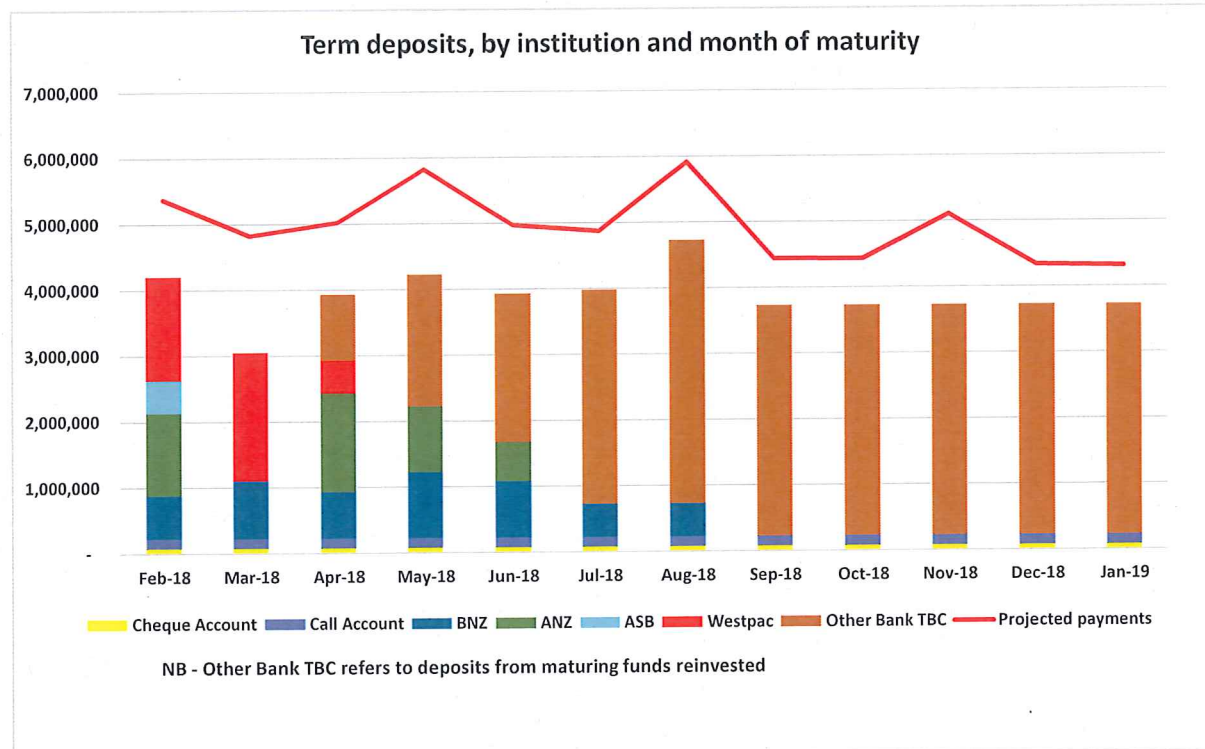
Total Funds, 2017/18 Financial Year



Projected investment maturity and outgoings analysis

This graph projects likely cash outgoings and maturing investments by month, with the gap between available funds from bank deposits and projected expenditure being met by current month operating revenues.

Projected payments include a part of loan draw-downs of the additional \$3.5 million committed for the retirement village, but a delay in their funding requirements has resulted in an expectation that not all of those funds will be paid out this year. Projections also allow for completion of the Hamnak project.



Appendix (b) – Quarterly Treasury Report (continued)

“Cash” Investment as at 31 December 2017

Institution	Original Term	Maturity Date	Rate	Amount
BNZ	244 days	22/01/2018	3.65%	\$500,000
BNZ	87 days	22/01/2018	2.87%	\$350,000
BNZ	116 days	20/02/2018	3.27%	\$650,000
BNZ	210 days	22/03/2018	3.60%	\$625,000
BNZ	189 days	20/04/2018	3.60%	\$450,000
BNZ	182 days	28/05/2018	3.60%	\$750,000
BNZ	241 days	26/07/2018	3.63%	\$500,000
Total BNZ				\$3,825,000
ANZ	150 days	22/01/2018	3.25%	\$500,000
ANZ	136 days	22/01/2018	3.22%	\$500,000
ANZ	271 days	20/02/2018	3.65%	\$500,000
ANZ	90 days	22/02/2018	3.10%	\$750,000
ANZ	155 days	20/04/2018	3.15%	\$500,000
ANZ	147 days	23/04/2018	3.20%	\$1,000,000
Total ANZ				\$3,750,000
ASB	55 days	03/01/2018	2.44%	\$275,000
ASB	88 days	22/01/2018	3.01%	\$500,000
ASB	91 days	20/02/2018	3.00%	\$500,000
Total ASB				\$1,275,000
Westpac	41 days	10/01/2018	2.60%	\$300,000
Westpac	69 days	17/01/2018	2.73%	\$600,000
Westpac	82 days	22/01/2018	2.77%	\$500,000
Westpac	65 days	15/02/2018	2.70%	\$750,000
Westpac	84 days	22/02/2018	2.71%	\$300,000
Westpac	121 days	22/03/2018	3.04%	\$500,000
Total Westpac				\$2,950,000
Total on deposit 31 December 2017				\$11,800,000

The pattern of investing focuses on ensuring that a range of deposits mature around the 20th of the month, to coincide with Council's monthly payments cycle. A further sequence of deposits matures between these dates to match the timing of payroll and other creditor requirements.

Council has been able to generally achieve targets set in the Treasury Strategy during this quarter, and in cases where the target has been missed, the monetary impacts have not been significant:

- Up to 30 days achieved N/A (no investments) (target range 1.75% - 2.00% or better)
- Between 30 and 60 days achieved 2.44% – 2.60% (target range 2.50% - 2.90% or better)
- Between 60 and 90 days achieved 2.70% - 3.10% (target range 2.70% - 3.20% or better)
- 3 – 6 months achieved 3.04% – 3.27% (target range 3.10% - 3.60% or better)
- 6 – 9 months achieved 3.60% - 3.65% (target range 3.25% - 3.85% or better)
- 9 – 12 months achieved 3.65% - 3.80% (target range 3.60% - 4.00% or better).

The loans to NOIC and the Observatory Village (stage 1) earn interest rates of 3.28% (last year 3.58%) and 3.38% (last year 3.49%) respectively for the 2017/18 financial year. These rates still represent a very good return in this environment, and remain effective until 30 June 2018, at which time they will be re-set for the next 12 month period.

Appendix (b) – Quarterly Treasury Report (continued)

Other Investments

Council has several loans outstanding to community groups and other entities. The largest of these loans are set out below.

