



# 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 12 June 2018**

#### **MEMBERSHIP:**

Cr Colin Wollstein (Chair)  
Cr Craig Dawson (Deputy Chair)  
Cr Jim Hopkins

Mayor Gary Kircher (ex Officio)  
Cr Peter Garvan  
Cr Jan Wheeler

# Finance, Audit and Risk Committee

9.00am, Tuesday 12 June 2018

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

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## 8. RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely agenda items 9, 10 and 11.

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 Previous Meeting Public Excluded Minutes – 15 May 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
• Tourism Waitaki Contract Extension PE	
• Rates Collection Update 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."

- |     |   |         |
|-----|---|---------|
| 9.  | <b>Confirmation of Previous Meeting Public Excluded Minutes</b> | 53 – 54 |
|     | • 15 May 2018 PE  |         |
| 10. | <b>Tourism Waitaki Contract Extension PE</b>                    |         |
|     | • Memorandum and Recommendation                                 | 55 – 57 |
| 11. | <b>Rates Collection Update PE</b>                               |         |
|     | • Memorandum and Recommendation                                 | 58 – 59 |

#### **Resolution to Return to the Public Meeting**

That the Finance, Audit and Risk Committee resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required and considered.

#### **12. Release of Public Excluded Information**

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, the Committee will consider approving the release of previously public excluded information because there is no longer a need for its continued protection under section 48(1) of the Local Government Official Information and Meetings Act 1987. If so approved for release, the previously public excluded information will appear in the public minutes of this 12 June 2018 Finance, Audit and Risk Committee Meeting, under this agenda item.

## **Waitaki District Council**

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

**UNCONFIRMED MINUTES of a meeting of the  
Finance, Audit and Risk Committee of the Waitaki District Council  
held in the Council Chamber, Waitaki District Council Headquarters,  
20 Thames Street, Oamaru  
on Tuesday 15 May 2018 at 9.00am**

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<b>Present:</b>	Cr Craig Dawson (Chair), Cr Peter Garvan, Cr Jim Hopkins, Cr Jan Wheeler; Mayor Gary Kircher
<b>Apology:</b>	Cr Colin Wollstein
<b>In Attendance:</b>	Cr Jeremy Holding Cr Guy Percival Cr Melanie Tavendale Fergus Power (Chief Executive) Paul Hope (Finance and Corporate Development Group Manager) Lichelle Guyan (Heritage, Environment and Regulatory Group Manager) Ian Wells (Accounting Manager) Richard Maher (Programme Manager) Ainslee Hooper (Governance Advisor)

The Chair declared the meeting open at 9.00am, and welcomed everyone present.

#### **1. Apologies**

RESOLVED  
FAR 2018/024

Cr Jim Hopkins / Mayor Gary Kircher  
That the Finance, Audit and Risk Committee accepts an apology from  
Cr Colin Wollstein due to leave of absence.

CARRIED

#### **2. Declarations of Interest**

There were no declarations of interest.

#### **3. Confirmation of Minutes**

RESOLVED  
FAR 2018/025

Cr Jim Hopkins / Cr Peter Garvan  
That the Finance, Audit and Risk Committee confirms public minutes  
of its previous meeting held on 10 April 2018, as circulated, as a true  
and correct record.

CARRIED



#### 4. Monthly Financial Report – 2018, Period 9 / Third Quarter

The report, as circulated, covered the first three-quarters of the 2017/18 financial year, and noted that most Council activities continue to operate close to or better than budget.

Discussion on the report focused on the following key issues:

- The revaluation of the roading network and its impact on depreciation. Group Manager Paul Hope explained that roading project work and maintenance was 55% subsidised by the Government, so Council would not need to fund 55% of the increase in depreciation arising from the revaluation. It was noted that, although the change in depreciation would impact the current year, there was no requirement to fund the change. In the longer term, the increased depreciation was factored into budgets.

It was also highlighted that the 2018-28 Long Term Plan Consultation Documents had proposed to channel more money into roading, and any discussion on percentage changes to the roading budget in relation to unfunding for increased valuations and associated depreciation would be undertaken within the LTP deliberations process.

- It was AGREED that Council officers include the budget figure reference as well as actual and variance figures in future reports.

**ACTION: Accounting Manager**

- Return on investment in the forestry sector: There was discussion about how low the return was in comparison to that in the private sector. The meeting heard that the size of the planting lot and the reason for planting was never purely for commercial purposes. Forestry harvesting in the Hampden area had also not been budgeted for this year, but was undertaken when the availability of a contractor who was doing other work there made it economic to do so. It was suggested that the lot should not be replanted if it was not making a profit. In response, it was noted that the area would need to be replanted or more money could be lost in relation to carbon credits.
- The variance between \$11K and \$84K in the "Chief Executive's Office" budget line stemmed from timings associated with the contributing human resources unit's recruitment and retention budget which had experienced significant peaks and troughs across the year from recruitment.
- Presentation of budget reports: The Accounting Manager advised that he was looking into a different way of presenting the budget variance reports so that they were more readable.

RESOLVED  
FAR 2018/026

Cr Jim Hopkins / Mayor Gary Kircher  
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

#### 5. Information Services Group Activity Report for the period 1 April to 30 April 2018

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on Information Services Group activities during the reporting period.

Programme Manager Richard Maher spoke to the report in the absence on leave of Information Services Group Manager Bill Chou.

Discussion focused on the following report topics:

- The supplier delay with the Authority 7 upgrade, the associated consequences, and the fact that alternatives and options were being investigated to mitigate the risks.
- A summary of the BIS (Business Information System) and HUB reporting tools
- The spike in LGOIMA requests
- The proposed online recruitment tool.

## UNCONFIRMED MINUTES – FAR 15.05.2018

RESOLVED  
FAR 2018/027

Cr Jim Hopkins / Cr Peter Garvan  
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

## 6. Finance and Corporate Development Group Activity Report for the period 1 April to 30 April 2018

The memorandum, as circulated, provided an update to the Finance, Audit and Risk Committee on various finance, business development, policy, and health and safety matters during the reporting period.

RESOLVED  
FAR 2018/028

Cr Jim Hopkins / Cr Peter Garvan  
That the Finance, Audit and Risk Committee receives and notes the information.

CARRIED

The Chair advised his intention to move the meeting into public excluded.  
The media representative and members of the public left the meeting.

## 7. Resolution to Exclude the Public

RESOLVED  
FAR 2018/029

Cr Jim Hopkins / Mayor Gary Kircher  
That the public be excluded from the following part of the proceedings of this meeting, namely:

- Confirmation of Public Excluded Meeting Minutes 10 April 2018
- Remission Request – Beach Road, Oamaru PE
- Rating Adjustment – Davids Street, Moeraki PE
- Accounts Payable Analysis Quarter 3 2018 PE

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.
8. Confirmation of Public Excluded Meeting Minutes 10 April 2018 PE	Section 48(1)(a) (The disclosure of the information would cause unnecessary personal embarrassment to the persons concerned.)
9. Remission Request – Beach Road, Oamaru PE	
10. Rating Adjustment – Davids Street, Moeraki PE	To enable the Council to carry out commercial negotiations without prejudice or disadvantage.
11. Accounts Payable Analysis Quarter 3 2018 PE	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."

CARRIED

<p><b>Refer to Public Excluded Minutes</b></p>
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## Resolution to Return to the Public Meeting

RESOLVED

FAR 2018/038

Cr Peter Garvan / Cr Jim Hopkins

That the Finance, Audit and Risk Committee resumes in open meeting and decisions made in the public excluded session are confirmed and made public as and when required and considered."

CARRIED

## 11. Release of Public Excluded Information

In accordance with Waitaki District Council Standing Orders 2016 to 2019, Clause 17.5, and pursuant to Resolution FAR 2018/011 of this meeting, the Committee APPROVED the release of previously public excluded information as set out below because there is no longer a need for continued protection under section 48(1) of the Local Government Official Information and Meetings Act 1987.

### Agenda Item 8 – Confirmation of Previous Meeting Public Excluded Minutes PE

RESOLVED

FAR 2018/030

Cr Jim Hopkins / Cr Peter Garvan

That the Finance, Audit and Risk Committee confirms public excluded meeting minutes of 20 March 2018, as circulated, as a true and correct record.

CARRIED

### Agenda Item 10 – Rates Adjustment – Davids Street, Moeraki PE

The report, as circulated, sought Council's resolution of matters in relation to a longstanding rates issue by writing off the rates outstanding and declaring the land non-ratable because of land stability issues, for a property on the corner of Haven and Davids Streets in Moeraki.

RESOLVED

FAR 2018/034

Cr Jim Hopkins / Cr Peter Garvan

That the Finance, Audit and Risk Committee recommends that Council write off all outstanding rates on sections 9 and 10, block IV, Davids Street, Moeraki and make the land non-rateable.

CARRIED

There being no further business, the Chair declared the meeting closed at 9.45am.

TO BE CONFIRMED on the 12<sup>th</sup> day of June 2018 in the Council Chamber, Waitaki District Council Headquarters, 20 Thames Street, Oamaru.

Chairman

# Waitaki District Council Report

**From** Finance and Corporate Development Group Manager

**Date** 12 June 2018

## Council Controlled Organisations – Draft Statements of Intent 2018-2019

### Recommendations

That the Finance Audit and Risk Committee:

1. provides formal comments on the Statements of Intent as presented; and
2. instructs officers to pass the comments provided under 1 above to the relevant Board prior to receiving the final documents.

### Objective of the Decision

To provide comment on the Statements of Intent (SOI) for Council Controlled Organisations (CCOs) for the 2018-2019 year.

### Summary of Decision Making Criteria

Council Controlled Organisations (CCOs) are required under Section 64 of the Local Government Act (2002) to submit a Statement of Intent each year. The purpose of this report is to seek that commentary before the CCOs submit Statements of Intent for the 2018-2019 year.

	No/Moderate/Key		No/Moderate/Key
Policy/Plan	No	Environmental Considerations	No
Legal	Moderate	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

### Background

Council has the opportunity to comment or make suggestions on the SOI under Section 65 and Schedule 8 of the Local Government Act. Schedule 8(5) of the Act notes that “the shareholders of a CCO may, by resolution, require the Board to modify the Statement of Intent by including or omitting any provision or provisions of the kind referred to in 9(1)(a)-(i)” (effectively the SOI document). Council has the opportunity to comment or emphasise any aspect of the SOI including: nature and scope of activities, objectives, shareholder expectations, reporting and frequency, performance targets or Governance Policy.

### Discussion

Due to the full commitment of other meeting times, particularly Council, this is the first opportunity for elected members to consider the CCO Statements of Intent for the coming year. There has been a variety of feedback from the CCOs. Whitestone Contracting Limited is proposing minor changes to its Statement of Intent, primarily around the requirement to follow Council's tendering policy. Omarama Airfield Limited has forwarded its SOI for comments that is essentially the same as the prior year. Waitaki District Health Services is still considering its Statement of Intent given recent organisational changes. Tourism Waitaki is in a similar position, as it reviews how services are delivered following the change in General Manager. The current SOIs are provided for reference and comment. If there are any areas where the Committee would like the relevant Boards to consider a change, addition or deletion, this should be raised and it will be passed on for discussion by the Boards.

The reports will need to be received by Council on 26 June 2018.



Paul Hope

**Finance and Corporate Development Group Manager**

**Attachments**

Omarama Airfield Limited – Draft Statement of Intent 2018 – 2019

Tourism Waitaki Limited – Statement of Intent 2017 – 2018

Waitaki District Health Services Limited – Statement of Intent 2017 – 2018

Whitestone Contracting Limited – Draft Statement of Intent 2018 - 2019

# Omarama Airfield Limited

## Statement of Intent

### For the Year 2018-19

#### 1. Introduction

This Statement of Intent has been prepared in accordance with Clauses 9 and 10 in Schedule 8 of the Local Government Act 2002.

