

# AGENDA

Meeting of the  
Risk and Audit Committee

**Wednesday 19 April 2023**  
commencing at 3.30pm

*To be held:*  
Clocktower Chambers,  
Palmerston Street, Westport

# Risk and Audit Committee

<b>Reports to:</b>	The Council
<b>Chairperson:</b>	Independent Chair - Sharon Roche
<b>Membership:</b>	The Mayor, all Councillors and Māori Representative
<b>Meeting Frequency:</b>	Monthly
<b>Quorum:</b>	A majority of members (including vacancies)

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## Purpose

The Risk and Audit Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Annual and Long Term Plans.
2. Monitoring Council's interests in its Council Controlled Organisations (CCOs).
3. Reviewing the Council's risk register and associated process for managing current and emerging risk.
4. Ensuring the independence and effectiveness of Council's External and Internal Audit processes.
5. Monitoring existing corporate policies and recommending new or amended policies as required.
6. Ensuring that council policies and practices will prevent unethical, questionable or illegal activities.
7. Providing a communication link between management, internal auditors/external auditors and Council.
8. Supporting measures to improve management performance and internal controls.

***In addition to the common delegations (refer appendix attached) the Risk and Audit Committee is delegated the following Terms of Reference and powers:***

## Terms of Reference:

1. To receive regular reports regarding Council's financial and non-financial performance against Annual and Long Term Plans.
2. To consider reports related to significant expenditure outside of the Annual and Long Term Plans and make appropriate recommendations to Council.
3. To develop and monitor policy related to the following matters:
  - a) Financial management;

- b) Revenue generation;
  - c) Procurement and tendering; and
  - d) The appointment and remuneration of directors and CCOs
4. To monitor the probity of processes relating to policies developed by the Risk and Audit Committee.
  5. To provide clear direction to Council's CCOs on Council's expectations, including feedback on draft statements of intent.
  6. To receive Quarterly reports of Council's CCOs, including board performance.
  7. To undertake any reviews of CCOs and make appropriate recommendations for approval by Council.
  8. Review CCO requests for major transaction approval and recommend appropriate actions to Council.
  9. To monitor Council's debt and investments to ensure compliance with Council policy.
  10. To monitor the Council's outstanding debtors' positions.
  11. Engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
  12. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.

#### **Internal Audit**

13. Agree the scope of internal audits.
14. Monitor the delivery of the internal audit work programme and results
15. Assess whether Internal Audit's recommendations have been properly implemented by management.
16. Review the annual Internal Audit Plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

#### **Other Matters**

17. Review the effectiveness of the risk control environment established by management to safeguard Council's financial and non-financial assets, including the adequacy and appropriateness of insurance policies in place and management's actions to mitigate risks
18. Review the effectiveness of the systems for monitoring the Council's compliance against legislation, regulation, policy, and guidelines (including health and safety).
19. Conduct and monitor special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members, including engaging expert assistance, on matters within its Terms of Reference.
20. Provide an annual review of Council's risk management framework and amend as required.
21. Review and monitor business continuity planning.

**The Committee is delegated the following powers:**

- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.
- The Committee will provide three-monthly reports to Council on its activities with appropriate recommendations.

**Special Notes:**

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- The Chairperson will be an independent appointment, not an elected member, to strengthen the independent nature of the Committee's monitoring responsibility of Council activities.
- Members are appointed for an initial term of no more than three years that aligns with the triennial elections, after which they may be eligible for extension or reappointment.
- The Chief Executive Officer and Chief Financial Officer are required to attend all meetings but are not members and have no voting rights. Other Council officers may attend the Committee meetings, as required.
- The Chairperson of the Committee shall review the travel and other reimbursed expenses of the Chief Executive Officer and confirm compliance with Council policies and practice. This information will be provided to the Chairperson on a monthly basis.
- The Chairperson shall review the travel and other reimbursed expenses of the Mayor and confirm compliance with Council policies. This information will be provided to the Chairperson on a monthly basis.
- The Chief Executive Officer (Principal Advisor) shall be responsible for drawing to the Committee's immediate attention to any material matter that relates to the financial condition of Council, any material breakdown in internal controls, and any material event of fraud or malpractice.
- The Chairperson shall present an annual Audit and Risk Self Review to Council summarising the Committee's activities during the year and any related significant results and findings.