North Otago Irrigation Company Ltd –

- Balance at 31 December \$17,000,000
- Interest earned for the six month period \$281,091
- Interest is charged and paid monthly

Observatory Retirement Village Trust –

- Balance at 31 December \$7,969,832, and the stage two loan \$249,637 – Total \$8,219,469
- Interest earned for the six month period \$134,891 (note the stage two loan is interest-free)
- Interest is accrued monthly for reporting purposes, and compounded on a quarterly basis
- The company has been advised that principal payments will be required on the stage one loan after the third quarter, as compounding interest will increase the balance over its \$8 million limit.

Council's support for stage 1 is capped at \$8,000,000, and \$250,000 for the initial stage 2 advance with a further \$3,500,000 committed.

Oamaru Whitestone Civic Trust –

- Balance at 31 December \$440,000 interest-bearing and \$100,000 interest-free
- Interest earned for the period \$7,745
- Interest is paid quarterly.
- Principal payments amounting to \$15,000 have been received

The Trust has an approved loan facility with Council of \$500,000, with an additional advance of \$100,000 interest-free.

Council provides the Trust with a quarterly grant to match the interest payment.

The Trust has committed to annual payments of \$15,000 in reduction of the loan balance.

Otago Rural Fire Authority –

- Balance at 31 December \$285,145

Interest is not charged on the loan, which reflects the value of equipment transferred to the Authority in the 2014/15 financial year.

Other Investments

Amounts invested in Council Controlled Trading Organisations (CCTOs) comprise the majority of the value of the other investments held by Council. Whitestone Contracting Limited has committed to paying a dividend of at least \$120,000 annually, with more potentially, depending on its annual operating results.

Internal Loans

Details of movements in internal loans have not been finalised for the quarter ended 31 December. This information will be presented to the Committee once available.

Details of internal loans for the first quarter were presented with the Finance Report for Period 5, November 2017.

Special Reserves

Details of movements in special reserves have not yet been finalised for the quarter ended 31 December, and will be presented to the Committee once available.

Details of Special Funds for the first quarter were presented with the Finance Report for Period 5, November 2017.

Appendix (c) – Internal Loan balances at 31 December 2017

	Interest Expense \$000	Balance 1 July 2017 \$000	Increased Borrowing \$000	Principal Repaid \$000	Balance 31 Dec 2017 \$000
Roads and Footpaths	8	467	-	(35)	432
Waste Water	5	266	119	(27)	358
Stormwater Damage	0	5	-	(3)	2
Water Supply	156	8,947	2,092	(369)	10,670
Waste Management and minimisation	5	433	-	(193)	240
Arts, Heritage and Culture	2	112	-	(5)	107
Parks and Recreation	10	807	3	(253)	557
Community amenities	2	84	38	(2)	120
Oamaru Harbour and Historic Precinct	34	1,852	278	(48)	2,082
Commercial and Development Activities	140	9,700	148	(1,803)	8,045
Support Services	(361)	-	-	-	-
	-	22,673	2,678	(2,738)	22,613

Council resolved to clear a number of older loans related to landfill operations (Waste Management and minimisation) and public toilets (Parks and Recreation) as part of its deliberations prior to completion and adoption of the 2017/18 Annual Plan, and the loans involved were repaid in Quarter 1 (a total reduction in loan balances of \$419k).

Also during Quarter 1, the proceeds of the sale of Boundary Creek were used to clear loan balances related to that property (a total of \$1.284m). In Quarter 2, the proceeds of the sale of a part of the Lory Block (\$328k) were applied in reduction of the balances of loans associated with that property.

Significant loan funding has been allocated in the first half of the financial year to these projects:

Hamnak water pipeline project	2,053k
Saleyards Road sewer extension	119k
Coastal protection works	278k
Property loans – compounding interest	93k
Cultural facilities development	55k

Type of Reserve	Purpose of Reserve		Balance at 1 July 2016 \$000	Transfers to Reserves \$000	Transfers from Reserves \$000	Balance at 30 June 2017 \$000	Transfers to Reserves \$000	Transfers from Reserves \$000	Balance at 31 Dec 2017 \$000
Special Reserves									
<u>Development Funds</u>									
Roading	Future expansion and upgrading infrastructure for growth		543	252	(245)	550	217	(42)	725
Water			1,764	297	(728)	1,333	159	(306)	1,186
Sewer			2,145	176	-	2,321	88	(148)	2,261
Total Development Funds		A	4,452	725	(973)	4,204	464	(496)	4,172
<u>Other Council-created Funds</u>									
Disaster & Insurance Excess Funds	Contingency for rapid response	C	3,719	202	(66)	3,855	139	(39)	3,955
Land Endowment Fund	Operational funding	D	1,559	298	(236)	1,621	27	(54)	1,594
Community Housing Fund	Community housing projects & upgrades	E	752	26	(170)	608	9	(112)	505
Forestry Planting Fund	Net proceeds from forestry activities	F	1,174	249	-	1,423	22	(104)	1,341
Other Council-created funds	Established for other specific purposes		904	563	(128)	1,339	13	94	1,446
Total Special Reserves			12,560	2,063	(1,573)	13,050	674	(711)	13,013
Trust Funds									
Waitaki Heritage Fund	Support for heritage projects	G	259	251	(136)	374	109	-	483
RMA Reserve	Future recreational developments		717	193	(220)	690	102	(40)	752
Oamaru Public Gardens	Grants, donations, bequests and other gifts for specific purposes		190	7	-	197	5	(48)	154
North Otago Museum			133	8	(9)	132	11	-	143
Other community purposes			377	28	(11)	394	(3)	(68)	323
Total Trust Funds			1,676	487	(376)	1,787	224	(156)	1,855
Reserved Funds									
SPARC and Creative NZ Funds	Funds for community organisation grants		-	30	(26)	4	20	(14)	10
Loan Funds	Repayments of heritage loans		1	-	-	1	-	-	1
Total Reserved Funds			1	30	(26)	5	20	(14)	11
Total Restricted Reserves			\$ 14,237	\$ 2,580	(\$ 1,975)	\$ 14,842	\$ 918	(\$ 881)	\$ 14,879

Appendix (e) – Separate Rate Account balances 30 September 2017

Council maintains separate rate accounts for each rate that is levied on particular regions, or for particular purposes, within the District, to provide full transparency and accountability for the use of the rates so levied.

Detailed reports are prepared each quarter, and made available to the Community Boards and the relevant Hall, Water and Sewer committees.

Councillors will recall that previous quarterly reports have detailed separate rate accounts that are being monitored because of issues arising from their overdrawn, or over-funded, status – these are listed below together with pertinent comments, and the following three pages provide the full detail of movements in, and closing balances of, all separate rate accounts.