It identifies for 2018-19 the activities and intentions of Omarama Airfield Limited for the year and the objectives to which those activities will contribute. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The Statement of Intent is compiled annually in consultation with the two shareholders, Waitaki District Council and the Omarama Soaring Centre Incorporated.

#### 2. The Company

##### 2.1 Background

Omarama Airfield Limited was formed in 1993 to develop and operate the Omarama Airfield. Waitaki District Council and Omarama Soaring Centre Inc. each own 50% of the shares issued by the Company. Under the provisions of the Local Government Act 2002, the company is a Council Controlled Organisation.

Council's primary objective for continued ownership is to maintain public access to the transport and recreational facilities of the airfield whilst encouraging the gliding activities, which use of the world class gliding environment of the Omarama area.

##### 2.2 Nature and Scope of Activities

Omarama Airfield Limited owns the airfield, infrastructure and common facilities and is responsible for the operation and ongoing development of the facility.

##### 2.3 Objectives

The principal objective of the Company is to provide airfield facilities that support flying activities and encourage air operation opportunities in Omarama.

The principal objective is advanced through:

- Enhancing the airfield infrastructure for local and international gliding visitors;
- Providing public access to airfield facilities;
- Enabling recreational flying activities where they support the above objectives;
- Supporting commercial operations;



- Hosting competitions and events and
- Supporting aviation club operations.

## 2.4 Shareholder Expectations

The shareholders expect that in conducting the affairs of the Company, the directors shall ensure:

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- The overall performance supports shareholder reasons for continued ownership.
- The decisions made enhance the achievement of the Company's long term objectives.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- That transparent and collaborative relations are maintained with the shareholders.

## 3. Reporting and Performance Measures

### 3.1 Reporting Frequency and Content

A director of the Company shall attend the meeting at which the Annual Report or Half Yearly Report is presented to the Council or the Omarama Soaring Centre.

Based on an annual balance date of 30<sup>th</sup> June the company will in accordance with the provisions of Clauses 8 and 9 of Schedule 8 and Section 64 of the Local Government Act 2002 provide to the shareholders the following reports:

#### Draft Statement of Intent

By 1 March each year, the directors shall deliver to the shareholders a Draft Statement of Intent for the following year.

#### Completed Statement of Intent

By 30<sup>th</sup> June of each year, the directors will deliver to the shareholders a Statement of Intent for the following year.

#### Half Yearly Report

Within two months after the end of the first half of each financial year, the directors shall deliver to the shareholders an un-audited report containing the information required by the Financial Reporting Act 1993. The report shall include a commentary on the first six months results and the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance.

#### Annual Report

Within three months of the end of the financial year, the directors shall deliver to the shareholders the Annual Report which will include:

- A report on the operations of the Company to enable an informed assessment of the Company's performance, including variations from the business plan and achievements against performance targets.
- Audited financial statements as required under the Financial Reporting Act 1993.
- A report on performance against the Corporate Governance Statement.

### 3.2 Performance Targets and Measures

Over the next three years the Company's performance targets are to:

- (i) Maintain, operate and provide planned services within budgeted income.
- (ii) Achieve a break even or better financial result after prudent provision for asset replacement, depreciation and future trading requirements.
- (iii) Update the Company's business plan on an annual basis.
- (iv) Enhance the economic benefits to the Omarama and Ahuriri community arising from the operation and development of the airfield as measured by increased patronage of facilities and participation in events.

#### Ratio of Consolidated Shareholders' Funds to Total Assets

'Shareholders' Funds' (Equity) are defined as the paid-up capital plus any retained tax paid profits earned less any dividends distributed to shareholders. They include accumulated surpluses, revaluation reserves, trust funds and any other reserves or funds which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

'Total Assets' are defined as the sum of all current and non-current assets plus investments of the Company.

The projected target for the ratio of shareholders' funds to total assets is at least 90%.

#### Directors Estimate of the Company Value

The Company's commercial value is estimated in all material respects to be equivalent to the paid up share capital. The directors will advise the shareholders on an annual basis if they believe the value to differ materially from this.

## 4. Governance, Policy and Procedures

### 4.1 Corporate Governance Statement

#### (a) Role of the Board of Directors

The directors' role is defined in Section 58 of the Local Government Act 2002. This section states 'the role of a director of a Council Controlled Organisation is to assist the organisation to meet its objectives and any other requirements in its Statement of Intent' without limitation on 'the other duties that a director of a Council Controlled Organisation has.' The Board consults with the Company's shareholders in preparing and reviewing the Statement of Intent.



The Board meets on a regular basis and is responsible for the proper direction and control of the Company's activities as required by the Local Government Act 2002 and the Companies Act 1993

The Board acknowledges that it is responsible for the overall control framework of the Company but it recognises that no cost effective internal control system will preclude all errors and irregularities.

*(b) The Role of the Shareholders*

The Board will ensure that the shareholders are informed of all major developments affecting the Company. The shareholders are provided with a draft Statement of Intent and information is communicated to them via the Half Yearly and Annual Reports or, if required, special meetings.

The shareholders appoint the directors

*(c) Board Appointments*

The Board comprises four directors and in accordance with the constitution two are appointed by each shareholder.

The Council's director rotation policy requires its directors to retire over any three year period. Retiring directors shall be eligible to apply for reappointment.

*(d) Board Committees*

There are no Board Committees.

*(e) Company Management Structure*

The four directors' are involved on a day to day basis in the management of the airfield with administration and maintenance services contracted as required.

## **4.2 Dividend Policy**

It is not intended that the Company will pay a dividend

## **4.3 Accounting Policies**

The Company's accounting policies will comply with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Local Government Act 2002.

A full statement of Accounting Policies will be presented in the Company's Annual Report.

## **4.4 Procedures for Acquisition of Other Interests**

The acquisition of shares or interest in other companies or organisations will only be considered by the directors where such acquisition is consistent with the long term commercial objectives of the Company.

The approval of the shareholders will be obtained prior to any such transaction.

#### **4.5 Activities for Which the Company Seeks Compensation from any Local Authority**

The directors will co-operate with council in establishing a discharge to land via seepage field for the wastewater outfall from the Omarama waste water treatment plant, providing there is no cost to the company

There are no other activities contemplated for which the company seeks local authority compensation.

The Council is not permitted to provide any guarantee, indemnity or security in respects of the assets, liabilities or trading activities of the Company.

#### **4.6 Tendering Policy**

The Company has a tendering policy for the supply of goods and services to the Company.

Compliance with the tendering policy is recorded in the Company's Annual Report.



## Tourism Waitaki Limited Statement of Intent 2017

### 1. Introduction

This Statement of Intent has been prepared in accordance with Section 64 of the Local Government Act 2002.

It outlines the activities and intentions of the Tourism Waitaki Limited for the next three years and the objectives to which those activities will contribute. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The Statement of Intent is reviewed annually by the Company in consultation with Waitaki District Council.

### 2. The Company

#### 2.1 Background

Tourism Waitaki Limited is the new registered legal name of the former Waitaki Development Board, which was established in December 1996 and is 100% owned by the Waitaki District Council. Under the provisions of the Local Government Act 2002 it is deemed to be a Council Controlled Organisation.

Council's primary objective for continued ownership and control of the Tourism Waitaki is to advance tourism within the district by fostering a positive, diverse, sustainable and growing tourism sector.

#### 2.2 Nature and Scope of Activities

The activities undertaken by the Company include, but are not limited to:

- Facilitation of District-wide economic growth by developing the tourism sector.
- Growth of the tourism industry through implementation of the Tourism Strategy and advising Council on visitor infrastructure needs.
- Provision of visitor information through the services of the Oamaru i-SITE, Oamaru Convention Bureau, and Waitaki Events, supported by Omarama and Palmerston Visitor Centres and other locations and office personnel as deemed necessary and desirable by Tourism Waitaki.
- Operation and Management of the Oamaru Blue Penguin Colony.
- Operation and Management of the commercial aspects of the Alps to Ocean Cycle Trail
- Fostering new and existing business opportunities, business partnerships and commercial relationships with all potential stakeholders at local, regional and national levels.

#### 2.3 Objectives

The principal objective of Tourism Waitaki Limited is to facilitate the growth of the district tourism industry, while delivering broad social, environmental, and cultural returns.

Other specific objectives include the attraction of grant funding where applicable; growth of the tourism industry within the district and operation of commercial enterprises including, though not limited to, the Oamaru Convention Bureau, Waitaki Events, Oamaru Blue Penguin Colony, ISITes, Whitestone City, and the Alps to Ocean Cycle Trail.

## 2.4 Shareholder Expectations

Council expects that in conducting the affairs of the Company, the directors shall ensure

- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance supports Council's reasons for continued ownership.
- Decisions are based on the achievement of long term strategic needs and objectives, not short term expediencies.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- The Company in its consultative practices has due regard for Maori.
- Transparent and collaborative relations are maintained with the shareholder.

## 3. Reporting and Performance Measures

### 3.1 Reporting Frequency and Content

A Director of the Company shall attend any meeting at which the Annual Report or Half Yearly Report is presented to Council as shareholder.

The following information will be available to the shareholder based on an annual balance date of 30<sup>th</sup> June:

#### *Draft Statement of Intent*

By 1 March each year, the Directors shall deliver to the shareholder a Draft Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

#### *Completed Statement of Intent*

By 30<sup>th</sup> June of each year, the Directors will deliver to the shareholder a Statement of Intent for the following year which fulfils the requirement of Section 64 of the Local Government Act 2002.

#### *Quarterly Reports*

Within six weeks of the end of each quarter the WDB shall report to the Shareholder in accordance with contractual requirements.

#### *Half Year Reports*

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholder an un-audited report containing the information required by the Financial Reporting Act 1993 and a commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance, including an estimate of the financial result for the year based on that outlook, a report on the performance targets achieved during the six month period, the scale of non-Council related business activities and statements for any grants awarded by the Tourism Waitaki to another party, including information measuring the effectiveness of the grant.

#### *Annual Report*

Within two months after the end of each financial year, the Directors shall deliver to the shareholders an annual report and audited financial statements, with respect to the financial year, containing the following information as a minimum:

- A report on the operations of the Company to enable an informed assessment of the Company's performance including:
- Performance against targets in this Statement of Intent.
- Performance against the Corporate Governance Statement.
- Audited financial statements as required under the Financial Reporting Act 1993.
- A report on compliance with the Company's Tendering Policy.
- Any grants awarded by Tourism Waitaki Limited to another party, including information measuring the effectiveness of the grant.

#### *Annual Budget*

Annual revenue and expenditure figures shall be provided by 30 November, to enable it to be included within the Draft Annual Plan for the Waitaki District Council.

### **3.2 Performance Targets and Measures**

Over the next three years the Company's performance targets are to:

#### **1. Tourism**

##### **Tasks**

- 1.1 Increase Trade-ready Product through tourism sector development activities
- 1.2 Increase the length of time visitors spend in the District
- 1.3 Increase the per-visitor yield through increased accommodation value and volume of available activities
- 1.4 Profitably manage and expand TWL's tourism business assets
- 1.5 Progress toward financial self-sustainability

##### **Target**

##### **Measurement**

Facilitate Tourism Industry Development	Increase in accommodation spending Growth in visitors from core visitor markets Tourism strategy revised and implemented
Product development	New trade-ready tourism ventures Expansion of current trade-ready products Travel infrastructure network expanded
Strategic partnerships	IMA agreements in place Industry affiliations expanded Management recognized as industry leaders
Trade initiatives	Increased IBO visitors Growth in TRENZ attendees from the District Itineraries developed Services retailed through District sales network

The financial projections for the Company are set out below:

Year Ending	30 June 2016	30 June 2017	30 June 2018
Shareholder's Equity	\$400,000	\$450,000	\$500,000

#### *Ratio of Consolidated Shareholders' Funds to Total Assets*

'Shareholders' Funds' (Equity) are defined as the paid-up capital plus any retained tax paid profits earned and less any dividends distributed to shareholders. They include accumulated surpluses – revaluation reserves, trust funds and any other reserves or funds which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

'Total Assets' are defined as the sum of all current and non-current assets plus investments of the Company.

