

# Council Briefing

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## Notice of Briefing

Briefing to be held in the Council Chamber, Forum North, Whangarei on:

**Tuesday  
20 June 2017  
9.00am**

Her Worship the Mayor Sheryl Mai (Chairperson)  
Cr Stu Bell  
Cr Crichton Christie  
Cr Vince Cocurullo  
Cr Tricia Cutforth  
Cr Shelley Deeming  
Cr Sue Glen  
Cr Jayne Golightly  
Cr Phil Halse  
Cr Cherry Hermon  
Cr Greg Innes  
Cr Greg Martin  
Cr Sharon Morgan  
Cr Anna Murphy

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# 1. 2017-2018 Annual Plan

**Reporting officer:** Alan Adcock (General Manager - Corporate/CFO)

**Date of meeting:** 20 June 2017

## 1 Purpose

To present an overview of Council's 2017-2018 Annual Plan in preparation for its adoption on 29 June 2018.

## 2 This Briefing

This briefing is aimed at familiarising Councillors with the high-level differences between the 2017-2018 Annual Plan and year 3 of the 2015-2025 Long Term Plan. Elected Members will have the opportunity to ask questions and seek clarification to ensure Council is able to meet its statutory obligation to adopt the Annual Plan by 30 June 2017.

Some documentation is still in draft, but will be completed prior to adoption.

## 3 Discussion

The 2017-2018 Annual Plan will be adopted without consultation as it has no significant or material changes from year 3 of the 2015-2025 Long Term Plan. There are:

- no material variations or departures from the financial statements or the funding impact statement
- no significant new spending proposals
- no substantial delays, or cancellations of significant projects
- no changes to service delivery or proposed service levels
- no changes to the financial strategy.

However, numerous non-material adjustments have been made to allow for variations such as the opening debt, inflation assumptions, adapting to increased economic activity, non-cash accounting adjustments and incomplete capital works from previous years. The effects of these variations are shown in the table below, but it should be noted that the net result of these adjustments is almost zero, meaning the overall operating surplus is very close to the one proposed in the LTP.

Two major capital projects, the new Whau Valley Water Treatment Plant and new Council Premises are proceeding slower than anticipated in the LTP. However, both projects span several years of the plan and changes to date are not considered significant or material in the context of the overall Annual Plan. If this changes during 2017/18 further consultation, including an LTP Amendment, will be considered if appropriate.

### Annual Plan 2017/18 variances to LTP Year 3

Key financial information	Annual Plan 2017-18	LTP Year 3 2017-18	Comments
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	\$000	\$000	
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#### Statement of comprehensive revenue and expense

Total Revenue	142,984	139,498	Total revenue is higher than LTP Year 3 by \$3.5 million. This is largely due to an increase in DC's, Subsidies & Grants and Fees & Charges.
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Total Expenses	137,306	134,431	<p>Total operating expenses are higher than LTP Year 3 by \$2.9 million due to:</p> <ul style="list-style-type: none"> <li>- Other Expenditure is higher than LTP Year 3 by \$2.0 million primarily due to reclassification of project costs that had been budgeted as capital expenditure in the LTP.</li> <li>- Depreciation and Amortisation is lower than LTP Year 3 by \$0.7 million primarily due to less Property, Plant &amp; Equipment.</li> <li>- Finance Costs are lower than LTP Year 3 by \$1.1 million due to lower debt levels.</li> <li>- Personnel Costs are higher than LTP Year 3 by \$2.8 million due to growing business pressures prior to the Council restructure.</li> </ul>
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Surplus/ (deficit)	5,678	5,067	Total favourable variance for the year is \$0.6 million.
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#### Statement of Financial Position

Total Assets	1,706,948	1,771,494	<p>Total assets are lower than budget by \$64.5 million due to:</p> <ul style="list-style-type: none"> <li>- Debtors and receivables are \$3.1 million above LTP year 3 due to actual amounts being lower than assumptions made on opening balances in the LTP.</li> <li>- Property plant and equipment is \$68.1 million lower than LTP Year 3 due to carrying forward more CAPEX projects than anticipated in LTP Years 1 &amp; 2, and a major undertaking to tidy up the coding and treatment of many of our assets.</li> <li>- Intangible assets are \$2.7 million greater than LTP Year 3 due to tidying up the coding and treatment of our assets.</li> <li>- Investment Properties are \$3.0 million less than LTP Year 3 due to prior sales of a number of Investment Properties.</li> </ul>
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### Annual Plan 2017/18 variances to LTP Year 3