Those accounts that are of particular concern at the end of the first quarter:

Water rate accounts		
Awamoko	(\$7,526)	Position improving – continue monitoring
Kurow	(\$56,220)	Position worsening – consider an internal loan or increased rates in the LTP to clear over time
Oamaru Supply	\$1,022,565	LTP allows for this balance to reduce over time
Bushy Creek (Otekaieke)	(\$2,724)	No significant change, not material, monitor
Waihemo	(\$96,557)	No significant improvement, already has loans, and Depreciation reserve is in overdraft. Consider an increased rate in LTP to start clearing
Windsor	(\$8,405)	Position improving – continue monitoring
Sewer rate accounts		
Oamaru/Weston	\$686,798	LTP allows for this balance to reduce over time
Community Halls rate accounts		
Macraes	(\$350)	Position improving – continue monitoring
Township Amenity rate accounts		
Shag Point	(\$2,922)	Position improving – continue monitoring

Council credits interest to balances held in Water, Sewer and Hall separate rate accounts, and charges interest on those accounts with overdrawn balances. All those accounts reported as overdrawn are effectively being charged the same amount in interest as they would if an internal loan was established to clear the debt

Appendix (e) – Separate Rate Account balances 30 September 2017 (continued)

Rate Type	Operating Expenses	Operating Income	Rates Income	Operating Surplus (Deficit)	Depreciation Not Funded	Net Cash Surplus (Deficit)	Net Capital & Renewal Expenses	Reserve Movements	Year to Date Surplus (Deficit)	Rate Account Opening Balance	Cash Movements	30-Sep-17 Rate Account Balance
Water												
Awamoko	(27,466)	2,897	24,657	88	-	88	-	(2,625)	(2,537)	(4,989)	-	(7,526)
Dunroon	(9,264)	231	7,683	(1,350)	375	(975)	-	(922)	(1,897)	7,834	-	5,937
Hampden/Moeraki	(45,847)	132,517	45,189	131,859	-	131,859	(48,145)	18,930	102,644	61,651	-	164,295
Herbert/Waianakarua	(43,400)	3,072	41,706	1,378	-	1,378	(390)	(5,661)	(4,673)	83,555	-	78,882
Kauru Hill	(12,265)	5,788	17,019	10,542	-	10,542	-	(4,223)	6,319	42,927	-	49,246
Kurow	(40,774)	9,346	31,563	135	215	350	(2,513)	(6,128)	(8,291)	(47,929)	-	(56,220)
Lower Waitaki	(41,579)	4,683	43,560	6,664	2,270	8,934	(13,032)	(656)	(4,754)	22,403	-	17,649
Oamaru Supply	(563,770)	136,585	328,605	(98,580)	40,531	(58,049)	(468,192)	422,915	(103,326)	1,125,891	-	1,022,565
Oamaru Reticulation	(336,370)	18,191	319,011	832	-	832	(322,969)	311,395	(10,742)	39,791	(3,102)	25,947
Oamaru Treatment Loan	(41,713)	-	156,210	114,497	-	114,497	-	(114,480)	17	1,354,784	-	1,354,801
Ohau	(14,167)	2,335	5,064	(6,768)	-	(6,768)	1	(1,562)	(8,329)	55,586	-	47,257
Omarama	(33,748)	6,248	36,399	8,899	1,175	10,074	(195)	(4,605)	5,274	386,644	-	391,918
Omarama Loan	(218)	-	3,357	3,139	-	3,139	-	(3,037)	102	-	-	102
Otekaieke	(2,952)	237	2,790	75	-	75	-	(290)	(215)	(2,527)	-	(2,742)
Otematata	(49,557)	(1,712)	43,914	(7,355)	2,742	(4,613)	(195)	(5,946)	(10,754)	139,481	-	128,727
Stoneburn	(18,532)	3,274	20,676	5,418	2,965	8,383	(1,220)	(3,056)	4,107	76,002	-	80,109
Tokarahi	(66,106)	12,874	55,407	2,175	-	2,175	-	(9,120)	(6,945)	413,711	-	406,766
Waihemo	(143,944)	15,066	147,306	18,428	4,674	23,102	(29,101)	5,268	(731)	(95,826)	-	(96,557)
Windsor	(16,594)	1,433	13,713	(1,448)	-	(1,448)	-	(1,009)	(2,457)	(5,948)	-	(8,405)
Other	(9,044)	-	216	(8,828)	1,011	(7,817)	-	3,943	(3,874)	129,160	-	125,286
Water	(1,517,310)	353,065	1,344,045	179,799	55,958	235,757	(885,951)	599,131	(51,062)	3,782,201	(3,102)	3,728,037
Sewer												
Dunroon	(412)	109	186	(117)	332	215	-	(70)	145	12,594	-	12,739
Kurow	(25,010)	3,873	13,347	(7,790)	-	(7,790)	-	(1,898)	(9,688)	102,898	-	93,210
Moeraki	(58,778)	8,234	33,870	(16,674)	8,647	(8,027)	-	(8,113)	(16,140)	33,177	-	17,037
Moeraki Construction Loan	(282)	-	4,215	3,933	-	3,933	-	(3,933)	-	-	-	-
Moeraki Reticulation Loan	(472)	-	7,053	6,581	-	6,581	-	(6,570)	11	-	-	11
Oamaru/Weston	(603,186)	143,133	242,919	(217,134)	3,130	(214,004)	(203,074)	186,830	(230,248)	917,046	-	686,798
Ohau	(7,299)	2,240	5,049	(10)	-	(10)	-	(1,197)	(1,207)	26,792	-	25,585
Omarama	(32,684)	7,505	27,915	2,736	-	2,736	(60)	(5,573)	(2,897)	100,567	-	97,670
Otematata	(44,069)	8,091	33,279	(2,699)	-	(2,699)	(60)	(3,674)	(6,433)	89,258	-	82,825
Palmerston	(50,253)	8,438	42,024	209	-	209	-	(9,068)	(8,859)	45,224	-	36,365
Sewer Maintenance	(822,445)	181,623	409,857	(230,965)	12,109	(218,856)	(203,194)	146,734	(275,316)	1,327,556	-	1,052,240

Appendix (e) – Separate Rate Account balances 30 September 2017 (continued)