The ratio of consolidated shareholders fund to total assets will exceed 5%.

#### *Directors Estimate of the Company Value*

The Directors estimate that the commercial value of the shareholders' investment in TWL will be represented by the opening balance of shareholders' funds. The directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

#### 4. Governance, Policies and Procedures

##### 4.1 Corporate Governance Statement

###### a) *Role of the Board of Directors*

The Directors' role is defined in section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the Council Controlled Organization shall be made pursuant to the authority of the directorate of the Organization and its Statement of Intent. The Board consults with the Company's shareholder in preparing and reviewing the Statement of Intent.

The Board meets on a regular basis and is responsible for the proper direction and control of the Company's activities. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall framework of the Company, it recognizes that cost effective internal control systems will preclude all errors and irregularities.

###### b) *The Role of the Shareholder*

The Board aims to ensure that the shareholder is informed of all major developments affecting the Group's state of affairs. The shareholder is consulted with on the review of the Company's Statement of Intent and is responsible for the appointment of directors. Information is communicated to shareholder in the Annual Report, the Half-year Report and special meetings where required.

###### c) *Board Appointments*

Directors are appointed by the shareholder in accordance with Council policy. The Board is subject to the shareholder's director rotation policy requiring all of the directors to retire over any three-year period. Retiring Directors shall be eligible to apply for reappointment.

###### d) *Director and Board Performance*

The Board formally reviews its performance, and the performance and contribution of individual directors on an annual basis, taking into account the current and future needs of the Company, and performance improvement processes are implemented as required. The annual review also provides information to the shareholder on the mix of skills needed to assist with the identification of new directors.

###### e) *Company Management Structure*

All operations and management of the Company and its business units are delegated to the General Manager, Tourism Waitaki Limited who relies on key personnel for support.

###### f) *Code of Conduct*

The Board has adopted policies for its members, executive and staff, specifying the business standards and ethical considerations in conducting its business with stakeholders. These policies include:

- Corporate governance matters (as described).
- Relationships with employees and customers (ethics, health and safety).
- Confidentiality of Company information.

###### g) *Treasury Policy*

There is no exposure to foreign exchange and interest rate risk is managed in accordance with the Policy Manual that sets limits of management authority. No speculative investments are approved and investments not with a registered bank require Board approval.

###### h) *Audit*

External auditors are used to evaluate the quality and reliability of information provided to the shareholders.



#### **4.2 Dividend Policy**

Any dividend paid by the company during the course of this agreement will be in the form of a reduction in grant funding compounded into the next 3-year negotiation cycle.

#### **4.3 Accounting Policies**

The accounting policies recognized by the New Zealand Institute of Chartered Accountants for the measurement and reporting of net surplus and financial position will be adopted by the Company.

A full statement of Accounting Policies will be presented in the Company's Annual Report.

All financial statements, reports, and information will be consistent with Council reporting styles and standards where both possible and practicable.

#### **4.4 Tendering Policy**

The Company has a tendering policy relating to the supply of goods and services to the Company from suppliers and directors.

Compliance with the Tendering Policy is reported in the Company's Annual Report.

#### **4.5 Procedures for Acquisition of Other Interests**

The acquisition of shares or interest in other companies or organizations will only be considered by the Directors where such acquisition is consistent with the long term commercial objectives of the Company.

If the directors believe that the Company should invest in, or otherwise acquire, any interest in another company or organization, they will obtain the prior approval of the shareholders.

#### **4.6 Activities for Which the Company Seeks Compensation from any Local Authority**

There are no activities for which the Company seeks compensation from any local authority.

The Council is not permitted to provide any guarantee, indemnity or security in respects of the assets, liabilities or trading activities of the Company.

#### **4.7 Sales of Goods/Services to the Shareholder**

The Company provides goods and services to the Waitaki District Council as part of its normal business activities. These goods and services shall be charged for on a commercial basis.



## **WAITAKI DISTRICT HEALTH SERVICES LIMITED**

# **STATEMENT OF INTENT**

(Pursuant to Section 64 of the Local Government Act 2002)

**2017/2018**

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## Waitaki District Health Services Limited

### Draft Statement of Intent

**Period from 1 July 2017 – 30 June 2018**

#### **1.0 Introduction**

This Statement of Intent has been prepared in accordance with Section 64 of the Local Government Act 2002.

It outlines the activities and intentions of Waitaki District Health Services Limited for the next three years and the objectives to which those activities will contribute. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The Statement of Intent is reviewed annually by the Company in consultation with Waitaki District Council.

#### **2.0 The Company**

##### **2.1 Background**

Waitaki District Health Services was established in 1997 for the charitable purpose of providing health services to the community and is 100% owned by the Waitaki District Council. Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Organisation.

Council's primary objective for continued ownership and control is to ensure the healthcare needs and interests of the District are met through the provision of quality, locally based healthcare services.

##### **2.2 Nature and Scope of Activities**

The activities undertaken by the Company include, but are not limited to:

- The operation of Oamaru Hospital.
- The District-wide provision of health services including medical, women's health, child health, elderly health, disability support, public health radiology and related support services.
- Maintaining and operating the Southern District Health Board service contract for the Waitaki District.
- Providing contract health and rehabilitation services for other organisations requiring local service.
- Acquiring, maintaining and operating all buildings and other resources needed for the business of the Company.

##### **2.3 Objectives**

The principal objective of the Company is to operate a successful healthcare business by providing infrastructure and services needed to meet the healthcare needs of the Waitaki District community.

##### **2.4 Shareholder Expectations**

Council expects that in conducting the affairs of the Company, the directors shall ensure:

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- That the company makes every effort to maintain Government responsibility for funding of health services for Waitaki District at all times and that no call will be made on Council to fund health services to Waitaki District.
- Business activities are conducted in an efficient and effective manner.
- Assets and liabilities are prudently managed.
- Overall performance supports Council's reasons for continued ownership.
- Expedient short-term decisions that may adversely impact on the achievement of future long term needs and objectives are avoided.
- The Company acts as a good employer and as an environmentally conscious and responsible citizen.
- Transparent and collaborative relations are maintained with the shareholder.
- Pursue all avenues of funding that may be available from time to time for Waitaki District Health Services funding.

### 3.0 Reporting and Performance Measures

#### 3.1 Reporting Frequency and Content

A Director of the Company shall attend any meeting at which the Annual Report or Half Yearly Report is presented to Council as shareholder.

The following information will be available to the shareholder based on an annual balance date of 30<sup>th</sup> June:

#### Draft Statement of Intent

By 1 March each year, the Directors shall deliver to the shareholder a Draft Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

#### Completed Statement of Intent

By 30<sup>th</sup> June of each year, the Directors will deliver to the shareholder a Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

#### Half Yearly Report

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholder an un-audited report containing the information required by the Financial Reporting Act 1993 and a commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance.

#### Annual Report

Within two months after the end of each financial year, the Directors shall deliver to the shareholder an annual report and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A report on the operations of the Company to enable an informed assessment of the Company's performance, including variations from the business plan and achievements against performance targets.
- Performance against the Corporate Governance Statement.
- Audited Financial statements as required under the Financial Reporting Act 1993, *(it is noted that time constraints of the company's auditors may delay timely completion of audits and that any such delays are not within the control of the company).*
- A report on compliance with the Company's Tendering Policy.
- Activity statistics, with comparable figures for previous year.
- A report on service delivery issues and achievements.

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### Waitaki District Health Services Trust

Reports will include, as required by accounting practice and standards, the Waitaki District Health Services Charitable Trust financial performance and financial position in the consolidated accounts of the Company.

### **3.2 Performance Targets and Measures**

Over the next three years the Company's performance targets are to:

- (i) Operate and provide planned services within budgeted income, including services contract income from the Southern District Health Board and income from other contracted sources.
- (ii) Achieve a break even or better result after prudent provision for assets depreciation and replacement and for future trading requirements.
- (iii) Update the Company's business plan on an annual basis.
- (iv) Meet and observe performance targets and service standards required under Southern District Health Board and Ministry of Health contractual arrangements with the Company.
- (v) Meet and observe adequate professional and technical standards in the delivery of Waitaki District health services and investigate, identify and implement appropriate measurement standards to ensure this is achieved.
- (vi) Implement and maintain a Quality Assurance Programme to ensure adequate standards of care and services are maintained for the Company's patients.
- (vii) Undertake ongoing monitoring of the Quality Assurance Programme to ensure an adequate performance in provision of health care services and adherence to all the applicable statutory and industry imposed regulations by the Company.
- (viii) Establish, where appropriate, strategic alliances with business partners and community groups in order to achieve desired outcomes for health services.
- (ix) Report regularly to Council and to the Community through the Waitaki District Health Forum on community health achievements and outcomes.
- (x) Maintain the Waitaki District Health Forum in accordance with a community approved protocol for the Forum's operation and objectives as a means of liaison and communication between the hospital and community related health groups.
- (xi) Enhance and develop good community health services outcomes, particularly with regard to the elderly.
- (xii) Work with all parties having a professional or business interest in health care in the Waitaki District to maintain and improve the range and quality of health care services in the District.
- (xiii) Support, as appropriate, initiatives for health services involving the housing and care of the elderly.

### Ratio of Consolidated Shareholders' Funds to Total Assets

'Shareholders' Funds' (Equity) are defined as the paid-up capital plus any retained tax paid profits earned and less any dividends distributed to shareholders. They include accumulated surpluses, revaluation reserves, trust funds and any other reserves or funds which have been accumulated in accounts known as either "Revenue Reserves" or "Capital Reserves".

'Total Assets' are defined as the sum of all current and non-current assets plus investments of the Company.

The ratio of consolidated shareholders' funds to total assets will be in the range of 84% to 85%.

No asset will be represented by the Waitaki District Council's shareholding in the Company that could involve the Council or community in loss of value in such asset which is nominal only, the Company being wholly funded by Government and commercial loan arrangements.

### Directors Estimate of the Company Value

The Company's commercial value is estimated in all material respects to be equivalent to the "Total Equity" disclosed in the company's annual and half yearly financial reports. The directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.

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#### 4.0 Governance Policy and Procedures

##### 4.1 Corporate Governance Statement

###### (a) Role of the Board of Directors

The Directors' role is defined in Section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the Council Controlled Organisation shall be made pursuant to the authority of the directorate of the Organisation and its Statement of Intent. The Board consults with the Company's shareholder in preparing and reviewing the Statement of Intent.

The Board meets on a regular basis and is responsible for the proper direction and control of the Company's activities. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and reporting to shareholders. While the Board acknowledges that it is responsible for the overall control framework of the Company, it recognises that no cost effective internal control system will preclude all error and irregularities.

###### (b) The Role of the Shareholder

The Board aims to ensure that the shareholder is informed of all major developments affecting the Group's state of affairs. The shareholder is consulted with on the review of the Company's Statement of Intent and is responsible for the appointment of directors. Information is communicated to shareholder in the Annual Report, the Interim Report and special meetings where required.

###### (c) Board Appointments

Directors are appointed by the shareholder in accordance with Council policy. The Board is subject to the shareholder's director rotation policy requiring all of the directors to retire over any three year period. Retiring Directors shall be eligible to apply for reappointment.