**Oversight of Policies:**

- *Risk Management Framework*
- *Freeholding of Leasehold Land*
- *Revenue and financing*
- *Rates remission*
- *Development and financial contributions*
- *Significance and engagement*
- *Treasury Management*
- *Sensitive Expenditure*

# Appendice - Common Delegations

The following delegations from Council are common to the Risk and Audit Committee, the Community, Environment and Services Committee and the Regulatory, Hearings and Planning Committee within their respective areas of responsibility.

## General Principal

1. The work of these Committees will be in accordance with the priorities and work programme agreed by the Council.
2. These Committees have the powers necessary to perform the Committee's responsibilities, in accordance with the approved Long Term Plan and Annual Plan budgets. Subject to confirmation of compliance with the financial strategy.

These Committees will:

## Strategy, plans and policy

1. Develop and agree to strategies, plans and policies for the purposes of consultation and/or engagement with community.
2. Recommend to Council for adoption.
3. Monitor and review as and when required.

## Bylaws

1. Develop and agree to the statement of proposal for new or amended bylaws for consultation.
2. Recommend to Council new or amended bylaws for adoption.

## Consultation and engagement

1. Ensure appropriate, effective and transparent engagement with the community, tangata whenua and other stakeholders.
2. Conduct any public engagement required on issues before the Committee, in accordance with Council's Significance and Engagement Policy.
3. Conduct hearings, where appropriate, to consider submissions from members of the public and external organisations, making determinations on such matters unless they are reserved for Council to decide.

## Submissions and legislation

1. Approve submissions to external bodies/organisations on legislation and proposals, related to the Committee's areas of responsibility, that impact governance policy or matters.
2. Monitor and oversee strategic projects and programmes.
3. Monitor Council's Asset Management Plans/Strategic Infrastructure Plan.

**Contracts**

1. Approve and monitor contracts and other legally binding arrangements provided that such contracts/arrangements:
  - a) Do not require the approval of the whole of Council; and
  - b) Fall within the budget approved under the Long Term Plan or Annual Plan and have a value exceeding the Chief Executive's financial delegation.

**Other**

1. Consider and make decisions which are within the Chief Executive Officer's delegations, and which the Chief Executive Officer has referred to the Committee for recommendation to Council.
2. Consider and make decisions on operational matters that fall within a Committee's area of responsibility that are outside of delegations to the Chief Executive Officer or other Council officers.
3. Commission new Committee reports and work required to respond to significant or compliance issues, or to complete the agreed programme of Council.
4. Monitor Audit recommendations and ensure completion.

# Risk and Audit Committee

Clocktower Chambers,  
Palmerston Street, Westport



19 April 2023 03:30 PM

<b>Agenda Topic</b>	<b>Page</b>
1. Apologies	9
2. Members Interests	10
3. Confirmation of Previous Minutes Report	11
3.1 Previous Minutes 22 March 2023	12
4. Action Points Report	20
4.1 Attachment 1 - Action Points	21
4.1.1 Attachment 1.1 - Waimangaroa Reserve Hall Completion Report January 2023	24
5. RAC Workplan Report	34
5.1 Attachment 1 - RAC Workplan	35
6. Statements of Intent Report Council Controlled Organisations	36
6.1 Attachment 1 - BHL SOI 2024 Draft	43
6.2 Attachment 2 - WRSL SOI 2024 Draft	56
6.3 Attachment 3 - WRSL SOI 2024 Draft	73
7. Statement of Intent Westport Airport Authority	87
7.1 Attachment 1 - Airport Statement of Corporate Intent 30 June 2024 Draft	92
8. BHL Update on Director Appointments and Remuneration March 2023	98
9. Strategic Risk Register Report	102
9.1 Attachment 1 - Strategic Risk Register	107
10. Financial Performance Report to February 2023	114

10.1	Attachment 1 - BDC Monthly Operational Report as at 28 February 2023	118
11.	Investments and Borrowings Report February 2023	120
12.	Projects in Partnership - April 2023	130
12.1	Attachment 1 - Projects in Partnership NEMA Update	131
13.	Public Excluded Report	166



## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 1**

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### **APOLOGIES**

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**1. REPORT SUMMARY**

That the Risk and Audit Committee receive any apologies or requests for leave of absence from elected members.