Rate Type	Operating Expenses	Operating Income	Rates Income	Operating Surplus (Deficit)	Depreciation Not Funded	Net Cash Surplus (Deficit)	Net Capital & Renewal Expenses	Reserve Movements	Year to Date Surplus (Deficit)	Opening Balance	Cash Movements	30-Sep-17 Rate Balance
Community Halls												
Airedale	-	9	123	132		132			132	993		1,125
Ardgowan	(409)	13	531	135		135			135	1,485		1,620
Awamoko	(1,115)	45	531	(540)		(540)			(540)	5,110		4,570
Dunback	(1,016)	608	840	432		432			432	11,579		12,011
Duntroon	(912)	123	603	(187)		(187)			(187)	14,049		13,862
Enfield	(900)	65	582	(254)		(254)			(254)	7,392		7,139
Five Forks	-	34	321	355		355			355	3,947		4,302
Hampden	(3,238)	1,601	1,788	151		151			151	27,297		27,448
Kakanui	(428)	272	1,590	1,434		1,434			1,434	31,135		32,569
Kurow	(13,529)	10,244	3,315	30		30			30	27,958		27,989
Lower Waitaki	(16,000)	141	2,388	(13,471)		(13,471)			(13,471)	16,127		2,656
Macraes	(645)	(3)	678	29		29			29	(379)		(350)
Maheno	(350)	110	1,206	966		966			966	12,651		13,617
Moeraki	(3,505)	192	1,878	(1,435)		(1,435)			(1,435)	21,963		20,528
Ngapara	(494)	151	357	15		15			15	17,325		17,339
Omarama	(3,496)	39	3,717	260		260		(591)	(331)	4,489		4,158
Otekaieke	(291)	57	225	(9)		(9)			(9)	6,528		6,520
Otematata	(4,975)	26	4,008	(941)		(941)			(941)	2,985		2,044
Otepopo/Herbert	(2,703)	98	723	(1,882)		(1,882)			(1,882)	11,228		9,346
Palmerston	(5,805)	1,564	4,473	232		232			232	9,073		9,305
Pukeuri	(499)	3,065	429	2,995		2,995			2,995	13,165		16,160
Tokarahi	(340)	21	711	392		392			392	2,435		2,826
Totara	(1,783)	68	1,887	173		173		-	173	7,826		7,999
Waianakarua	(635)	47	378	(209)		(209)			(209)	5,411		5,201
Waitaki Bridge	(2,172)	1,278	651	(242)		(242)			(242)	2,975		2,733
Weston	(2,856)	181	4,662	1,987		1,987			1,987	20,776		22,763
Windsor	(87)	83	417	413		413			413	9,508		9,920
	(68,182)	20,131	39,012	(9,039)	-	(9,039)	-	(591)	(9,630)	295,031	-	285,401
Township Amenity												
Duntroon	-	-	375	375	-	375	-	-	375	11,759	-	12,134
Hampden	-	-	7,500	7,500	-	7,500	-	-	7,500	92,009	-	99,509
Herbert	-	-	(375)	(375)	-	(375)	-	-	(375)	15,002	-	14,627
Kakanui	-	-	1,248	1,248	-	1,248	-	-	1,248	18,793	-	20,041
Kurow	(36,372)	-	4,395	(31,977)	-	(31,977)	-	-	(31,977)	80,582	-	48,605
Maheno	-	-	375	375	-	375	-	-	375	14,999	-	15,374
Moeraki	-	-	1,248	1,248	-	1,248	-	-	1,248	25,222	-	26,470
Oamaru	(126,487)	2,424	(132,651)	(256,714)	-	(256,714)	-	659	(256,055)	483,019	-	226,964
Ohau	(74)	-	867	793	-	793	-	(90)	703	23,235	-	23,938
Omarama	(1,464)	-	4,599	3,135	-	3,135	-	(25)	3,110	58,016	-	61,126
Otematata	(25,368)	25,368	13,938	13,938	-	13,938	-	(2,469)	11,469	103,831	-	116,300
Palmerston	(4,832)	-	7,779	2,947	-	2,947	-	(335)	2,612	114,646	-	117,258
Shag Point	-	-	375	375	-	375	-	-	375	(3,297)	-	(2,922)
Weston	(5,694)	-	10,563	4,869	-	4,869	-	(1,852)	3,017	27,772	-	30,789
Township Amenity	(200,290)	27,792	(79,764)	(252,262)	-	(252,262)	-	(4,112)	(256,374)	1,065,588	-	809,213

Appendix (e) – Separate Rate Account balances 30 September 2017 (continued)

Rate Type	Operating Expenses	Operating Income	Rates Income	Operating Surplus (Deficit)	Depreciation Not Funded	Net Cash Surplus (Deficit)	Net Capital & Renewal Expenses	Reserve Movements	Year to Date Surplus (Deficit)	Opening Balance	Cash Movements	30-Sep-17 Rate Balance
Refuse Collection	-	-	-	-	-	-	-	-	-	574,373	-	574,373
Harbour												
Coastal Protection	(70,122)	-	59,859	(10,263)	34,284	24,021	(236,102)	219,181	7,100	(377,453)	-	(370,353)
Harbour Operations	(125,550)	93,974	(21,969)	(53,545)	31,825	(21,720)	(10,669)	1,267	(31,122)	576,864	(4,133)	541,609
	(195,672)	93,974	37,890	(63,808)	66,109	2,301	(246,771)	220,448	(24,022)	199,411	(4,133)	171,256
Ward Services												
Ahuriri Ward Services	(116,873)	10,623	114,172	7,922	4,835	12,757	(9,549)	12,072	15,280	413,662	-	428,942
Corriedale Ward Services	(41,703)	-	40,374	(1,329)	2,360	1,031	(285)	-	746	204,315	-	205,061
Oamaru Ward Services	(369,481)	3,130	346,618	(19,733)	35,741	16,008	(5,063)	(61,480)	(50,535)	388,811	-	338,276
Waihemu Ward Services	(179,083)	2,138	183,332	6,387	11,942	18,329	(1,249)	(5,922)	11,158	360,536	-	371,694
Ward Services	(707,140)	15,891	684,496	(6,753)	54,878	48,125	(16,146)	(55,330)	(23,351)	1,367,323	-	1,343,972
Roading & Civil Defence												
Roading & Civil Defence	(3,344,737)	1,350,450	1,481,436	(512,851)	672,903	160,052	(255,064)	486,424	391,412	646,895	-	1,038,307
Roading Dev Contributions	-	118,882	-	118,882	-	118,882	-	-	118,882	543,355	-	662,237
	(3,344,737)	1,469,332	1,481,436	(393,969)	672,903	278,934	(255,064)	486,424	510,294	1,190,250	-	1,700,544
Oamaru Business (Parking Only)	(52,349)	62,643	(3,639)	6,655	-	6,655	-	(3,750)	2,905	148,617	-	151,522
Total Separate Rate Accounts	(6,908,126)	2,224,451	3,913,333	(770,341)	861,957	91,616	(1,607,126)	1,388,954	(126,556)	9,950,350	(7,235)	9,816,559

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus) or Deficit	Budget (Surplus) or Deficit
Assets Group									
		(217,088)	(409,202)	-46.9%	229,768	413,159	44.4%	12,680	3,957
		-	-	0.0%	(3)	3,038	100.1%	(3)	3,038
		(3,600,968)	(3,203,470)	12.4%	2,986,450	3,568,604	16.3%	(614,518)	365,134
	1	(7,234,379)	(10,253,584)	-29.4%	8,513,996	9,772,157	12.9%	1,279,617	(481,427)
	2	(746,279)	(752,824)	-0.9%	757,908	821,781	7.8%	11,630	68,957
		(8,813,966)	(8,532,171)	3.3%	8,077,838	9,317,112	13.3%	(736,129)	784,941
	3	(4,887,629)	(4,575,433)	6.8%	20,565,958	23,895,851	13.9%	(46,723)	744,600
Assets Group Total									
Comment									
1 - Property revenue includes gross sale proceeds from the disposal of Boundary Creek property									
2 - Roothing revenue and cost have been impacted by flood-related works and adverse weather affecting the programme of works									
3 - Waters cost is under budget due to delays with capital projects, which are now progressing									
CEO									
		-	-	0.0%	4,016	(53,084)	107.6%	4,016	(53,084)
		(677,456)	(686,394)	-1.3%	897,177	1,106,400	18.9%	219,721	420,006
		(6,473)	(11,748)	-44.9%	6,474	15,616	58.5%	1	3,868
		(16,016)	(20,655)	-22.5%	16,011	11,585	-38.2%	(5)	(9,070)
		546,547	305,302	79.0%	20,497	(88,622)	123.1%	567,045	216,680
CEO Total									
		(153,398)	(413,495)	-62.9%	973,196	995,895	2.3%	819,798	582,400