###### (d) Director and Board Performance

The Board formally reviews its performance, and the performance and contribution of individual directors on an annual basis, taking into account the current and future needs of the Company, and performance improvement processes are implemented as required. The annual review also provides information to the shareholder on the mix of skills needed to assist with the identification of new directors.

###### (e) Board Committees

There are two Board Committees; the Finance and Building Committee and Staff and Clinical Services Committee. Adhoc Committees are constituted as may be required for particular Board tasks.

###### (f) Company Management Structure

The Company's organisational structure includes the Directors' involvement with management and administration services contracted as required.

###### (g) Audit

External auditors are used to evaluate the quality and reliability of information provided to the shareholders.

##### 4.2 Dividend Policy

It is not intended for the Company to pay a dividend.

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**4.3 Accounting Policies**

The Company's accounting policies will comply with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Local Government Act 2002 and be consistent with generally accepted accounting principles.

A full statement of Accounting Policies will be presented in the Company's Annual Report.

**4.4 Tendering Policy**

The Company has a tendering policy relating to the supply of goods and services to the Company from suppliers and directors.

Compliance with the Tendering Policy is reported in the Company's Annual Report.

**4.5 Procedures for Acquisition of Other Interests**

The acquisition of shares or interest in other companies or organisations or the formation of venture companies will only be considered by the Directors where such acquisition is consistent with the long term objectives of the Company.

If the directors believe that the Company should invest in, or otherwise acquire, any interest in another company or organisation, they will obtain the prior approval of the shareholder.

**4.6 Activities for Which the Company Seeks Compensation from any Local Authority**

There are no activities contemplated for which the Directors seek compensation from the Council as shareholder.

The Council is not permitted, nor required, to provide any guarantee, indemnity or security in respects of the assets, liabilities or trading activities of the Company.

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# **WHITESTONE CONTRACTING LIMITED**

## **DRAFT STATEMENT OF INTENT 2018/19**

### **1. Introduction**

This Statement of Intent has been prepared in accordance with Section 64 of the Local Government Act 2002.

It outlines the activities and intentions of Whitestone Contracting Limited and the company's objectives. Performance targets and measures are specified, along with the Company's policies relating to governance and other matters.

The Statement of Intent is reviewed annually by Whitestone Contracting Limited following consultation with Waitaki District Council.

### **2. The Company**

#### **2.1 Background**

Whitestone Contracting Limited (WCL) was established in 1991 and is 100% owned by the Waitaki District Council (Shareholder).

Under the provisions of the Local Government Act 2002, it is deemed to be a Council Controlled Trading Organisation.

The principal goal of Council-controlled organisations (CCTO) is to operate as a successful long-term business with the prime objective of managing the company's assets on an economic, environmental and socially sustainable basis.

Shareholder objectives for continued ownership and control include:

- Stimulating a competitive contracting sector in our district;
- Supporting local opportunities for a diverse labour market;
- Obtaining a good return on investment commensurate with the business risks of WCL and the risk appetite of the Shareholder

#### **2.2 Nature and Scope of Activities**

The nature of the WCL's activities will include those of a contractor and those activities of a trading organisation that the Directors consider are profitable, appropriate and in the best long term interests of WCL and the Shareholder.

The scope of activities undertaken by WCL include, but are not limited to, physical works for maintenance and construction including roading works, reticulation construction and maintenance, landscaping services, private sector contracting including mechanics workshop, quarry and cleanfill operations and equipment hire.

#### **2.3 Objectives**

The principal objective of WCL is to operate as a successful business and grow Shareholder wealth. WCL has a vision to be a reputable and trusted contractor thereby providing a financial return on investment to its Shareholder commensurate with risk; and thereby benefitting the region.



In general, WCL is focused on continual improvement of its systems and processes to improve operations. It also seeks to support local employment, the environment and the community, while at the same time maximising profit and performance in a sustainable way. As a company it recognises its Shareholder's objectives for ownership, including providing cost effective delivery of local services and assisting in the maintenance and improvement of good quality local infrastructure.

In pursuing the principal objective WCL and directors shall:

- Manage the WCL's business activities in an efficient, effective and safe manner.
- Ensure governance, structures, leadership and processes are in place and operating effectively across WCL to deliver a Zero Harm culture and achieve strategic safety goals
- Grow Shareholder wealth
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.
- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership.
- Manage the business with the objective of achieving agreed business growth.
- Consolidate, and when financially advantageous, expand the Company operations in to the private and public sectors using the skill, abilities and management techniques that are available within WCL.
- Maintain a diversified portfolio of work and clients to ensure continuity of returns to the Shareholder.
- Continue to review WCL structure to ensure the most efficient structure is in place to enhance profitability.
- Be customer focused and ensure good customer contract results as measured against contract specifications.
- Ensure that the Company is disciplined with expenditure and seeks to maximise revenue.
- Achieve the most efficient use of staff resources, capital assets and working capital through innovative management and sound business practises.
- Develop and get agreement from the shareholder on a significant asset acquisition/disposal process and to proactively engage on this mutually agreed approval process.
- Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees and developing its people to their potential.
- Recognising and rewarding excellent performance by staff.
- Act in an environmentally and socially responsible manner and implement sustainable business practices.
- Ensure transparent and informed relationships are maintained with the Shareholder within the spirit of 'no surprises'.

### 3. Reporting and Performance Measures

#### 3.1 Reporting Frequency and Content

A Director of WCL shall attend any meeting at which the Annual Report or Half Yearly Report is presented to the Shareholder. The following information will be available to the Shareholder based on an annual balance date of 30<sup>th</sup> June.

#### ***Draft Statement of Intent***

Each year, the Directors shall (for so long as the Company remains a Council controlled organisation), deliver to the Shareholder a Draft Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.



**Completed Statement of Intent**

By 30 June of each year, the Directors (for so long as WCL remains a CCO) will deliver to the Shareholder a Statement of Intent for the following year which fulfils the requirements of Section 64 of the Local Government Act 2002.

**Quarterly Report**

WCL will report to the Shareholder committee quarterly on KPI targets.

**Half Yearly Report**

Within two months after the end of the first half of each financial year, the Directors shall deliver to the Shareholder an un-audited report containing the information required by the Financial Reporting Act 1993 and a commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the Company's performance, including an estimate of the financial result for the year based on that outlook.

**Annual Report**

Within two months after the end of each financial year, the Directors shall deliver to the Shareholder an annual report and audited financial statements in respect of the financial year, containing the following information as a minimum:

A report on the operations of WCL to enable an informed assessment of the Company's performance including: Performance against targets in this Statement of Intent.

- Performance against the Corporate Governance Statement.
- Audited financial statements as required under the Financial Reporting Act 1993.

**3.2 Performance Targets and Measures**

Over the next three years, WCL's performance targets are to:

**Financial**

- Achieve a before income tax return (prior to donations, sponsorships and subvention payments) on opening shareholders funds that exceeds 8%.
- Rate of shareholder's funds to total assets > 40%.

**Quality Services**

- Maintain ISO 9001 registration and related quality assurance programmes

**Health and Safety**

- Maintain a high standard of health and safety in relation to WCL's employees, customers, suppliers, subcontractors and the public, as measured by maintaining NZS4801 safety management systems accreditation.
- Maintain a total injury frequency rate of < 7 per 200,000 hours worked or 35 per million hours worked.

**Environmental**

- Maintain ISO 14001 standard to ensure the company has systems in place to environmental and legislative and regulatory requirements.
- Full compliance with Resource Management Act – no breaches.

**Community**

- Support community initiatives with over \$50,000 of sponsorship per annum.

### ***Ratio of Consolidated Shareholders' Funds to Total Assets***

'Shareholders' Funds' (Equity) are defined as the paid-up capital plus any retained tax paid profits earned and less any dividends distributed to Shareholders. They include accumulated surpluses, revaluation reserves, trust funds and any other reserves or funds which have been accumulated in accounts known as either 'Revenue Reserves' or 'Capital Reserves'.

'Total Assets' are defined as the sum of all current and non-current assets plus investments of WCL.

The ratio of consolidated Shareholder funds to total assets will be in the range of 60% - 80% (and in accordance with WCL's business plan).

### ***Directors Estimate of WCL Value***

The estimated value of WDC's investment in WCL is greater than the paid up capital and retained earnings. The directors will advise the Shareholder on an annual basis if they believe the value to differ materially from this state.

## **4. Governance, Policy and Procedures**

### **4.1 Corporate Governance Statement**

#### **a) Role of the Board of Directors**

The Directors' role is defined in Section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the Council Controlled Trading Organisation shall be made pursuant to the authority of the directorate of the Organisation and its Statement of Intent. The Board consults with WCL's Shareholder in preparing and reviewing the Statement of Intent.

The Board meets on a regular basis and is responsible for the proper direction and control of WCL's activities. This responsibility includes such areas of stewardship as the identification and control of WCL's business risks, the integrity of management information systems and reporting to Shareholders. While the Board acknowledges that it is responsible for the overall control framework of WCL, it recognises that no cost effective internal control system will preclude all error and irregularities. The system is based upon written procedure, policies and guidelines, organisational structures that provide an appropriate division of responsibility, a total quality management audit system, and the careful selection and training of qualified personnel.

The Board recognises that the ultimate shareholder is a territorial local authority and that this imposes additional legislative and compliance demands on the company and that their actions have an impact on Council.

To achieve this governance the Directors will:

- Conduct regular briefings with the designated Shareholder representatives to discuss emerging risk and opportunities of the business, the general forecast performance expectations and to learn of relevant changes in Shareholder policies, expectations or risk appetite.
- Act on an informed basis, in good faith with due diligence and care and in the best interests of the Shareholder and WCL.
- Act in accordance with the constitution and Statement of Intent.
- Ensure compliance with applicable legislation and regulation.
- Review and guide corporate strategy, major plans of action, risk policy, annual budgets and annual plans, set performance objectives, monitor implementation and corporate

performance, and oversee major capital investment expenditures, acquisitions and divestments.

- Monitor and manage potential conflicts of interest of management, board members and Shareholder.
- Ensure WCL's financial management is consistent with good business practice.
- In the spirit of no surprises, keep the Shareholder informed on significant events and issues, including those sensitive to publicity that may arise from the Shareholder being a political organisation.
- Promote a culture which requires all employees to adhere to high levels of ethical behaviour.
- Ensure WCL continues to develop a Zero Harm health and safety culture that manages risk, behaviour and outcomes to a high standard to avoid harm to people so that all staff return home safely every day.
- Provide a healthy and safe environment and ensure all Health and Safety Act obligations are met by the Company.
- Monitor the effectiveness of overall governance and make changes as needed.
- Maintain the company's economic sustainability through the mitigation of business risk and to develop and maintain a comprehensive risk management strategy.
- Keep the shareholder informed of matters of substance affecting the Company.

**b) The Role of the Shareholder**

The Board aims to ensure that the Shareholder is informed in a timely manner of all major developments affecting the Group's state of affairs. The Shareholder is consulted on the review of WCL's Statement of Intent and is responsible for the appointment of directors. Information is communicated to the Shareholder in the Annual Report, the Interim Report and special meetings where required.

The Shareholder is expected to:

- Deal with issues raised by WCL in a prompt, expedient and professional manner.
- Maintain a high level of communication with WCL on relevant matters.
- Ensure transparent and collaborative relationships are maintained with WCL.

**c) Board Appointments**

Directors are appointed by the Shareholder in accordance with Shareholder policy. The Board is subject to the Shareholder's director rotation policy requiring all of the directors retire over any three-year period. Directors are appointed for up to a maximum period of three years. Ideally directors are rotated on regular basis. Retiring Directors shall be eligible to apply for reappointment.

**d) Director and Board Performance**

The Board formally reviews its performance, and the performance and contribution of individual directors on an annual basis, taking into account the current and future needs of WCL, and performance improvement, processes are implemented as required. The Chairman of the Board will report to the Shareholder on any particular mix of skills the board requires of any new Director.