**2. DRAFT RECOMMENDATION**

**That there are no apologies to be received and no requests for leave of absence.**

**OR**

**That the Risk and Audit Committee receive apologies from *name* and accepts *name* request for leave of absence.**

## RISK AND AUDIT COMMITTEE

19 APRIL 2023

### AGENDA ITEM 2

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### MEMBERS INTEREST

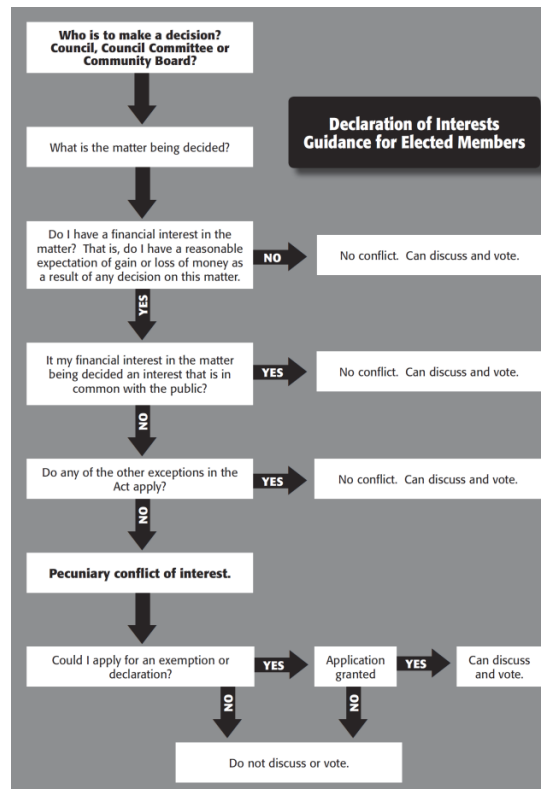
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Governance Assistant, of any changes required to their declared Members Interest Register.

The attached flowchart may assist members in making that determination (Appendix A from Code of Conduct).

#### DRAFT RECOMMENDATION:

**That Members disclose any financial or non-financial interest in any of the agenda items.**



**RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

**AGENDA ITEM 3**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**CONFIRMATION OF MINUTES**

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**1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive and confirm minutes from the meeting of 22 March 2023.**

**MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 3.30PM ON WEDNESDAY 22 MARCH 2023 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.**

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**PRESENT:** S Roche (Chair), Mayor J Cleine, Councillors P Grafton, J Howard, C Reidy, T O'Keefe, A Pfahlert, G Neylon, R Sampson, L Webb, G Weston, N Tauwhare (iwi Representative)

**IN ATTENDANCE:** R Townrow (Acting CEO), D Marshall (Chief Financial Officer), G Barrell (Governance Secretary)

**MEETING DECLARED OPEN AT 3.30PM**

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**1. APOLOGIES (Page 9)**  
**Discussion:**

DM A Basher

**RESOLVED** that the Risk and Audit Committee receive apologies from DM A Basher

**S Roche/Cr G Neylon**  
**12/12**  
**CARRIED UNANIMOUSLY**

**2. MEMBERS INTEREST (Page 10)**  
**Discussion:**

Nil

**RESOLVED** that Members disclose any financial or non-financial interest in any of the agenda items.

**Cr G Neylon/Cr A Pfahlert**  
**12/12**  
**CARRIED UNANIMOUSLY**

### 3. CONFIRMATION OF MINUTES (Page 11)

#### Discussion:

TOR with Sharon Roche as Independent Chair - *noted and amended*.

**RESOLVED** that the Risk and Audit Committee receive and confirm minutes from the meeting of 15 February 2023.

**Cr G Weston/Cr L Webb**

**12/12**

**CARRIED UNANIMOUSLY**

### 4. ACTION POINTS (Page 19)

#### Discussion:

D Marshall spoke to the Action Points.