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus) or Deficit	Budget (Surplus) or Deficit
Community Services Group									
Aquatic Centre		(841,580)	(860,788)	-2.2%	761,493	872,111	12.7%	(80,087)	11,323
Community Safety		(76,468)	(87,712)	-12.8%	80,440	90,138	10.8%	3,972	2,426
Gallery & Museum		(698,024)	(584,226)	19.5%	694,724	689,097	-0.8%	(3,300)	104,871
General Grants		(203,718)	(203,335)	0.2%	277,950	239,442	-16.1%	74,232	36,107
Libraries		(766,484)	(762,432)	0.5%	807,203	768,676	-5.0%	40,720	6,244
Management Community Services		-	(8,394)	-100.0%	(2)	9,580	100.0%	(2)	1,186
Oamaru Opera House		(598,492)	(648,322)	-7.7%	648,543	634,843	-2.2%	50,050	(13,479)
Parks and Recreation	4	(2,618,490)	(2,770,166)	-5.5%	2,512,049	2,892,123	13.1%	(106,442)	121,957
Community Services Group Total		(5,803,256)	(5,925,375)	-2.1%	5,782,401	6,196,010	6.7%	(20,856)	270,635
Comment									
4 - Parks and Recreation includes unbudgeted income of \$299k, and unbudgeted associated costs, resulting from forestry harvest activities									
Council									
Committees		(23,466)	(20,172)	16.3%	10,930	20,175	45.8%	(12,536)	3
Community Boards		(223,944)	(226,008)	-0.9%	199,836	228,818	12.7%	(24,108)	2,810
Election	5	(20,352)	(17,502)	16.3%	20,352	17,500	-16.3%	-	(2)
Reporting	6	(347,148)	(333,446)	4.1%	292,517	327,690	10.7%	(54,631)	(5,756)
Waitaki District Council		(1,395,915)	(1,417,432)	-1.5%	1,128,522	1,442,759	21.8%	(267,393)	25,327
Council Total		(2,010,825)	(2,014,560)	-0.2%	1,652,157	2,036,942	18.9%	(358,667)	22,382

Comment

5 - Election revenue is Rates, expense reflects an annual payment to Electionz ahead of the next triennial election. Each quarter, any surplus is transferred to reserves

6 - Reporting includes both the Annual Report and the Long Term Plan, rate funding is ahead of actual costs incurred.

Appendix (f) – Variance Reports and Commentaries (continued)

		YTD Actuals Income	YTD Budget Income	YTD % Variance Income (-variance is unfavourable)	YTD Actuals Expense	YTD Budget Expense	YTD % Variance Expense (-variance is unfavourable)	Actual (Surplus or Deficit)	Budget (Surplus or Deficit)
Customer Services Group									
Customer Contact Team		(1,782)	(1,000)	78.2%	1,782	3,504	49.1%	-	2,504
Emergency Services	7	(61,876)	(61,092)	1.3%	52,881	61,080	13.4%	(8,995)	(12)
Management Customer Services		(2,921)	-	100.0%	2,921	(6,839)	142.7%	-	(6,839)
Planning		(647,886)	(613,150)	5.7%	537,415	614,959	12.6%	(110,470)	1,809
Policy Development		-	-	0.0%	4	1,772	99.8%	4	1,772
Regulatory Services		(1,721,164)	(1,971,063)	-12.7%	1,631,827	1,818,603	10.3%	(89,336)	(152,460)
Customer Services Group Total		(2,435,628)	(2,646,305)	-8.0%	2,226,830	2,493,079	10.7%	(208,798)	(153,226)
Comment									
7 - Emergency Services activity includes flood-related humanitarian costs, for which funding has still to be finalised									
Total		(15,290,736)	(15,575,168)	(1.83%)	31,200,541	35,617,777	12.40%	184,754	1,466,791

Finance, Audit and Risk Committee Report

From Finance and Corporate Development Group Manager

Date 13 February 2018

Treasury Strategy, Third and Fourth Quarters, 2017-18 Financial Year

Recommendations

The Finance, Audit and Risk Committee recommends:

That Council:

1. Adopts the proposed Treasury Strategy to cover the third and fourth quarters of the 2017-18 financial year, by:
 - continuing the use of term deposit facilities for terms between 7 days and 12 months, and
 - continuing to make minimal use of the call account,
 but always dependent on consideration of short-term operational cash requirements and on achieving target interest rates.

Objective of the Decision

To report on Council's proposed Treasury Strategy for the final two quarters of the 2017-18 financial year.

Background

The Investment Policy adopted as part of the 2015-25 Long Term Plan sets out certain reporting and accountability requirements, including regular reporting to Council of outcomes in the treasury area and the adoption of a quarterly Treasury Strategy.

In line with the strategic direction set by the FAR Committee, officers invest surplus funds on a relatively short-term basis unless a special or particularly attractive longer term rate is available. Four banking institutions are currently involved in taking Council investment funds, although approval has been given to use four other "AA" rated banks should the need arise.

The Observatory Village Charitable Trust has effectively fully drawn down the loan committed by Council in relation to stage one of the project. That said, to date, the Trust has not drawn down any funds from the loan of \$3.5 million committed by Council for the second stage of the development.

Summary of Decision Making Criteria

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	Moderate	Environmental Considerations	No
Legal	No	Cultural Considerations	No
Significance	No	Social Considerations	No
Financial Criteria	No	Economic Considerations	No
Community Views	No	Community Board Views	No
Consultation	No	Publicity and Communication	No

Discussion

As part of the cash management process, consideration is given to the appropriate mix of term deposit – long- and medium-term as well as extremely short-term – and to holding minimal funds in the call and cheque accounts.

The Official Cash Rate (OCR) is currently 1.75%, with little chance of this changing in the next one to two years. Interest rates are currently static, with virtually no movement apparent. The 2017-18 annual plan allowed for an average interest rate on external investments of 3.8%, an outcome that Council is unlikely to see this year. The Long Term Plan envisages an interest rate of 3.4% for 2018-19.