**e) Board Committees**

The Board maintains a number of standing committees that focus on particular areas of the Board's responsibilities. These include:

***Audit/Finance and Risk:***

The committee:

- Monitors the audit function and reviews the adequacy and quality of the annual audit process;
- Ensures WCL maintains property accounting records and complies with all relevant legislation.
- Monitors changing business risk analysis and mitigation strategies.

**Remuneration:**

The committee reviews the remuneration and performance of the Chief Executive Officer.

**f) Company Management Structure**

The Management of WCL is delegated to the Chief Executive, who will manage WCL in accordance with the directives of the Board and good business practice.

**g) Treasury Policy**

There is no exposure to foreign exchange and interest rate risk is managed in accordance with the Group's Policy Manual that sets limits of management authority. No speculative investments are approved and investments not with a registered bank require board approval.

**h) Code of Conduct**

The Board has adopted policies for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business with stakeholders. The policy includes:

- Corporate governance matters (as described);
- Relationships with employees and customers (ethics, health and safety);
- Confidentiality of company information;
- Environmental responsibilities.

**i) Audit**

External auditors are used to evaluate the quality and reliability of information provided to the Shareholders.

## 4.2 Dividend Policy

WCL is committed to maximising the long term sustainable distribution flow to the shareholder and maintain a distribution intent of paying 75% of any net after tax return to the shareholder

Any distribution needs to be prudent in the circumstances and meet the solvency test.

Some, or all, of the distributions to the Shareholder may be made, with agreement of the Shareholder, by subvention payment, or other mutually agreed method after taking account of all tax considerations.

WCL will declare dividends and make subvention payments, or other distributions, consistent with the amounts recommended by the Directors as suited to sustain the viability of the business in accordance with clause 3.2 - subsection (i).

## 4.3 Accounting Policies

WCL's accounting policies will comply with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Local Government Act 2002 and be consistent with generally accepted accounting principles.

A full statement of Accounting Policies will be presented in WCL's Annual Report.

#### **4.4 Procedures for Acquisition of Other Interests**

The procedure to be followed for share acquisitions per 9(1) (i) of Schedule 8 of the Local Government Act 2002 will be at the discretion of the Directors unless the acquisition qualifies as a significant acquisition or a major transaction.

A significant acquisition is defined as an acquisition with a value more than 20% of WCL's total value.

The Directors will consult the Shareholder prior to completing a significant acquisition.

A major transaction is defined as an acquisition involving more than 50% of the total assets of the Company or when a new CCO is established. Such a transaction requires a special resolution of the Shareholder.

#### **4.5 Procedures for Divestment of assets or Interests**

A significant divestment is defined as a divestment with a value more than 20% of WCL's total value.

The Directors will consult the Shareholder prior to completing a significant divestment.

A major transaction is defined as a divestment involving more than 50% of the total assets of the Company. Such a transaction requires a special resolution of the Shareholder

#### **4.6 Activities for Which WCL Seeks Compensation from any Local Authority.**

WCL undertakes work on a contractual basis for several local authorities, including the Shareholder. On occasions, WCL seeks compensation for breach of contract. Should compensation be sought or obtained from the Shareholder, the details shall be recorded in the annual report of WCL and the Shareholder.

Currently WCL does not provide facilities or amenities, make grants or perform regulatory or other government functions.

The Shareholder is not permitted to provide any guarantee, indemnity or security in respects of the assets, liabilities or trading activities of WCL.

#### **4.7 Sales of Goods/Services to the Shareholder.**

WCL provides goods and services to the Shareholder as part of its normal business activities. These goods and services shall be charged for on a commercial basis.



# Finance, Audit and Risk Committee Memorandum

**From** Finance and Corporate Development Group Manager **Date** 12 June 2018

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## Monthly Financial Report – 2018, Period 10 – April 2018

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### Recommendation

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

### Financial Overview

This financial report reviews results for the ten months to 30 April 2018.

### Commentary

The GAAP Financial Reports, presented as Appendix (a), show an operating deficit of (\$62k) against a budgeted surplus for the same period of \$90k. This result includes both the Whitestone dividend of \$504k (\$384k better than budget) and a net gain of \$438k on sales of assets, but which were more than offset by increased depreciation resulting from the roading revaluation. The April result also includes the effect of writing off the loan of \$285k to the Otago Rural Fire Authority. Although this was funded from the rural fire depreciation reserve, it must be disclosed as an operating expense for financial reporting purposes.

It should also be noted that Council's budgets for the 2017/18 financial year assumed grants of about \$2.7m for the cultural facilities project. No such grants have been received to date, and none are likely over the balance of the year. All these factors consequently mean that the budgeted surplus of \$3.288m cannot realistically be achieved, and it is likely that Council's year-end result will fall short of budget by a significant amount.

### Revaluation gain

As was noted in March, the most prominent feature of the financial report is the recognition of the three-yearly revaluation of Roothing infrastructural assets. This resulted in a notional "gain" of \$84.9m – over \$70m better than budget – and also increased the value of Fixed Assets by a similar amount. The revaluation also resulted in a significant increase in Depreciation expense which is now well above budget, and this variance from budget will continue to grow until year end.

### Financial Operating Results

The GAAP Financial Reports are presented in the format required for Council's external financial reporting, and now carry commentary related to significant variances in line items. They are based on the same information used to provide the summarised activity reports included in Appendix (b). However, the activity reports include transfers to and from reserves and other funding adjustments that are not able to be recognised in the GAAP reports, so the two sets of reports do not align.

Overall revenue, including the gain on asset sales of \$438k and the dividend of \$504k, is over budget by \$1.772m, while Expenditure is reported over budget by \$1.924m. Detail relating to significant variances from budget is now to be found in the Statement of Comprehensive Revenue and Expense appearing in Appendix (a).

### Notes

Council has several large insurance claims outstanding in relation to the July 2017 flood event. As these have only recently been lodged, it is too early to say what amounts will eventually be recovered, and no accruals of revenue or transfers from the disaster fund and other reserves have been made. The annual report will include all appropriate adjustments to ensure that all revenues due, and any other funding issues necessary, are accurately reflected.

Council took on a lead role in the transitioning of street lighting to LED technology, and in that role, arranged the supply of materials to Southland District Council. This transaction effectively boosted both revenue and expenditure in this year's financial reports.

Any surplus or deficit arising from forest harvesting or replanting is held in a special fund, and has no impact on Rates. This reserve funds replanting and general forestry management – an activity that produces no income until much later in the forest's life cycle. For the 2017/18 financial year to date, Council's forestry activities have generated a surplus of \$36k, or approximately a 12% return.

### **Capital Expenditure**

Overall capital expenditure, at \$13.569m, is under the budget of \$22.012m by \$8.443m.

#### **Notable variances from budget:**

- Roothing capital expenditure is under budget by \$2.851m, due to the essential restoration of flood-damaged infrastructure; to delays resulting from adverse weather conditions; and to difficulties securing suitable contractors (in competition with State highway projects). This variance has reduced by almost \$400k during April;
- Water capital expenditure is under budget by \$130k. Work on South Hill improvements and the Hamnak project continues, but upgrades budgeted at Lake Ohau have not progressed;
- Sewer capital expenditure is down by \$697k; works planned for Moeraki, Palmerston and Otematata have not progressed as budgeted, but Oamaru is over budget by \$77k;
- Stormwater capital expenditure is under budget by \$383k, primarily related to works scheduled for Oamaru;
- Property capital expenditure is under budget by \$3.130m, as a consequence of delays on the Courthouse (under budget \$438k), the RSA (YTD budget \$2.700m), and the timing of works on the breakwater meaning that project remains under budget by \$59k.
- IT/GIS capital expenditure is under budget by \$324k due to delays in various projects.

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) – Period 10 Financial Reports
- Appendix (b) – Variance Reports by activity

# Statement of Comprehensive Revenue and Expense

for the ten months ended 30 April 2018

	2018 10 Months Actual \$000	2018 10 Months Budget \$000	2018 Annual Budget \$000	2017 12 Months Actual \$000	Variance from YTD Budget \$000 %	
<b>Revenue</b>						
Rates Revenue	25,612	25,435	30,717	30,303	177	0.7%
User Charges	4,479	3,461	3,907	5,909	1,018	29.4%
Regulatory Charges	1,323	1,317	1,557	1,508	6	0.5%
Development and RMA Contributions	790	577	692	738	213	36.9%
Government Grants and Subsidies	5,405	5,954	7,163	6,339	(549)	-9.2%
Other Grants and Donations	300	162	2,388	900	138	85.2%
Finance Revenue	1,028	1,126	1,354	1,184	(98)	-8.7%
Petrol Tax	170	163	196	193	7	4.3%
Infringements and Fines	86	48	57	86	38	79.2%
Dividend and Subvention Payments	504	120	120	790	384	
Assets vested in Council	-	-	-	726	-	
Other gains and Losses	438	-	-	(1,618)	438	100.0%
<b>Total Revenue</b>	<b>40,135</b>	<b>38,363</b>	<b>48,151</b>	<b>47,058</b>	<b>1,772</b>	<b>4.6%</b>

## Commentary \$000

Forestry harvesting (unbudgeted)	+	304
Quarry revenue (unbudgeted)	+	271
LED lighting on-sold (see Other Expenses)	+	196
Corbett Road works - private contribution	+	88
Landfill charges (Oceana - Palmerston)	+	74
Insurance claims	+	62
Water supply, connection charges	+	227
Tradewaste under budget	-	-54

Roading	+	85
Water	+	83
Sewer	+	5
RMA financial contributions	+	40
NZTA subsidy - capital works	-	-1364
NZTA subsidy - operational (floods = \$537)	+	834
MBIE for Dunback toilets (unbudgeted)	+	85
MBIE for A2O (other grants sourced)	-	-120
Trust Aoraki for A2O construction	+	93
Kurow Hall committee	+	10
Hampden Hall committee	+	9
Duntroon Hall committee	+	9
Donation for Craig Fountain restoration	+	10
Interest rates remain below budgeted levels		



## Statement of Comprehensive Revenue and Expense

for the ten months ended 30 April 2018

	2018 10 Months Actual \$000	2018 10 Months Budget \$000	2018 Annual Budget \$000	2017 12 Months Actual \$000	Variance from YTD Budget		Commentary	\$000
					\$000	%		
<b>Expenses</b>								
Personnel costs	8,941	9,479	11,314	10,652	(538)	-5.7%	Wages & salaries	- 559
							Kiwisaver contributions	- 29
							Backfill	+ 64
Depreciation and amortisation	11,096	10,099	12,119	11,887	997	9.9%	Variance arises largely from Roding revaluation	
Finance Costs	-	-	-	1	-			
Other expenses	20,160	18,695	21,286	22,987	1,465	7.8%	Forestry harvesting costs (unbudgeted)	+ 248
							Roding flood repairs	+ 1083
							LED lighting purchases (onsold)	+ 196
							ORFA loan \$285k written off	+ 145
							Recruitment costs	+ 75
							Insurance premiums	+ 82
<b>Total Expenses</b>	<b>40,197</b>	<b>38,273</b>	<b>44,719</b>	<b>45,527</b>	<b>1,924</b>	<b>5.0%</b>		
<b>Surplus / (Deficit) before Tax</b>	<b>(62)</b>	<b>90</b>	<b>3,432</b>	<b>1,531</b>	<b>(152)</b>	<b>-168.9%</b>		
<b>Other Comprehensive Revenue and Expense</b>								
Gain/(Loss) on revaluation of Infrastructural Assets	84,924	14,315	14,315	-	70,609	493.3%	Refer commentary	
Gain/(Loss) on revaluation of Properties	-	-	-	9,741				
Other Comprehensive Revenue	-	-	-	-				
<b>Total Other Comprehensive Revenue and Expense</b>	<b>84,924</b>	<b>14,315</b>	<b>14,315</b>	<b>9,741</b>				
<b>Total Comprehensive Revenue and Expense</b>	<b>\$84,862</b>	<b>\$14,405</b>	<b>\$17,747</b>	<b>\$11,272</b>				