**204:** Capital Receipts & Expenditure Report - There was discussion around whether items should be recorded as capex or opex. Mr Marshall advised that we will ensure that a journals to classify the Information Management project between operating and capital costs will occur. This does mean that a variance in the regular capital reporting as he expects most costs in this project to be operating costs while the budget is all capital costs.

**205:** Punakaiki Lease - The full report will come in the April RAC meeting.

**206:** Waka Kotahi NZTA Procedural Audit - R2.2 Completed. R4.1 Still to be addressed.

**207:** RAC Workplan - Completed

ACTION POINT: L Brooks to advise regarding Item 10 from last minutes.

There was a question regarding the Birchfield dump bridge. Mr Marshall noted that due to staff illness, these items have not been able to be addressed and clarity will be sought.

**RESOLVED** that the Risk and Audit Committee receive the Action Point Report for information with addition of information required for Waimangaroa Hall.

**Mayor J Cleine/Cr R Sampson**

**11/1**

**Against Cr C Reidy**

**CARRIED**

### 5. RISK AND AUDIT WORKPLAN (Page 22)

#### Discussion:

The following reports will be added to the RAC Workplan:

- Add BDC Operational performance report - monthly except for each quarter when quarterly and half yearly financials are presented;

- Investments and Borrowings - monthly;
- PIP - monthly

There was discussion and clarification around items on the workplan and their place within it.

**RESOLVED** that the Risk and Audit Committee receive the Risk and Audit Work Plan for information noting the above additions.

**S Roche/Cr G Neylon**  
**11/1**  
**Against Cr C Reidy**  
**CARRIED**

## **6. HEALTH AND SAFETY REPORT (Page 24)**

### **Discussion:**

ACTION POINT: ACEO will report back to the meeting on the Health and Safety for councillors and not just council staff.

**RESOLVED** that the Risk and Audit Committee receive the Health and Safety report for information.

**Cr A Pfahlert/Cr P Grafton**  
**12/12**  
**CARRIED UNANIMOUSLY**

## **7. OPERATIONAL PERFORMANCE REPORT TO JAN 2023 (Page 28)**

### **Discussion:**

Questions in advance have been answered and circulated.

A question was raised regarding the NBS theatre costings. Mr Marshall clarified that there have been more recent events and the revenue does surpass the expenditure.

There was a query on the overspend on pathways and around town. Mr Marshall clarified this and how fundings came from various budgets.

D Marshall advised regarding the repairs and maintenance schedule that the NBS theatre roof is over budget as there was work that was required to be done immediately. This will be tidied up in delegation and reported back to council. There will be more budget for this in the 2023/2024 budget.

The flood revenue/expenditure. There were no projected or full year variations for the flood income and expenditure. There was a question around the clarity of this.

ACTION POINT: D Marshall to check and advise on this.

3.1 regarding the lease out the campground which did not materialise. There was a question on which campground this related to.

ACTION POINT: R Townrow advised she believed it was relating to all campgrounds. She will check and confirm this.

A question was raised regarding whether the dredge rehabilitation should be recorded as repairs and maintenance.

Mr Marshall clarified that it is work to the Dredge Kawatiri to bring it up to work capacity. It does not necessarily mean things were broken at the time and end of life; could be replacing or renewal work. To get the dredge back to working level, to remove the material from the flood, we needed a fund. Tranche 2 funding provided this. Work would not have been done on the dredge if this funding was not available.

Tranche 2 provides \$31k per day for day-to-day operating costs of the dredge, but it is also for regular repairs and maintenance. This rate has been negotiated with NEMA. This also covers depreciation.

This funding is cost neutral or better and has given us a dredge that is workable. It is important to be clear with NEMA that this is based on work on material that arrived from the floods.

N Tauwhare left the meeting at 4.24pm

**RESOLVED** that the Risk and Audit Committee receive the Operational Performance report for information.

**Cr J Howard/Cr A Pfahlert**

**11/1**

**Against Cr C Reidy  
CARRIED**

**8. INVESTMENTS AND BORROWINGS REPORT TO JAN 2023 (Page 35)**

**Discussion:**

Nil

**RESOLVED** that the Risk and Audit Committee receive the Investments and Borrowings report for information.

**Cr A Pfahlert/Cr P Grafton**

**12/12**

**CARRIED UNANIMOUSLY**

**9. BDC OUTSTANDING DEBTORS REPORT 31 JANUARY 2023 (Page 44)**

**Discussion:**

D Marshall spoke to the report.