Summary of Options Considered in relation to the adoption of the Treasury Strategy

Option One: Adopt the Treasury Strategy, utilising both long- and short-term deposits; making minimal use of the call account; and tailoring term deposits to meet operational and capital requirements (recommended).

Option Two: Direct officers to research and develop an alternative strategy.

Option Two is not recommended.

Implementation of the Preferred Option

At 31 December 2017, Council had investments of \$3.825m with BNZ, \$3.750m with ANZ, \$2.950m with Westpac, and only \$1.0m with ASB. However, since that time, further deposits have been placed and now a total \$5 million is held with BNZ.

Only ASB and Westpac offer investment options for terms between 7 and 30 days. Even though rates for these terms are below 2%, this still provides a much better return than is offered on call accounts by all four banks – currently paying only 0.10%.

Currently Westpac offers the best rates for shorter terms (up to 60 days), while BNZ offers the best rates for longer terms. ANZ and ASB offer rates consistently below the BNZ, with ASB slightly lower than ANZ. In addition, as funds available for general investment reduce due to the requirements of capital projects and the new loan to the Observatory Village, it is likely that the ASB will ultimately not be used.

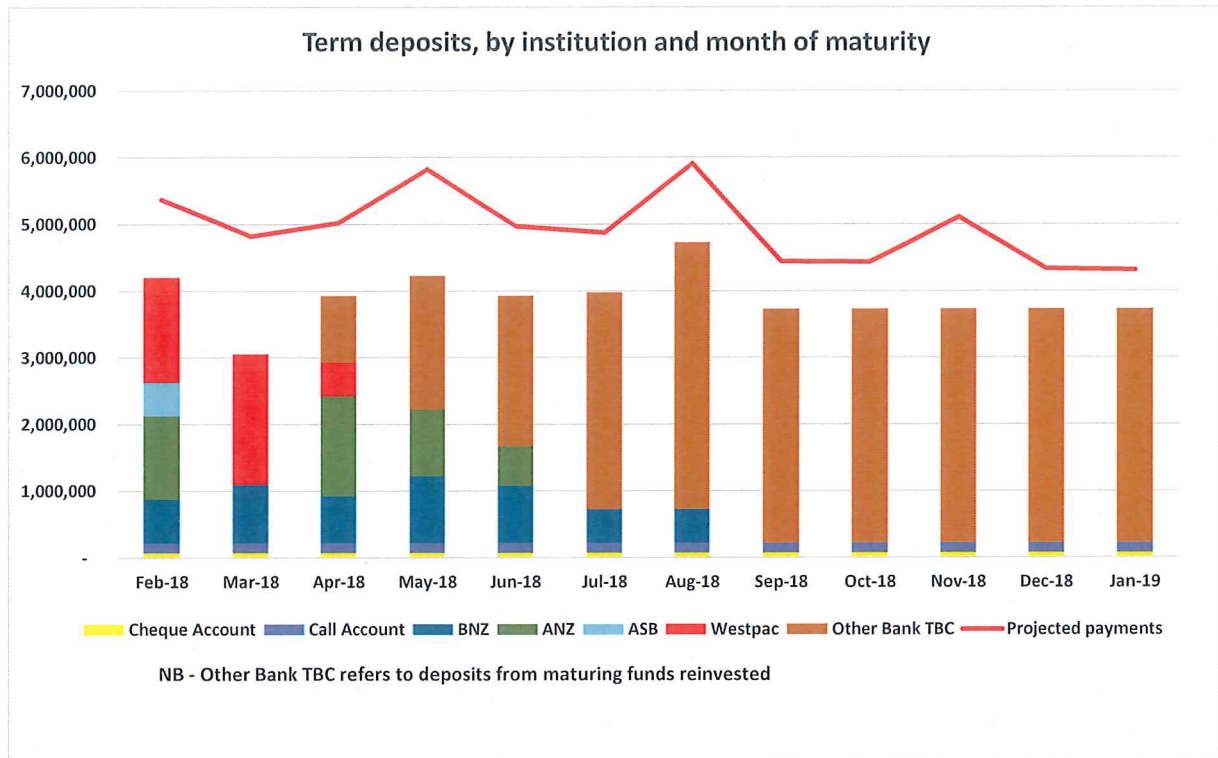
Target ranges have been held at those adopted for the second quarter, with the exception of the range “between 9 and 12 months”, largely because of the lack of movement in the financial markets. Rates offered by some providers actually reduce slightly as terms approach twelve months.

The proposed ranges are as follows:

Term of investment	Target interest rate range	
	Minimum	Maximum
Up to and including 30 days (only 2 banks)	1.75%	>2.00%
Between 30 and 60 days	2.50%	>2.90%
Between 60 and 90 days	2.70%	>3.20%
Between 3 and 6 months	3.10%	>3.60%
Between 6 and 9 months	3.25%	>3.85%
Between 9 and 12 months	3.25%	>3.75%

- Officers will exceed the prescribed minimum levels where possible. If this cannot be achieved, deposits will be placed at rates better than those paid on the call account.
- Minimal use will be made of the call and cheque accounts as fund repositories.
- Deposits will generally be placed for periods between 7 days and 12 months, always having regard to projected cash flow requirements and the need to maintain flexibility.
- Deposits will usually be between \$100,000 and \$1,000,000, but may vary in response to special rates and other considerations, as long as operational requirements are not compromised.
- Deposits for periods over six months will be dependent on assessing cash flow during that period.
- Deposits over \$1,000,000, or for over one year, will only be considered if rates far exceed the target ranges, and the funds are confirmed as surplus to forecast operational requirements.
- Officers may add other banks to those Council already deals with provided they meet Council's criteria in order to benefit from competition for investment funds.
- If, as a consequence of implementing the Treasury Strategy, the main bank account becomes overdrawn, officers will take every practical step to minimise the amount and duration of the overdrawn position while not compromising investment returns.

Projected cash flows over the next twelve months are outlined below.



Notes:

- The gap between maturing deposits and projected payments in any month will be met by the use of operational cash flows.
- The graph shows the maturity months and amounts of known term deposits, and the assumed timing and amounts of funds reinvested and new deposits (Bank TBC) – at this time, details of amounts, terms and institutions are not certain.
- Minimal use will be made of the call and cheque accounts, but these facilities still feature as part of Council's overall Treasury Strategy.

Ian Wells
Accounting Manager


Paul Hope
Finance and Corporate Development
Group Manager

Waitaki District Council Memorandum

From Finance and Corporate Development Group Manager

Date 13 February 2018

Community Contract Funding Commitments

Recommendation

That Council receives the information.

Objective

The objective of this memorandum is to ensure that Council is informed of the funding commitments that have been made across a number of community contracts.

Summary

There are a number of Community Contracts that Council supports with annual funding largely on an annual renewal. These should be highlighted so that Council is aware of these financial commitments ahead of the next Annual Plan review.

Discussion

There are a number of Community Contracts that Council has agreed to support with funding and that are largely on an annual renewal programme. One of the agreements is a multi-year agreement.