## Appendix (a) – YTD Financial Reports at April 2018 (continued)

### Statement of Financial Position

As at 30 April 2018

	2018 Actual At 30 April \$000	2018 Budget year end \$000	2017 Actual year end \$000
<b>Public Equity</b>			
Ratepayers' Equity	310,208	310,208	310,208
Revaluation Reserve	499,859	426,746	415,187
Operating Reserve	22,155	25,448	21,932
Other Reserves	14,808	15,648	14,842
<b>Total Public Equity</b>	<b>\$847,030</b>	<b>\$778,050</b>	<b>\$762,169</b>
<b>Non-Current Assets</b>			
Property Plant and Equipment	806,410	740,550	719,240
Intangible Assets	513	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	28,177	25,032	25,060
	841,533	772,709	751,414
<b>Current Assets</b>			
Cash and Cash Equivalents	1,851	2,150	4,483
Receivables	5,157	3,275	3,470
Prepayments	290	285	233
Inventory	11	14	26
Other Financial Assets			
- Term deposits	5,900	6,750	9,425
- Loans to other entities	16	1	16
Assets held for Sale	-	-	369
	13,225	12,475	18,022
<b>Total Assets</b>	<b>854,758</b>	<b>785,184</b>	<b>769,436</b>
<b>Non-Current Liabilities</b>			
Provisions	772	390	788
	772	390	788
<b>Current Liabilities</b>			
Trade and Other Payables	5,946	5,620	5,272
Employee Entitlement Liabilities	1,010	1,050	1,074
Provisions	-	74	133
	6,956	6,744	6,479
<b>Total Liabilities</b>	<b>7,728</b>	<b>7,134</b>	<b>7,267</b>
<b>Net Assets</b>	<b>\$847,030</b>	<b>\$778,050</b>	<b>\$762,169</b>

## Appendix (b) – Variance Reports YTD 30 April 2018

### Notes to assist with interpretation

#### **“Funding” includes:**

- Income from external sources, whether received or accrued as owing, including
  - Rates
  - Government and other Grants
  - User charges
  - Interest
  - Proceeds of asset sales
- Transfers from Reserves, including
  - Depreciation reserves
  - Special funds
- Adjustments for the unfunding of Depreciation
- Funding derived from new or additional Internal Loans

#### **“Expenditure” includes:**

- Payments, whether made during the period or due at period end, including
  - Salaries and Wages
  - Other operating costs
  - Capital expenditure
- Depreciation charged for the period
- Transfers to Reserves, including
  - Development and Financial Contributions to Special Reserves
  - Other transfers to Special Reserves
- Internal Loan principal repayments

### Percentage variances

#### **Funding**

- Positive variance is Favourable, and occurs when actual funding exceeds budget
- Negative variance is Unfavourable, and occurs when actual funding is below budget

#### **Expenditure**

- Positive variance is favourable, and occurs when expenditure is below budget
- Negative variance is Unfavourable, and occurs when expenditure exceeds budget

		FUNDING			EXPENDITURE				
		YTD % Variance			YTD % Variance				
		FUNDING	FUNDING	(-variance is	EXPENDITURE	EXPENDITURE	(-variance is	Actual Surplus	Budget Surplus
		YTD Actuals	YTD Budget	unfavourable)	YTD Actuals	YTD Budget	unfavourable)	or (Deficit)	or (Deficit)
<b>Assets Group</b>									
Alps 2 Ocean		267,658	317,510	-15.7%	308,188	379,180	18.7%	(40,530)	(61,670)
Aquatic Centre		1,428,589	1,427,980	0.0%	1,263,165	1,450,684	12.9%	165,424	(22,704)
CDEM Liaison		106,113	101,820	4.2%	67,349	101,800	33.8%	38,764	20
GM Assets	1	-	-	0.0%	(2,759)	(501)	450.6%	2,759	501
Parks and Recreation	2	4,361,121	4,568,288	-4.5%	4,346,344	5,036,696	13.7%	14,777	(468,408)
Property	3	5,363,964	6,649,269	-19.3%	5,201,472	8,015,286	35.1%	162,492	(1,366,017)
Roading	4	16,422,604	17,859,778	-8.0%	17,704,768	17,645,896	-0.3%	(1,282,164)	213,882
Solid Waste		1,245,302	1,215,790	2.4%	1,297,620	1,259,196	-3.1%	(52,318)	(43,406)
Vehicles General		164,609	171,000	-3.7%	166,942	171,250	2.5%	(2,333)	(250)
Waters	5	14,215,251	14,890,953	-4.5%	14,008,816	16,616,518	15.7%	206,434	(1,725,565)
<b>Assets Group Total</b>		<b>43,575,211</b>	<b>47,202,388</b>	<b>-7.7%</b>	<b>44,361,906</b>	<b>50,676,005</b>	<b>12.5%</b>	<b>(786,695)</b>	<b>(3,473,617)</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

2 - Parks and Recreation costs variance due to timing of capital projects

3 - Property variances due to improved rental income, reduced expenditure on preventive maintenance and delayed capital projects

4 - Roading variances result from an initial focus on flood repairs after the July 2017 weather event, and final funding arrangements have still to be resolved.

Also delays in projects more recently from adverse weather and other factors

5 - Waters variances due to delays with capital projects, which are now progressing, and to final resolution of funding related to the Regina Lane sewer pumping facility

## CEO

CEOs Office	1	-	-	0.0%	1,780	-	0.0%	(1,780)	-
Economic Development	6	875,737	836,480	4.7%	1,034,669	939,095	-10.2%	(158,931)	(102,615)
<b>CEO Total</b>		<b>875,737</b>	<b>836,480</b>	<b>4.7%</b>	<b>1,036,448</b>	<b>939,095</b>	<b>-10.4%</b>	<b>(160,711)</b>	<b>(102,615)</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

6 - Economic Development costs include elements related to interns and the Geopark project that will be treated as 2018/19, and removed from the current year's results at year end

		FUNDING			EXPENDITURE				
		FUNDING	FUNDING	YTD % Variance	EXPENDITURE	EXPENDITURE	YTD % Variance	Actual Surplus	Budget Surplus
		YTD Actuals	YTD Budget	(-variance is unfavourable)	YTD Actuals	YTD Budget	(-variance is unfavourable)	or (Deficit)	or (Deficit)
<b>Council</b>									
Committees		39,110	33,620	16.3%	29,402	31,704	7.3%	9,708	1,916
Community Boards	7	373,740	388,821	-3.9%	336,021	392,482	14.4%	37,719	(3,661)
Election		33,920	29,170	16.3%	30,528	26,250	-16.3%	3,392	2,920
Reporting	8	578,580	549,910	5.2%	519,450	553,802	6.2%	59,130	(3,892)
Waitaki District Council	9	2,298,976	2,358,220	-2.5%	1,978,045	2,375,401	16.7%	320,931	(17,181)
<b>Council Total</b>		<b>3,324,326</b>	<b>3,359,741</b>	<b>-1.1%</b>	<b>2,893,447</b>	<b>3,379,639</b>	<b>14.4%</b>	<b>430,879</b>	<b>(19,898)</b>

## Comment

7 - Community Boards' expenditure on grants is under budget

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

9 - Overheads allocated to Council by various business units are under budget by over \$300k largely due to staff vacancies resulting in reduced costs

**Finance & Corporate Group**

Finance	1	12,620	19,580	-35.5%	(20,334)	16,293	224.8%	32,954	3,287
GM Finance & Corporate Development	1	-	-	0.0%	21,295	-	0.0%	(21,295)	-
Policy Development	1	-	-	0.0%	(17,349)	(708)	2350.4%	17,349	708
Treasury	10	731,706	(414,890)	276.4%	600,338	(108,583)	-652.9%	131,368	(306,307)
<b>Finance &amp; Corporate Group Total</b>		<b>744,326</b>	<b>(395,310)</b>	<b>288.3%</b>	<b>583,951</b>	<b>(92,998)</b>	<b>-727.9%</b>	<b>160,376</b>	<b>(302,312)</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

10 - Treasury includes the net gain on asset sales of \$438k, being \$855k of gains reflected in Actual Funding, and \$415k of losses, reflected in Actual Expenditure

10 - Treasury Funding, as well as including property gains, reflects the offset of interest paid on special funds and separate rate accounts, and reduced interest revenue

		FUNDING			EXPENDITURE				
		YTD % Variance			YTD % Variance				
		FUNDING	FUNDING	(-variance is	EXPENDITURE	EXPENDITURE	(-variance is	Actual Surplus	Budget Surplus
		YTD Actuals	YTD Budget	unfavourable)	YTD Actuals	YTD Budget	unfavourable)	or (Deficit)	or (Deficit)
<b>Heritage, Planning &amp; Regulatory Group</b>									
Building Control	1	1,495,425	1,514,430	-1.3%	1,769,178	1,442,838	-22.6%	(273,754)	71,592
Community Safety		134,790	146,076	-7.7%	140,325	153,533	8.6%	(5,535)	(7,457)
GM Heritage Planning & Regulatory	1	2,920	-	0.0%	14,942	(3,400)	-539.5%	(12,021)	3,400
Health Admin and Inspection	1	1,237,103	1,351,732	-8.5%	938,939	1,362,215	31.1%	298,164	(10,483)
Planning	11	1,183,258	1,043,750	13.4%	899,298	1,051,143	14.4%	283,960	(7,393)
Regulatory Services	1	926	63,350	-98.5%	12,308	28,874	57.4%	(11,382)	34,476
<b>Heritage, Planning &amp; Regulatory Group Total</b>		<b>4,054,422</b>	<b>4,119,338</b>	<b>-1.6%</b>	<b>3,774,990</b>	<b>4,035,203</b>	<b>6.4%</b>	<b>279,432</b>	<b>84,135</b>

## Comment

1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes

11 - Increased fee revenue, cost reduced due staff vacancies and timing of expenditure on District Plan review has not been as budgeted

## Information Services Group

GIS/IT	12	166,761	473,093	-64.8%	231,198	500,874	53.8%	(64,438)	(27,781)
GM Information Services		-	-	0.0%	-	-	0.0%	-	-
<b>Information Services Group Total</b>		<b>166,761</b>	<b>473,093</b>	<b>-64.8%</b>	<b>231,198</b>	<b>500,874</b>	<b>53.8%</b>	<b>(64,438)</b>	<b>(27,781)</b>

## Comment

12 - Cost reduced due to staff vacancies, capital expenditure in IT/GIS is behind budget by \$298k, results in reduced Funding