Key financial information	Annual Plan 2017-18	LTP Year 3 2017-18	Comments
	\$000	\$000	
Total Liabilities	188,289	198,527	Total liabilities are lower than LTP by \$10.2 million due to: - Trade and other payables are \$1.6 million above LTP year three due to assumptions made on opening balances. - Total Borrowings are \$21.6 million below LTP year three due to issuing more short term borrowings, as well as carry forwards explained in PPE.  - Derivative financial liabilities are \$9.0 million greater than LTP Year 3 due to an assumption of no movement in the LTP and a loss on derivatives occurring in 2015/16.
Net Assets/ Equity	1,518,659	1,572,967	Total variance for the year is \$54.3 million.

## 4 Attachments (under separate cover – available on request contact Senior Meeting Co-ordinator)

1. 2017-2018 Annual Plan (draft of version to be adopted)

## 2. Review of the Significance and Engagement Policy

**Reporting officer:** Jason Marris (Governance Manager)

**Date of meeting:** 20 June 2017

### 1 Purpose

To seek feedback from Council on the current Significance and Engagement Policy.

### 2 Background

Under the Local Government Act (2002), every local authority must have a Significance and Engagement Policy (SEP).

The purpose of the SEP is:

- to enable WDC and our communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities
- to provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets, or other matters
- to inform us from the beginning of a decision-making process about the extent of any public engagement that is expected before a particular decision is made, and the form or type of engagement required.

The SEP must outline:

- our general approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters
- any criteria or procedures that we use to assess the extent to which issues, proposals, assets, decisions, or activities are significant or may have significant consequences
- how we will respond to community preferences about engagement on decisions relating to specific issues, assets, or other matters, including the form of consultation that may be desirable

The SEP must also list the assets considered to be strategic assets.

Once adopted the SEP can be amended by council after consulting with the community, unless it considers on reasonable grounds that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved.

After a thorough process, our SEP was adopted in November 2014, and has not been reviewed since. Our SEP is located at Attachment One. The Long Term Plan (LTP) process provides an opportunity to review the policy, and consult on the policy if it is decided to amend it.

### 3 Discussion

Our SEP provides clear policy direction, gives guidance on determining significance and highlights who makes decisions classed as significant or not significant in the implementation section.

Our strategic assets, as defined by the LGA, are listed at Schedule 1 to the SEP. Schedule 2 to the SEP provides a guide to community engagement with an example of possible engagement methods that we could use.

A search through reports on Council agendas since adoption of the policy in late 2014, has shown that the significance determination has been included in our reports, so that elected members and the public have clarity.

Determining significance includes an element of subjectivity, however, staff will always be conservative in this determination. Council ultimately determines this via the report on the agenda regarding the matter.

Outside of the required regulatory consultations such as resource consent, bylaws and Reserves Act matters, we generally align our consultations with the Annual or Long Term Plan processes. Examples of these are the Whangarei District Airport decision, the One Building project and the Mill/Nixon intersection improvements. Grouping these in this way is an efficient and cost effective way of consulting.

Council always has the decision-making ability to consult where it deems it appropriate. An example of where Council decided to consult due to the public interest in the topic was the development of commercial options on Pohe Island in 2015.

Staff were asked for feedback on our SEP and editorial suggestions to provide clarity were provided. Nothing of note to alter the policy was raised.

This briefing will seek feedback from Council on the policy. Depending on the feedback received there are three possible options:

1. No feedback of note received so the policy does not need to be reviewed
2. Feedback received which the Council determines as minor. This means that if the council is satisfied that on reasonable grounds that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved, consultation on the policy is not required. In this situation, staff will take the feedback, alter the policy and present it to Council for a formal decision
3. In-depth feedback received. Staff will conduct a review based on the feedback. There are two possibilities in this option:
  - i. Council could determine that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved, and adopt the policy as in option two above, or
  - ii. Council could decide to adopt the policy for formal consultation through the LTP process.

## 5 Summary

The current SEP provides all the elements required by the LGA, and has been used consistently since it was adopted in November 2014. This briefing will be seeking feedback from elected members on our policy.