There are no firm commitments for any of the Community Groups for continued funding.

As the Long Term Plan is soon to be completed, it is considered timely for Council to reflect on these commitments that have all been in place for a number of years, and to agree the desire to continue to support this funding in the future.

The funding agreement with each community group stipulates that Council receives a copy of their annual report.



Paul Hope

Finance and Corporate Development Group Manager

Attachments

Attachment 1: Community Contract Funding Commitments

Attachment 1

Community Contract Funding Commitments

Community Group	Funding Amount	Start Period	End Period	Reason / Purpose	Signed
Age Concern	\$8,000	1/7/15	30/6/18	Community Housing welfare visits	26/2/16
Citizens Advice Bureau	\$7,602	1/7/17	30/6/18	For advice enquiry and funding services	23/11/17
East Otago Pool	\$10,200	1/9/17	30/8/18	Annual operating grant	No copy on file
Kurow Pool Grants	\$4,080	1/9/17	30/8/18	Annual operating grant	17/11/17
Mountain Bike North Otago	\$5,000			Track maintenance	Council resolution
North Otago Recreational Turf	\$4,270	1/7/17	30/6/18	Turf maintenance	Council resolution
North Otago Recreational Turf	\$36,000	1/7/17	30/6/18	One off for turf replacement	1/11/17
Oamaru Victorian Heritage Week	\$10,000	1/7/17	30/6/18	To run the celebrations	30/8/17
Sport Waitaki	\$38,557	1/7/17	30/6/18	Annual contribution to the service in the District	Council resolution
Te Roopu Taiao	\$5,000			Regional agreement to coordinate Council / Iwi agreements and actions	Council resolution
North Otago Tennis Club	\$4,000			Contribution to turf maintenance if the change is made from grass courts to concrete	
Waitaki Valley Community Society	\$10,212	1/7/17	30/6/18	Information services	Not signed
Otago Museum	\$69,734			Required under Otago Museum Act	

Finance, Audit and Risk Committee Memorandum

From **Finance and Corporate Development Group Manager**

Date **13 February 2018**

Finance and Corporate Development Group Activity Report for the period 9 November 2017 to 22 January 2018

Recommendation

That the Finance, Audit and Risk Committee receives the information.

Summary

This memorandum provides an update to the Finance, Audit and Risk Committee on various finance, information management, business development, policy, and health and safety matters.

Discussion

This report has been prepared at a time when the changes that have flowed from the new organisation structure are being embedded. It now includes a brief summary of policy and health and safety matters, which will expand and develop over time. It still includes a section on Information Services but for the last time.

Finance – Policy and General

The key matters addressed since the last report have been:

- Completing the final Annual Report requirements;
- Leading the LTP budget development process and other LTP matters; and
- Collaborating on the alternate accountability report development.

The last major task of the Annual Report process was the production of the Annual Report Summary by the statutory deadline, including Audit New Zealand sign off. This was completed and is now available through the website.

All LTP-related matters will be covered at the 27 February workshop.

The decision has been made to change the approach to financial accountability reports. Progress on this change has been noted in the Information Management section of the report. This change will provide more flexibility going forward, including the ability to develop more user-specific reports from the same source of information.

Finance – Accounting and Transactional

The majority of the finance team took the opportunity over the Christmas / New Year break to take leave. This has meant that most of the available officer time has been devoted to achieving business as usual.

Finance – Rates

The two key events in the rating calendar during the period covered by this report were the charging of the second arrears penalty and the issuing of the third instalment notice. Following the resolution of the first batch of accounts with long-term arrears, the amount of the arrears penalty showed a significant reduction compared to 2017. Although there are still some major arrears to work through, the amount is now more realistic and potentially collectible compared to prior years. A summary and proposed plan of action for the next group of accounts with significant arrears will be presented at the next meeting.

Information Management (IM)

This is the final time IM will be covered in this update. In subsequent agendas, there will be a separate update covering all aspects of the Information Services Group.

Internally, progress has been made on a number of projects.

- Programme Manager Richard Maher started on 22 January. His main responsibilities include the identifying, development and delivery of Council-wide business improvement programmes.
- Non-asset project management practices are being tidied up by introducing a Project Management Framework including templates and documented best practice options.
- Skype for Business is on track. Estimated delivery time is end April. Detailed delivery timeframes will be announced next week.
- SQL Server Reporting Services (SSRS) is being adopted as the reporting tool replacing BIS and HUB. Four financial reports have been developed and are ready to be tested. LTP reporting will be the next priority, followed by further financial reports and CRM reports.
- Authority 7.1 upgrade is pencilled in for August / September. This is a major upgrade for this key corporate system. Due to the new technological/data structural changes, the scale of the project will be similar to a new implementation. The IM team has started the conversation with Horowhenua District Council which is the leading New Zealand test site and, as such, has developed a sound implementation methodology which Council will adopt and then adapt to suit our needs.
- E-Services Online Payment is at its final stage of development. A recently identified security issue still needs to be fixed by Authority prior to going live.
- Progress has been made in the Authority Online Requisition project. A meeting has been held with stakeholders and requirements have been gathered.
- SharePoint revamp phase 1 is ending with success, including a number of improvements such as enhanced search functionality. This process identified three departments with pressing issues and solutions are being developed to address these. Very successful one-on-one follow up training sessions have also been held with the majority of staff.

Policy

The LTP process, including the development of the Consultation Document, has dominated the focus and effort of the IM team.

Corporate and Business Development

The key issue to be reported on in this time period is the substantive completion of the insurance claim work in relation to the July flood event. This event and follow up created a significant amount of unplanned work for officers including arranging asset inspections/repairs, preparing multiple claims under different policies, and collating the documentation for each claim made on the Government and insurance providers.

To date, six claims have been made (Government: Caring for the Displaced; Aon – Material Damage Part 1, Business Interruption Part 1, Material Damage Part 2, Business Interruption Part 2; NZTA - Roding). Two claims have yet to be submitted (Government: Response and Recovery and Aon: Civil Defence Emergency Costs).

There has been a good level of recovery on the claims finalised to date, and this is expected to continue with the balance of the claims.

Health and Safety

The key issue has been the resignation and departure of Colleen Myers, Council's Health and Safety Advisor. Although Mrs Myers was only with Council for a relatively short time, she made a real impact on Council's overall performance in the area. Extracts from her summary report for the year are included at Attachment 1.

In terms of hazards, 16 new hazards were identified in January. During the month, seven were eliminated, seven minimised and two await completion. All hazards were addressed within a reasonable timeframe.