A question was raised regarding the abandoned land tender project on Page 49. Noting the report to council from June 2019, where does this currently stand? Douglas Marshall advised he had sought legal advice and will bring a report to the next RAC meeting.

Concern was raised about the amount of outstanding debt in the 'four months and over' category in this report.

Mr Marshall advised of best practice for debt with rates and debtors. Debt collection options for the collection of outstanding rates are prescribed by legislation. Debtors in liquidation can be written off, however council looks hard each year to deem what is possible. He noted the key to debt collection for either rates or trade/sundry debtors is talking to your debtors to work out payment plans and BDC is doing this.

Regarding \$27k debtor in liquidation, Mr Marshall advised it is best to leave this until we see there is absolutely no possibility that this can be recovered.

Mayor J Cleine noted that having it on the sheet keeps transparency for all to view.

S Roche noted she felt this report is positive in that it gives a clear indication of the current situation and provides clarity.

There was a question raised regarding building consents. If people are not paying for the consent, is there a code of compliance issue? If payment is expected prior to having a consent issued, why are there bad debtors in building consents? Is it similar for LIMs?

S Judd will follow this up and advise councillors.

R Townrow advised that previously, for resource consent, a condition of consent was that they meet all costs. There was a change to RMA, and this stopped council being able to do this, and have to issue consents even if not paid.

**RESOLVED** that the Risk and Audit Committee receive the Debt Recovery report for information.

**Cr G Neylon/Cr T O'Keefe**  
**11/1**  
**Against Cr C Reidy**  
**CARRIED UNANIMOUSLY**

Cr C Reidy left the meeting at 4.47pm.

**10. PROJECTS IN PARTNERSHIP UPDATE REPORT (Page 51)**  
**Discussion:**

Nil

**RESOLVED** that the Risk and Audit Committee receive the Projects in Partnership Update Report for information.

**Cr G Neylon/Cr P Grafton**  
**11/11**  
**CARRIED UNANIMOUSLY**

Cr C Reidy rejoined the meeting at 4.50pm.

Cr A Pfahlert left the meeting at 4.51pm.



# 11. PUBLIC EXCLUDED REPORT (Page 84)

**RESOLVED** that the public be excluded from the following parts of the proceedings of the meeting. Noting the inclusion of Brendan Summerfield and Iain Wood from Ernst & Young as part of the Public Excluded session.

Item No.	Minutes/Report of:	General Subject	Reason For Passing Resolution Section 7 LGOIMA 1987
14	Douglas Marshall - Chief Financial Officer	Ernst & Young Management Report for the Year Ended 30 June 2022	<p><b>Section 7 (2)(h)</b> enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or</p> <p><b>(i)</b> enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or</p> <p><b>(j)</b> prevent the disclosure or use of official information for improper gain or improper advantage.</p>

**S Roche/Cr J Howard**  
**10/1**  
**Cr C Reidy against**  
**CARRIED**

Cr A Pfahlert rejoined the meeting at 4.55pm.

Cr T O'Keefe left the meeting at 4.55pm.

Cr T O'Keefe rejoined the meeting at 4.57pm.

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 4**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**Attachment 1** Action Points

**Attachment 1.1** Waimangaroa Reserve Hall Completion Report January 2023

### **ACTION POINTS**

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#### **1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the Action Point report for information.**