		FUNDING			EXPENDITURE				
		YTD % Variance			YTD % Variance				
		FUNDING	FUNDING	(-variance is	EXPENDITURE	EXPENDITURE	(-variance is	Actual Surplus	Budget Surplus
		YTD Actuals	YTD Budget	unfavourable)	YTD Actuals	YTD Budget	unfavourable)	or (Deficit)	or (Deficit)
<b>People and Culture Group</b>									
Customer Contact Team	1	3,627	1,750	107.2%	(11,344)	1,097	1134.1%	14,970	653
Executive Support	1	-	-	0.0%	30,717	-	0.0%	(30,717)	-
Gallery, Museum & Archives		1,103,883	1,223,293	-9.8%	1,043,596	1,164,669	10.4%	60,287	58,624
General Grants		331,901	338,979	-2.1%	407,480	371,589	-9.7%	(75,579)	(32,610)
GM People and Culture	1	105	12,591	-99.2%	(8,498)	13,117	164.8%	8,604	(526)
Human Resources	1	16,016	20,655	-22.5%	2,903	16,432	82.3%	13,113	4,223
Libraries		1,261,515	1,261,303	0.0%	1,311,986	1,280,753	-2.4%	(50,471)	(19,450)
Oamaru Opera House		1,058,266	1,053,787	0.4%	1,111,794	1,057,912	-5.1%	(53,528)	(4,125)
Recruitment and Retention		-	-	0.0%	11,793	(87,263)	-113.5%	(11,793)	87,263
<b>People and Culture Group Total</b>		<b>3,775,312</b>	<b>3,912,358</b>	<b>-3.5%</b>	<b>3,900,426</b>	<b>3,818,306</b>	<b>-2.2%</b>	<b>(125,113)</b>	<b>94,052</b>
Comment									
1 - Departments affected by Council reorganisation - budgets have not been updated to reflect the changes									
<b>Total</b>		<b>56,516,096</b>	<b>59,508,088</b>	<b>-5.0%</b>	<b>56,782,366</b>	<b>63,256,124</b>	<b>10.2%</b>	<b>(266,270)</b>	<b>(3,748,036)</b>

# Finance, Audit and Risk Committee Memorandum

From **Information Services Group Manager**

Date **12 June 2018**

## Information Services Group Activity Report for the period 1 May to 31 May 2018

### Recommendation

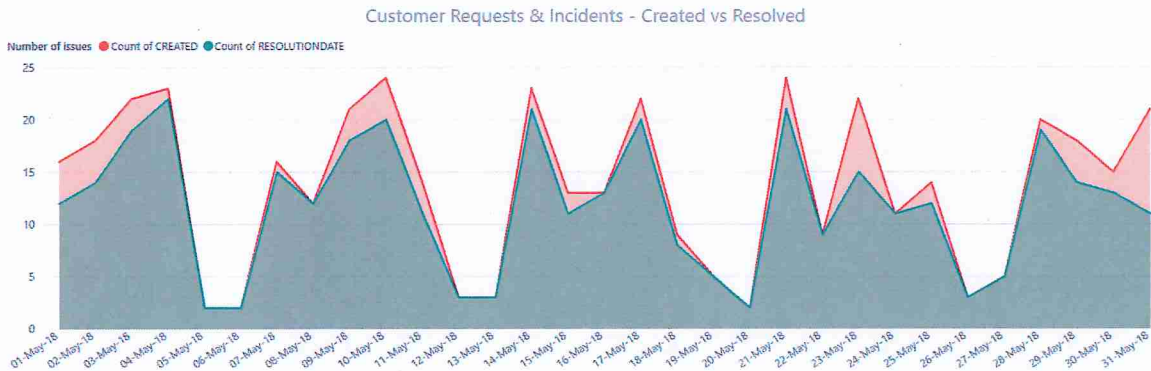
That the Finance, Audit and Risk Committee receives and notes the information.

### Summary

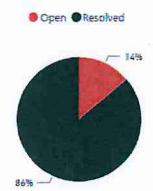
This memorandum provides an update to the Finance, Audit and Risk Committee on Information Services Group activities during the reporting period.

### Service Operations

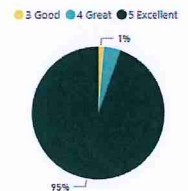
The Service Desk has continued to remain busy, with 425 jobs received in May. The customer satisfaction and resolution rate dropped slightly due to resourcing shortages which were caused by project work and other tasks such as headquarters / Cucina seating changes.



#### Open vs Resolved



#### Customer Satisfaction



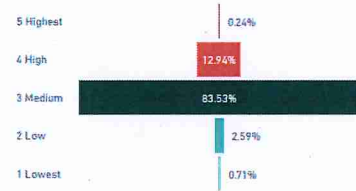
#### Created this period

425

#### Resolved this period

366

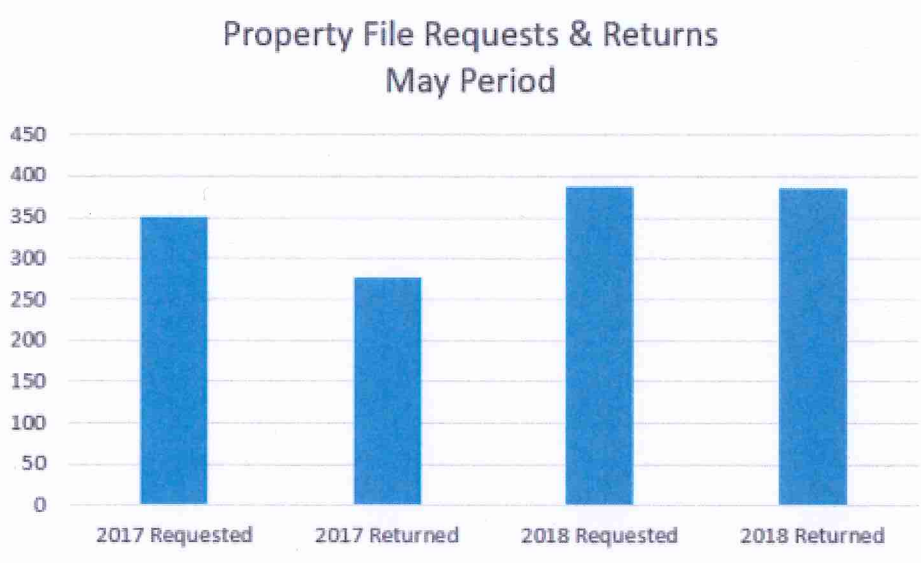
#### Priority of issues this period



### Information and Records Management

The Information and Records Management Team has gone from having two staff members to only one due to a fixed-term internal staff secondment.

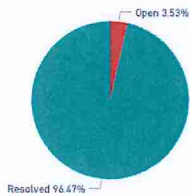
The diagram below shows the comparison between property file requests in May 2017 and the current year. Work is being done to improve the property file access process to make it more efficient.



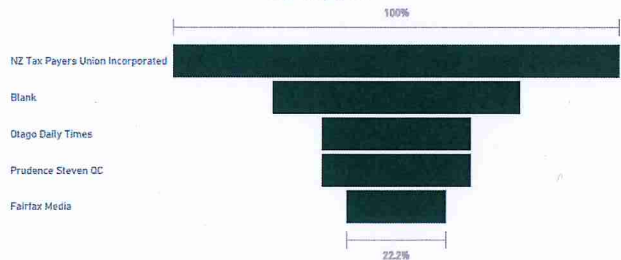
All LOGIMA requests were completed within the legally required time. The Information Management Officer is keeping the Executive Management team and the Mayor updated every week on the LOGIMA requests.



Resolved Requests Last Month



Top Enquirers

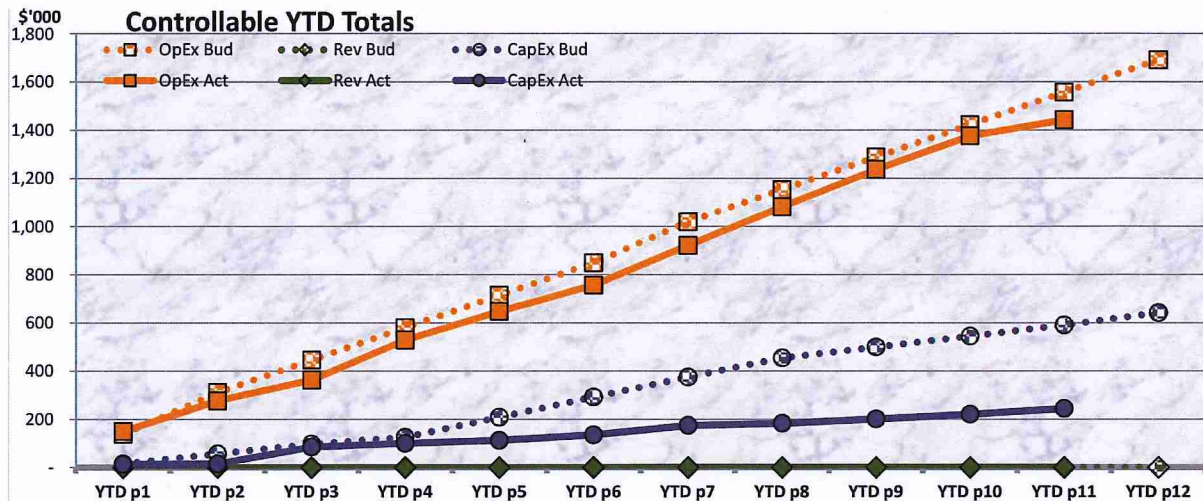


New Request This Month

9

## Financials

Every effort is made to monitor spending to ensure the healthy financial position of the Information Services Group. Details of Capex and Opex spending vs budgeted can be found below.



As per previous months, the reason for underspending especially in the Capex is because projects such as Skype for Business are still ongoing and the vendors have not been paid.

## Information Systems

The Information Systems team strives to improve data quality and system-related processes as well as supporting the Council's corporate system, Authority, the Asset Management System, and the Geographic Information Systems. The team's work is spread amongst projects, support requests, and operational tasks. Some of the significant jobs the team worked on in the last two months are:

**eServices** – Phase One of the Council eServices was released on the Council website, making it possible for members of the community to make payments and submit customer requests and applications 24/7. Without stopping, efforts have been put in for further development of the eServices (Phase Two) to continue improving the customer experience.

**LTP Submissions** – For the first-time, members of the public were able to make online submissions directly using the recently released Council eServices platform. It offers an increased level of service, and is a fantastic opportunity to start building a more complete picture of the community and its views.

**Reporting** – Considerable effort was put into re consolidating internal Council reporting from fragmented and fragile legacy systems into a more robust platform that makes reporting more transparent and offers a modern interface with many export options. The resources currently used to decipher and maintain legacy reports can then be redirected to produce reporting that better supports operational, managerial and strategic decision-making within Council.

**Data Cleansing** – Parcel data forms the backbone of Authority data and is used to give everything from dog registrations to building consents their location. The parcel data cleansing work will put some legacy issues to rest and will offer opportunities to start some of the pending projects such as the next phases of Council eServices.

**The UNESCO Global Geopark Expression of Interest (EOI)** – This involved the creation and compilation of data as well as analysis and mapping work. The work<sup>1</sup> showcases Geosites as well as some other aspects of the district (eg the memorial oaks) which make this such a special place to live and visit.

<sup>1</sup> <https://maps.waitaki.govt.nz/GMSC/Public/GeoparkGIS.html>



### **Programme and Project Status**

Several projects continue to make great progress. Skype for Business (replacement for the aging phone system) is being deployed to Council staff, and is expected to be completed by the end of July. This will be great for Council as the capabilities for collaboration and teleconferencing will be greatly improved. The implementation of the call recording software continues to make slow progress, and this will need to be monitored closely.

The BIS and HUB (legacy reporting tool) replacement continues to make great progress, as all but three of the reports have now been developed. There are now several reports that require testing, and this is gradually developing into a backlog. There are some concerns that the Report Writer (currently engaged on a contract) will be leaving to pursue opportunities overseas.

The uncertainty surrounding the availability of the Authority 7.1 Upgrade has not been resolved. This places Council in a difficult situation as continuing to postpone an upgrade will inevitably delay dependent projects. Rather than awaiting version 7.1, Council will upgrade to version 6.11 as this will provide Council with several improvements, and upgrading to a higher version can be considered at a later date. While upgrading to 6.11 will not provide as many enhancements as 7.1, it is necessary to maintain momentum.