Depending on the feedback received, next steps could be:

- Not review the SEP
- Review the SEP, make minor changes and adopt the policy

- Review the SEP, make considerable changes, and either adopt the policy or consult on the policy during the LTP process

## **Attachments**

1. The current WDC Significance and Engagement Policy

# Whangarei District Council

## Significance and Engagement Policy

*Policy# 0081*

Policy title			
<b>Audience (Primary)</b>	External	<b>Business Owner (Dept)</b>	Governance
<b>Policy Author</b>	Governance Manager	<b>Review date</b>	November 2017

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Policy title			
<b>Audience (Primary)</b>	External	<b>Business Owner (Dept)</b>	Governance
<b>Policy Author</b>	Governance Manager	<b>Review date</b>	November 2017

## Purpose and Scope

Council's Significance and Engagement Policy is intended to:

1. Enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
2. Provide clarity about how and when communities can expect to be engaged in decisions to be made by Council
3. Inform Council from the beginning of a decision-making process about the extent of public engagement expected and the, form and type of engagement required.

## Definitions for this Policy

Community	A group of people living in the same place or having a particular characteristic in common.
Consultation	A process of informing the community and seeking information or feedback to inform and assist decision-making. Consultation is a formal type of "engagement", and is often prescribed by legislation and time bound.
Decisions	Refers to all of the decisions made by or on behalf of Council including those made by officers under delegation.
Emergency Works	Work undertaken to repair and restore Council infrastructure and services following natural events and/or disasters.
Engagement	Engagement is a process which involves all or some of the community and is focused on better understanding views and preferences relevant to Council's decision-making or problem-solving. There is a continuum of engagement.
Significance	As defined in section 5 of the Local Government Act 2002 (LGA) "in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,— (a) the district or region; (b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so
Strategic Asset	As defined in section 5 of the LGA "in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes— (a) any asset or group of assets listed in accordance with section 76 AA (3) by the local authority; and (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and (c) any equity securities held by the local authority in— (i) a port company within the meaning of the Port Companies Act 1988: (ii) an airport company within the meaning of the Airport Authorities Act 1966"

Policy title			
<b>Audience (Primary)</b>	External	<b>Business Owner (Dept)</b>	Governance
<b>Policy Author</b>	Governance Manager	<b>Review date</b>	November 2017

## Policy

4. In considering the degree of significance of every issue requiring a decision, Council will have regard to the following principles:
  - a) The potential effect on delivering on Council's direction
  - b) The parties who are likely to be particularly affected by, or interested in, the decision or proposal
  - c) The likely impact/consequences of the decision or proposal from the perspective of those parties
  - d) The financial and non-financial costs and implications of the decision or proposal having regard to Council's capacity to perform its role.
5. On every issue requiring a decision, the degree of significance will be considered using the criteria outlined under the 'Determining Significance' section of this policy. These criteria reflect the general principles set out above.
6. Engaging with the community is considered to be key to understanding the views and preferences of people likely to be affected by, or who have an interest in, a particular issue. Accordingly, significance and engagement will be considered in the early stages of a proposal before decision-making occurs and, if necessary, reconsidered as a proposal develops.
7. Council is required to undertake a Special Consultative Procedure as set out in section 83 of the LGA, or to carry out consultation in accordance with or giving effect to section 82 of the LGA, on certain matters (regardless of whether they are considered significant as part of this policy).
8. For all other issues requiring a decision, Council will determine the appropriate level of engagement on a case by case basis. In general, the more significant an issue, the greater the need for community engagement.
9. The Community Engagement Guide (attached) identifies the form of engagement Council will use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged in the decision-making process.
10. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.
11. Joint Management Agreements, Memorandum of Understanding or any other similar high level agreements (such as the Te Karearea Strategic Relationship Agreement) will be considered as a starting point when engaging with Māori.

## Determining Significance

12. In determining the degree of significance of any issue, Council will apply the following criteria. With the exception of emergency works, a decision is significant if (in Council's judgement) two or more of the criteria / measures are triggered:

Criteria	Measure
Impact on Council's direction	Major and long-term
Change in Council's current level of service	Major and long-term
Level of public impact and/or interest	Major and District-wide, or Major for an identified community of interest
Impact on Council's capability (non-cost)	Major and long-term

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Criteria	Measure
Net financial cost/revenue of implementation, excluding any financial impact already included in a Long Term Plan / Annual Plan	Net Capital Expenditure >10% of Total Rates in year commenced, <u>and/or</u> Net Operating Expenditure >2.5% of Total Rates in year commenced