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
205	<b>14 Dec 2022</b> <b>Punakaiki Lease</b> Bring report to RAC re Punakaiki Lease	K Trigg and M Williams	The report on the Punakaiki lease covers a number of matters including <ul style="list-style-type: none"> <li>• The current lease arrangement</li> <li>• Future development of the campground by the lessee</li> <li>• Operation of the wastewater effluent site for the campground</li> </ul> This last bullet point requires a review of different options which is taking a little bit longer to complete.  Staff will give verbal updates over the next couple of meetings until a final options report can be prepared for the Committee consideration  Needing to look at proposals and also rate payer costs. Further update to be provided to April 2023 RAC Meeting	15 Feb 2023          19 April 2023
206	<b>15 February 2023</b> <b>Waka Kotahi NZTA Procedural Audit</b> As per the resolution: Include in the action point list, recommendations 2.2 and 4.1 as they are still in progress	E de Boer	R4.1 - Urgently investigates the findings from the post construction drive over and takes action where necessary to address the safety concerns raised.  The RSA report has been completed which was undertaken by Abley Ltd in March and the findings are with the maintenance contractor to action.	19 April 2023
208	<b>22 March 2023</b> <b>PIP Update Reports</b> L Brooks will confirm regarding the final sign off costs for Waimangaroa Hall and what else needs to be done funding wise.	K Trigg/ D Marshall	The Waimangaroa Hall received funding from the Kanoa Regional Economic Development and Investment Unit for a kitchen upgrade. This fund was aimed at lifting economic activity after the Covid shutdown.  This project has been completed but while completing it, further work was identified as necessary. Most of that work was completed at the time but some remains. This unfinished work is of a nature where a certificate of public use for the hall has not been issued as of yet.  Council staff are currently awaiting a scope of works to be costed which can then be undertaken to allow the certificate of public use for the hall to be issued and the hall to be used again.	19 April 2023

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
			<p>A report provided to Kanoa in January 2023 is included on this agenda to provide background information - See Attachment 1</p> <p>Once the costed scope of works is available, a further report will be provided to the council so that funding can be identified for the necessary work to be undertaken.</p>	
209	<b>22 March 2023</b> <b>Health and Safety</b> ACEO will report back to the meeting on the H&S for councillors and not just council staff.	R Townrow	<p>The following summarises the legal framework as it applies to a local authority and their elected members:</p> <ul style="list-style-type: none"> <li>• A local authority, as a person conducting a business or undertaking (PCBU), has a primary duty to ensure, so far as is reasonably practicable, the health and safety of workers.<sup>1</sup> This duty requires the PCBU to eliminate risks to health and safety, so far as is reasonably practicable. If it is not reasonably practicable to eliminate risks to health and safety, the PCBU is required to minimise those risks so far as is reasonably practicable.</li> <li>• An elected member of a local authority is not an employee of the local authority. Elected members, as “a person at a workplace”, have a duty under section 46 of the HSWA to:               <ul style="list-style-type: none"> <li>(a) take reasonable care for his or her own health and safety; and</li> <li>(b) take reasonable care that his or her acts or omissions do not adversely affect the health and safety of other persons; and</li> <li>(c) comply, as far as he or she is reasonably able, with any reasonable instruction that is given by the PCBU to allow the PCBU to comply with the health and safety act or regulations.</li> </ul> </li> </ul>	19 April 2023

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
210	<b>22 March 2023</b> <b>Operational Performance Report</b> Flood revenue/expenditure numbers are in variance. Douglas Marshall to check on this and advise why.	D Marshall	In preparing the operational report to February 2023, finance staff have taken a particular focus on their forecasting to ensure that they considered all known factors that may differ from the adopted budget. This means that there are no nil \$ forecasts in this report.	19 April 2023
211	<b>22 March 2023</b> <b>Operational Performance Report</b> Which campground is being referred to regarding the lease	R Townrow	Staff have reviewed this comment and note that there have been various proposal to lease campgrounds in the past 2-3 years. They note that when the council prepares the draft 2024-2034 Long Term Plan, campgrounds will be subject to specific budgeting so that the council can consider the merits of (a) having campgrounds as a council activity and (b) if they wish to continue with campground activities, what financial operating model is best for the campgrounds.	19 April 2023
212	<b>22 March 2023</b> <b>Ernst &amp; Young Management Report</b> D Marshall to circulate closing report and also present at next RAC meeting	D Marshall	Included on the agenda in public excluded	19 April 2023
213	<b>22 March 2023</b> Add to RAC Workplan under Risk & Assurance Items – Audit Action Point List to be reported on a quarterly basis.	D Marshall	Included on the agenda in public excluded	19 April 2023