Phase Two of the Council eServices project has commenced, with the focus being on building consents and inspections. The project is in the early stages, but there are already some great ideas and vision for the future. In this phase of the project, the primary goal is to develop clear requirements and identify candidate software, with a view to presenting a business case and project approach. Building Services is a large and sophisticated area of Council's business and is an exciting project.

There have been several initiatives/issues arise independently concerning the Council web site, social media and mobile apps, but these should be considered as related projects. All three of these components form the basis of Council's digital presence – a key area of Council – as these components are public facing and underpin a large proportion of communication with the community. A project has been proposed to ensure these three initiatives are managed and aligned, with a whole-of-business perspective. Information Services has been gathering information on available software/apps ahead of time. However, given the current commitments to other project work, this project will progress slowly until several smaller projects are completed and more capacity is available.

More information about the current, upcoming and finished projects can be found in Appendix One, Two and Three.

### **Risk Management and Information Security**

An earlier Information Services Group Activity Report highlighted the work being done regarding the National Cyber Security Centre (NCSC)'s Protective Security Requirements (PSR) areas of risk management. Progress has been made – two of the five areas (governance structure and investigation/response) have been established. Framework<sup>2</sup> introduction is being delayed due to staff workload caused by project and operational work. The other two areas (operational management, and reporting) will be worked on in the coming months.

On information security, no significant information security technical issues have been identified. A phishing<sup>3</sup> awareness programme is underway to strengthen the weakest link of information security, the humans. The first phase of the programme, the baseline establishment<sup>4</sup>, indicated about 35% of staff have fallen victim to the simulated no-harm phishing attack. Online self-paced training will be provided to all staff soon.

<sup>2</sup> PSR requires a risk management framework to be used but PSR itself doesn't provide any guidance on framework establishment.

<sup>3</sup> Phishing is a cybercrime in which a target or targets are contacted by email, telephone or text message by someone posing as a legitimate institution to lure individuals into providing sensitive data such as personally identifiable information, banking and credit card details, and passwords. The information is then used to access important accounts and can result in identity theft, sensitive information leaking, and financial loss.

<sup>4</sup> In this phase, the percentage of staff who fell victim to the no-harm phishing trick is collected. This number will be used later to compare with the percentage after the training to evaluate the effectiveness of the Phishing Awareness programme.

### Staffing and proposed recruitment

There are some staffing changes in the Information Services Group following a detailed gap analysis of the Council's goals and the group's current capabilities. The needs of the group were assessed against the current vacancies (2.0 FTE) being carried as a result of staff departures. Two slightly changed positions will be advertised soon, as follows:

- **GIS Analyst (1.0 FTE):** The current 'Data Analyst' vacant position in the Systems Team has been redesigned. The new position is 'GIS Analyst'. The purpose of this change is to provide a backup for the Systems Team Leader and to enable the team to engage in some of the long-due GIS works that is a pre-requisite of many projects (eg Council online services). The position can also provide better support for other Council initiatives such as the UNESCO Global Geopark.
- **IT Engineer (1.0 FTE) Fixed Term:** A two-year fixed-term Information Technology (IT) Engineer in the Services Team is proposed to back up the Senior IT Engineer (a key staff member). It is noted that when key resources like this are unavailable, Council's ability to deliver information services and high-level technical support activities is limited. The current level of specialist workload in this area is unsustainable in the long-term. By spreading the load, this fixed term role will serve to ensure the wellbeing of our staff and uninterrupted service delivery to the Council.

An additional FTE is proposed – IT Administrator (1.0 FTE). Funding options are being considered. This position would allow the team to provide the broader support required in assisting project delivery and maintaining newly implemented systems, following the decision to stop contracting this work to Fujitsu. The new position would also support intermediate level service desk tasks to keep other staff, especially the Senior IT Engineer, and the IT Engineer focused on their tasks.

The (fixed term) IT Engineer position and the (proposed) IT Administrator position would be established so as to offer a career path for the information services team.



To sum up the FTE changes: Two of the positions being worked on currently are based on the existing vacancies. The proposed IT Administrator position has been put on hold until funding is confirmed.

Bill Chou  
Information Services Group Manager

### Appendix 1 – Current Projects

Project Name	Status Update	% Completed	Status
Authority 6.11 Upgrade	Given the uncertainty surrounding the availability of the Authority 7.1 upgrade, the 6.11 upgrade will be implemented as an alternative. The upgrade will provide Council with several useful enhancements. Planning for the upgrade has now commenced.	0%	
Council eServices – Phase 2	The second phase of the eServices initiative has now commenced. Building Consents and inspections are currently the focus. The project team is documenting business requirements to support software comparison and development of a business case and project approach. This is a large, and exciting project for Council.	5%	



Digital Asset Management <sup>5</sup>	The proposal to implement a shared digital asset management system has progressed from concept to business case. The project team is testing software and clarifying prices for each potential solution.	25%	
Skype for Business	The project is currently in the initial stage of deployment. The project team started to deploy users into Skype for Business from mid-May via a staged rollout approach. The project team has completed demonstrations for all staff and promoted widely. Training is also being provided to groups and individuals as the migration takes place. Council staff should be migrated to the new phone system by the end of July. Work to implement the call recording and call centre software is continuing.	70%	
ProMapp (Process Mapping)	The review of the process list continues to make steady progress as Jesse meets with staff. The development of the recommendations report is continuing at a similar pace and should be completed before Jesse finishes his WDC internship. The processes that have been mapped have been published in ProMapp for all Council staff to access.	20%	
BIS and HUB Replacement (Development of a new Council reporting system)	The development of reports has progressed very well, and the project team will be presenting the results to customers for further testing. The focus of the project will now gradually move to customer support and implementation, as components of the legacy HUB system are replaced.	35%	
Parcel Data Cleaning (Cleaning of backbone Authority data to make it more meaningful and presentable) <sup>6</sup>	Overall the project is progressing well. Council officers have made some great improvements to the data quality and are tackling some tricky issues. Unfortunately, several requests for service have been made to Civica and there has been little or no response, and this is now becoming a bottleneck. The project team are escalating the matter to the Civica management team.	50%	
Infocouncil (Council Meetings and Governance Management system)	The progress of this project slowed somewhat during the reporting period with higher-than-usual workloads in the governance area having to take priority over project work in order that Council's legislative requirements continue to be met. This resourcing issue is expected to improve during the next reporting period (by end June), with user acceptance testing and pilot launches of Infocouncil expected to follow in the first half of July.	75%	

## Key

No Issues reported or exceptions within tolerance – no action required	Project performance outside tolerance level or a number of minor issues reported – attention required	Project performance outside tolerance, more than one issue reported, high probability of project failure – Intervention required
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<sup>5</sup> Digital asset management (DAM) enables the Council to get more value from creative assets like images and videos by making them easy to organise, access and distribute. As a result, activities such as marketing is streamlined.

<sup>6</sup> Please refer to the Systems Team section for details.

## Appendix 2 – Upcoming Projects

Project Title	Brief Description
WDC Web Presence and Community App	The Information Services team have developed a good understanding of the Web and Online needs of Council, and this has reached a point where a project is required to ensure momentum is maintained. Although the project is only just beginning, there are some clear options for an updated web site, community app and social media management system to help Council and the Community. The website, social media and community app must complement one-another, and work together.
Recreation and Parks	The Recreation team has a number of challenges related to the booking of facilities and management of assets. Team members are working with the Programme Manager to develop a proposal to improve their business functions. There are several opportunities to make improvements that can benefit Council and the Community.
Property Management	Similar to the Recreation team, the Property team has some asset management challenges and also some potential for improvements in its leasing management system. The Programme Manager is working closely with the Property team to develop a proposal to improve their business functions. Ideally, there will be commonality across the asset management systems.
Recruitment System	A proposal for the implementation of an online recruitment tool has now been developed, and is awaiting internal review. The goal is to remove much of the manual labour required to manage the application and interview process.

## Appendix 3 – Completed Projects

Project Title	Brief Description
Council eServices – Phase 1	The first phase of eServices has been completed. Payments to Council, such as Rates, can now be fulfilled online.
Authority LTP Submission and Reporting	LTP Submissions have closed. A significant amount of reporting has been developed to support the LTP process. The scope was extended to include the Development Contributions Consultation and Financing Policy Consultation as well.

# *Finance, Audit and Risk Committee*

## *Memorandum*

From **Finance and Corporate Development Group Manager** Date **12 June 2018**

### **Finance and Corporate Development Group Activity Report for the period 1 May to 31 May 2018**

#### **Recommendation**

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

#### **Summary**

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

#### **Discussion**

May is usually a month dominated by the Annual Plan or Long Term Plan. This May was no exception.

#### **Finance – Policy and General**

The focus has been on preparing for the hearing of submissions and deliberations on the Long Term Plan (LTP). Once Council made its decisions on the required changes to the LTP and supporting budgets, the process was started to make those changes and prepare all of the financial statements and disclosures that are required to be included in the LTP and to set the rates for the coming year.

Several members of the finance team attended the Audit New Zealand sector update in Dunedin on 2 May. This was a valuable opportunity to get an update on reporting and other issues facing the wider public sector. The Finance and Corporate Development Group Manager also attended the Canterbury Finance Managers' meeting where, in addition to the usual sector matters covered, there were interesting presentations on the procurement process and long-term planning. The equivalent Otago / Southland meeting is being held on 22 June.

#### **Finance – Accounting and Transactional**

The finance team has started the process of preparing for the end of the financial year. These preparations are more advanced in several key areas than in previous years, which should help with the timely preparation of the Annual Report.

Audit New Zealand conducted the interim part of the year-end audit process at the end of the month. Its report is expected to be available in July. Audit New Zealand has assigned a new Director to Waitaki District Council effective from 1 July 2018 – he is Mr Dereck Ollsson, and he has already met with the Mayor and officers. Mr Ollsson has asked to meet with the Committee, and officers are working with the Audit New Zealand team to arrange a suitable meeting time.

#### **Finance – Rates**

The current priority is working through the outcomes from the valuation objection process. Although the objection process is between the property owner and Quotable Value, Council needs to ensure that all objections that have been settled by 30 June are reflected in the District Valuation Role prior to the rates being set.

The other major task undertaken during the reporting period was writing to all ratepayers who had balances outstanding after the fourth instalment due date to remind them to clear those balances to avoid the arrears penalty that will be charged in early July. Although this may have a negative impact on penalty income, officers believe this is more than offset by the positive impact on ratepayers, especially those who were not aware that there was an amount in arrears.

### **Policy**

The new (or possibly recycled) Policy and Strategy Manager had to hit the ground running to lead all of the matters that followed the closure of the submission processes for the Long Term Plan, Revenue and Financing Policy, and Development Contributions Policy. Highlights of this work included the collation and distribution of submissions, coordination of the hearings, and the facilitation of the deliberations at the 22 May workshop. The decisions on the submissions and other matters relating to the Long Term Plan were made at the Council Meeting on 29 May. The focus has now moved to finalising all of the required components into the Long Term Plan document, getting this audited, and then approved at the Council Meeting on 26 June 2018.

### **Corporate and Business Development**

There were no major developments in this area during the month as all available resources were directed to the LTP.

### **Health and Safety**

#### Safehold Incidents May 2018

Five (5) Incidents Reported – two of these were through the Aquatic Centre, two at the Opera House and one in the Headquarters Building. All have been investigated and resolved.

There was one serious near-miss involving a Council worksite. This is currently under investigation by all involved parties.

The Health and Safety Officer's position has been advertised, and applications close on 11 June.

The reorganisation of the headquarters building has created a number of Health and Safety matters that are being attended to. In addition to the more visible issues such as relocating furniture and equipment and accommodating trades people, there were also less obvious issues, like ensuring that all areas are covered by trained fire wardens and assessing workstation set ups. These and other matters are being addressed as they are identified.



Paul Hope  
**Finance and Corporate Development Group Manager**