## Implementation

13. When any issue requiring a decision is determined as being significant (i.e. having a high degree of significance):
  - a) The decision will be made by Council
  - b) A report to Council will include an assessment of the degree of significance of the issue, the degree of engagement proposed, the engagement plan proposed and a recommendation.
14. When any issue requiring a decision is determined as not being significant:
  - a) The decision will be made by Council or a Committee, Member or Officer with delegated authority
  - b) Where the decision is made by Council or a Committee with delegated authority a report will include an assessment of the degree of significance of the issue and note what, if any, engagement is proposed. Broadly, the amount and form of engagement will be expected to be in proportion to the significance, although other factors relevant to this assessment include the nature and circumstances of the decision (refer to section 79 of the LGA)
  - c) Where the decision is made by a Member or Officer acting under delegated authority, it will not be necessary to formally document the assessment of significance or engagement, as such matters are likely to be of low significance.
15. When Council makes a decision that is significantly inconsistent with this policy, the steps identified in section 80 of the LGA will be undertaken.

Policy title			
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<b>Policy Author</b>	Governance Manager	<b>Review date</b>	November 2017

## Adoption

This Policy has been approved for adoption by the Governance Manager and the Group Manager Support Services.

Dominic Kula  
Governance Manager

13 November 2014  
Date

Alan Adcock  
Group Manager Support Services.

14 November 2014  
Date

Policy adopted by Council Resolution on 26 November 2014

## Schedule 1 - Strategic Assets

Section 5 of the LGA provides that the following are strategic assets:

- a. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- b. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c. any equity securities held by the local authority in—
  - (i) a port company within the meaning of the Port Companies Act 1988
  - (ii) an airport company within the meaning of the Airport Authorities Act 1966

The following is a list of assets or group of assets that Council needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current and future needs of the community.

- Council's interest in a joint venture with the Crown for the Whangarei District Airport
- 50% interest in the Northland Regional Landfill Limited Partnership
- pensioner housing
- transportation and traffic network including footpaths, street lighting and parking, but excluding land sale/purchases
- wastewater network and treatment plant
- water treatment, storage and supply network
- stormwater network
- reserves and sportsfields
- Forum North complex
- Hikurangi Swamp drainage scheme
- libraries.

For the purposes of section 97 of the LGA, Council will treat each of the above as strategic assets only where a decision affects the whole of the assets in the particular group or it would materially alter the nature of that group.

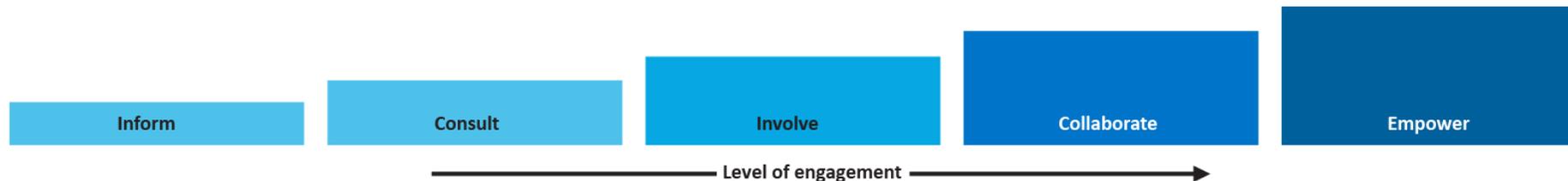
## Schedule 2 – Community Engagement Guide

Community engagement:

- Is a process
- Involves all or some of the public
- Is focused on decision-making or problem-solving.

The International Association for Public Participation (IAP2) has developed a Public Participation Spectrum to demonstrate the possible types of engagement with the community. This model also shows the increasing level of public impact as you progress through the spectrum from left to right - 'inform' through to 'empower'. In simply 'informing' stakeholders there is no expectation of receiving feedback, and consequently there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an increased level of public impact. It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions. It is expected that the vast majority of matters will fall within the 'inform', 'consult' to involve range. There are limited statutory situations which fall within the 'empower' range.

In general, the more significant an issue, the greater the need for community engagement.



14

When consulting with the community, Council will:

- Seek out and encourage contributions from people who may be affected by or interested in a decision
- Provide relevant, timely and balanced information so people can contribute in a meaningful way
- Provide appropriate ways for people to have their say
- After the decision is made, tell the community what the Council decision is and the reasons for that decision.