# MONTHLY REPORT



<b>Project Title</b>	Waimangaroa Reserve Hall, Waimangaroa
<b>Reference Number</b>	R07.02069.008
<b>Location and Region:</b>	Waimangaroa, Buller
<b>Contracted Amount:</b>	\$146,795
<b>Report Date:</b>	For the month ending January 2023
<b>Programme Outcomes:</b>	<ul style="list-style-type: none"> <li>• prioritise the employment of local workers displaced by the COVID economic crisis;</li> <li>• occur at pace, time being critical; and</li> <li>• assist in meeting the Social Procurement Objectives</li> </ul>

## 1. Project Updates

Provide a description and analysis of actual progress against planned progress for each project milestone to show that the project is occurring as planned.

<b>Project Milestone</b>	<b>Details of progress</b>
	<b>Project completion</b>
Commercial Kitchen Fit-Out	The commercial kitchen equipment from 'Southern Hospitality Limited' is now connected and in place ready for use. The extractor has been installed and walls are painted
Carpentry- Building	All the Building/Carpentry work has been completed.
Plumbing	Completed.
Gas fitting	Works have been completed.
Electrical	Internal wiring is in place. Electrician has completed works
Flooring	Kitchen and bathroom flooring is completed.

## 2. Redeployment Outcomes

One (1) should be counted for any full time, part time, contractor or consultant.

2.1 Complete the following table for the number of people working to deliver the project in the current reporting month.

Project Milestone	No. prev Unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women
Commercial Kitchen		0				
Carpentry		0				
Plumber		0				
Gas Fitter		0				
BDC Staff		1				
Flooring		2				
Electrician		1				
<b>Total</b>		<b>4</b>				

2.2 Please complete the following table for the number of people working to deliver the project for the previous month

<b>Total People Working</b>
Number of people working on the project throughout the reporting month (you can include existing employees here such as finance team members etc).
1(Electrician) + 1 (BDC Staff) +2 (Flooring Staff) = 4

2.3 Please complete the following table showing the total number of created roles and a breakdown of part-time and full-time people working on the project for the previous month, as well as for Contractors and Consultants. This table should be calculated excluding existing employees.

<b>Total Created Roles</b>	
Number of roles created by this project (add together contractors plus consultants).	
3	

<b>Contractor*</b>	<b>Consultant*</b>
Non-Employee providing contractor services (such as a fencing contractor, builder, fixed term contractor, etc.)	Non-Employee providing professional advisory services (such as an engineering consultant or architect, etc.)
3	0
<b>Full-time</b>	<b>Part-Time</b>
How many of the Total Created Roles worked over 30 hours a week throughout the reporting month	How many of the Total Created roles worked under 30 hours a week throughout the reporting month
0	0

2.4 Please complete the following with total numbers for previous jobs and expected jobs in the future. This table should be calculated for existing employees.

People previously but no longer employed on the project	Expected jobs in the future
13 Contractors + 1 Project Manager + 2 BDC Staff	6 Contractors

2.5 Please provide any additional information that is not able to be captured in the tables above e.g. providing numbers of volunteers that may be also working on your project.

<p>This project is coordinated with community-based volunteers (Hall Subcommittee) and Council. Subcommittees are dissolved during the local body elections and they are re-established once the new Council puts it into place.</p> <p>There was a significant delay in completion of this project through contractor availability following 2 major flooding events in Buller.</p>
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### 3. Supplier Diversity Outcomes

Complete the following table for the number and value of each direct or sub-contract awarded to local, Māori and/or Pasifika-owned businesses during the current reporting period.

<b>Name of business</b>	<b>Business type (Māori, Pasifika, local)</b>	<b>Contract type (direct, sub-contract)</b>	<b>Contract purpose (briefly describe)</b>	<b>Length of contract (months)</b>	<b>Total value of contract (\$)</b>	<b>No. new employees (as a result of contract)</b>
PC Production NZ	Local	Direct	Asbestos	1 week	\$9,105	
Buller DC	Local	Direct	Build consent	1 day	\$2,663	