Paul Hope

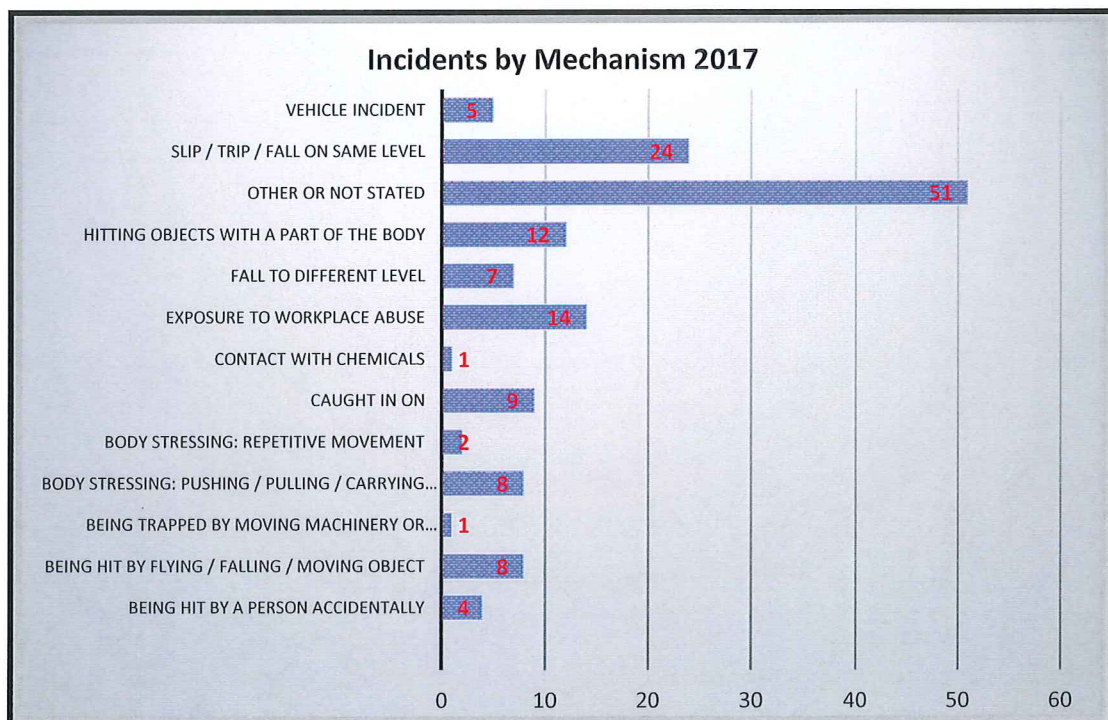
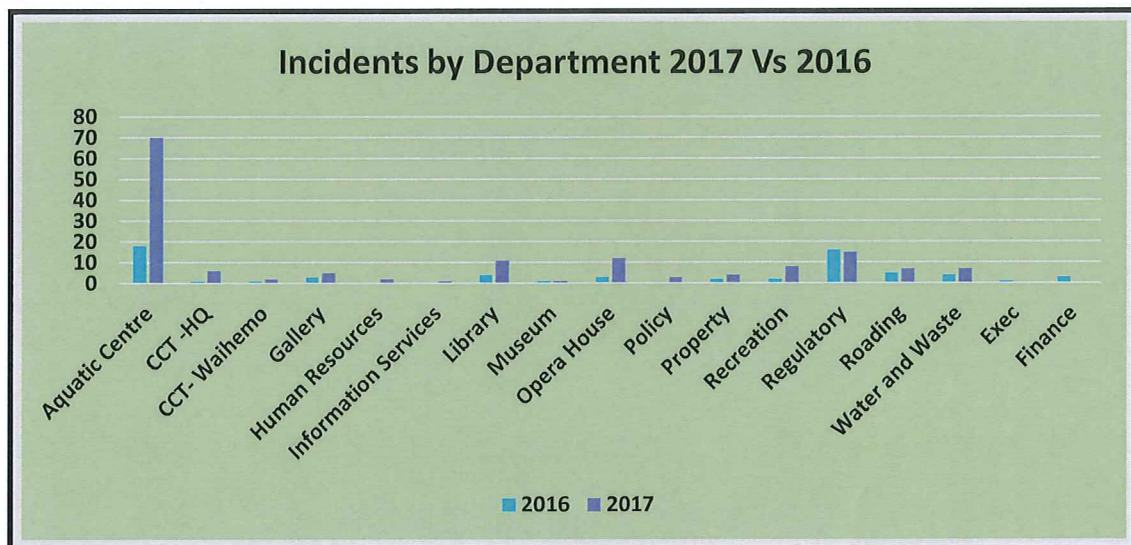
Finance and Corporate Development Group Manager

Attachment 1 – Health and Safety Summary Report

Extract from Health and Safety Advisor's Summary Report (February 2018)

Incidents January – December 2017

	2016	2017
Total Incidents	81	154
Staff incidents	64	75
Notifiable	Nil	Nil
Lost Time Injury	1	1
Near Misses	14	23
Members of the public	17	79
Contractors (in addition to total incidents)	61	156



Significant trends

The total number of reported incidents has appeared to increase significantly, but this is due to the minor aquatics incidents now being reported through Safehold and included in the overall count where they were separate in 2016. The total number of staff incidents reported has increased slightly from 2016, but the total number of staff working for Council has also increase from 2016. So far this year, vehicle-related incidents (refer graph 4) have been very low. This is considered to be a direct benefit of defensive driving lessons for field staff and an increase in general awareness, which is significant because driving has been identified as one of WDC's critical risks.

This year, there has been a spread of incidents across most units. However, the Aquatics Centre continues to record the highest number of incidents for staff and the public. Again, the focus required to reduce the number of incidents is an increased uptake on carrying out personal risk assessments and being aware of the task at hand and associated risks.

Exposure to workplace abuse/harassment continues to be a trend being experienced by our staff (refer graph 4). Around 21.5% percent of all incidents reported have resulted from workplace harassment to staff. This trend is increasing, and it is essential that staff continue to be trained in the de-escalation of such incidents and wherever possible that they do not work alone especially if a person is known to exhibit this type of behaviour towards staff.

Contractors

Contractor incident reporting continues to increase due to an improvement in reporting. Of the 156 incidents reported, Southroads recorded the highest number, mainly due to the fact that the company does not provide accurate and up-to-date reporting and are one of Council's major contractors. 28 near misses were reported, which demonstrates the growing reporting culture amongst contractors.

Public Incidents

This year 79 incidents have been reported, and these incidents continue to be well investigated and all corrective measures recorded.

From June onwards, the Aquatics Centre started to record all minor incidents in SafeHold and are included as part of the 79 in total. The recreation team discusses all incidents at its monthly meetings, and trends are identified. Controls are implemented where identified.

Near Miss reporting

So far this year there has been an increased level of reporting near misses (14 in 2016 and 23 for 2017). However, this is unlikely to be a true reflection of all near misses, and therefore this continues to be a focus of education and communication with staff. Near misses are valuable learning opportunities for Council, to use to identify trends and implement preventative measures before incidents occur.

Conclusion

Whilst staff incidents remain at a reasonably low level / low risk, improvements can be made to ensure that Council sends "everybody home safe every day" without deterring accurate reporting. The level of near miss reports continues at a low level.