## Forms of Engagement

Council will use the Special Consultative Procedure (as set out in section 83 of the LGA) where required to do so by law, including for the following issues requiring decisions:

- The adoption or amendment of a Long Term Plan (in accordance with section 93 A of the LGA)
- The adoption, amendment, or revocation of bylaws if required under section 156(1)(a) of the LGA
- The adoption, amendment or revocation of a Local Alcohol Policy
- The adoption or review of a Local Approved Products (Psychoactive Substances) Policy
- The adoption or review of a Class 4 Venue Policy under the Gambling Act 2003
- The preparation, amendment or revocation of a waste management and minimisation plan
- The adoption of fees and charges where specifically required to use an Special Consultative Procedure under relevant legislation (i.e. fees and charges under the Resource Management Act 1991)

Unless already explicitly provided for in the Long Term Plan, the Council will seek to amend its Long Term Plan, and therefore use the Special Consultative Procedure, when it proposes to:

- alter significantly the intended level of service provision for any core service undertaken by or on behalf of Council, including commencing or ceasing such an activity; or
- transfer the ownership or control of strategic assets, as listed in Schedule 1.

Council will consult in accordance with, or use a process or a manner that gives effect to the requirements of, section 82 of the LGA where required to do so by law, including for the following specific issues requiring decisions:

- Adopting or amending the annual plan if required under section 95 of the LGA
- Adopting or amending a bylaw if required under section 156(1)(b) of the LGA
- Transferring responsibilities to another local authority under section 17 of the LGA
- Establishing or becoming a shareholder in a Council-controlled organisation
- Adopting or amending a Significance and Engagement Policy where Council considers that it does not have sufficient information about community interests and preferences to enable the purpose of the policy to be achieved.
- Adopting or amending a Revenue and Financing Policy, Development Contributions Policy, Financial Contributions Policy, Rates Remission Policy, Rates Postponement Policy, or a Policy on the Remission or Postponement of Rate on Māori freehold land

For such consultation, Council will develop information fulfilling the requirements of Section 82A of the LGA , will make this available to the public, allow written submissions for a period of up to 4 weeks, and will consider all submissions presented prior to making decisions.

## Other Forms of Engagement

For all other issues, the following table provides an example of the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions / levels of engagement.

Level	Inform	Consult	Involve	Collaborate	Empower
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision-making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision-making is in the hands of the public. Under the LGA, the Mayor and Councillors are elected to make decisions on behalf of their constituents.
Types of issues that we might use this for	<ul style="list-style-type: none"> <li>Water restrictions</li> </ul>	<ul style="list-style-type: none"> <li>Rates Review</li> </ul>	<ul style="list-style-type: none"> <li>District Plan</li> </ul>	<ul style="list-style-type: none"> <li>Harbour Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Electoral voting or a proposed change in systems (i.e. to STV or Māori seats)</li> </ul>
Tools Council might use	<ul style="list-style-type: none"> <li>Website</li> <li>Radio</li> <li>Council News</li> <li>Facebook</li> </ul>	<ul style="list-style-type: none"> <li>Formal submissions and hearings</li> <li>Focus and/or Advisory groups</li> <li>Phone surveys/surveys/priority polls</li> <li>Inviting feedback through Facebook and website</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Focus and/or Advisory groups</li> <li>Face-to-face one-on-one</li> <li>Public meetings</li> </ul>	<ul style="list-style-type: none"> <li>External working groups (involving community experts)</li> </ul>	<ul style="list-style-type: none"> <li>Binding referendum</li> <li>Local body elections</li> </ul>
When the community can expect to be involved	Council would generally advise the community once a decision is made.	Council would advise the community once a draft decision is made by Council and would generally provide the community with up to four weeks to participate and respond. Where desirable to meet the needs of affected parties or groups, and possible within timeframes available, Council may consider extending this period.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process. e.g. typically a month or more.

## Engagement Tools and Techniques

Over the time of decision-making, Council may use a variety of engagement techniques on any issue or proposal and the tools may be adapted based on a range of other factors, including history and public awareness of the issue, stakeholder involvement, and timing related to other events and budgets. Council will also take into consideration that the community can feel “over consulted” (stop asking us what we think and get on with it). Each situation will be addressed according to both the issue and the phase of decision-making and the individual circumstances it presents.