# ATTACHMENT 1.1

Fire Safety Solutions	Local	Direct	Fire Safety report	1 weeks	\$1,450	
Architect Allan Walters	Local	Direct	Architectural services	1 week	\$3,450	
Southern Hospitality Ltd	Christchurch	Direct Contractor	Supply of commercial kitchen package	8 weeks	\$42,647	
John Morrow Builders	Local	Direct Contractor	Building repairs and upgrade including commercial kitchen install	6 month	\$2,460	
WLS Electrical	Local	Direct Contractor	Supply and install upgraded electrical service and fittings	1 month, completed over 6 month period, 2 additional days in August	\$6,400	1
Craft Plumbing & Gas	Local	Direct Contractor	Supply and install gas fittings for commercial kitchen	3 weeks - completed over 6 month period	\$1,743	
Lightbown Plumbing	Local	Direct Contractor	Supply and install plumbing and drainage to building	6 weeks - completed over 6 month period	\$8,082.5	
Mitre 10 - Building materials, including timber framing/ linings, carpentry fixtures and fittings, paint and the supply and install of smaller area of floor coverings to meet BC compliance	Local supplier – Mitre 10 plus local flooring contractor and volunteer labour for painting task	Suppliers	Building materials	Completed over 6 month period	\$24,703	
Chris Enoka - Builder	Local	Direct Contractor	Building repairs and upgrades	4 Months	\$7,600	
RC Maintenance Ltd	Ex Christchurch	Direct Contractor	Builder/Forman	5 Weeks	\$23,125	
Carmine Painters	Local	Direct Contractor	Flooring	3 weeks	\$12,370	2

#### 4. Social Procurement Objectives

Please provide detail in the table below (Please state N/A if the objective is not applicable).

<b>State your Social Procurement Objectives (as agreed during contracting)</b>	<b>State your Social Procurement Measures (as agreed during contracting)</b>	<b>Show achievements to date against each of the Social Procurement Objectives</b>
Social Procurement Outcome - Employment of targeted workers	Thirteen contractors have worked on the project to date. The project management is being carried out by an existing Buller District Council staff member, liaising with the local Reserve Subcommittee	Twelve out of thirteen contractors were local. Some contractors employed more than one local staff to work on this project. Volunteers from the community help with minor works wherever possible.
Social Procurement Outcome - Environmental Responsibility	All work will be carried out in a responsible manner to tradesmen standards and all waste materials will be managed and disposed of responsibly	Appropriate skips have been used to dispose of the waste.
Social Procurement Outcome - Local Businesses	Engaged local Trades to deliver upgrade work on this local Waimangaroa Community Hall, to provide a safe and usable venue for the local community.	As mentioned above most of the contractors/tradesmen employed were local.
Social Procurement Outcome - Supplier Diversity	Specialist kitchen supplies have been sourced from outside the District.	A mix of part-time local contractors and also a specialist commercial kitchen supplier has been used to date
Social Procurement Outcome - Worker Conditions	The BDC project lead are managing the site work conditions/site safety	All trades workers complete a Health and Safety assessment and manage the H&S of the site, using a Job Hazard Safety Assessment process. Clear communication is used and all volunteer workers are taken through a volunteer induction process, to identify tasks and risk controls necessary

## 5. Financials

Please provide a summary of funding received and expenditure to date with actual against budgeted, for each budget area in the table below. Please use GST exclusive figures.

Budget Area	Received from PGF	Budgeted	Actual	Co-funding spend if any	Note
Architect Allan Walters	\$3,450	\$0	\$3,450		
Buller District Council	\$2663	\$0	\$2,663		
Fire Safety Solutions	\$1,450	\$0	\$1,450		
PC Productions Asbestos	\$9,105	\$0	\$9,105		Unbudgeted due to asbestos discovery and removal
WestReef waste skip hire	\$504	\$0	\$504		
Avant Building	\$240		\$240		
Trade Safety	\$68		\$68		
Westport Hire	\$95		\$95		
Southern Hospitality Ltd – Kitchen Fittings	\$42,647	\$42,640	\$42,647		
Contractors: John Moro Builders / Chris Enoka / RC Maintenance	\$33,275	\$12,330	\$33,275		Low availability of builders and complex nature of upgrade, more than one contractor needed.
WLS Electrical	\$6,400	\$8,875	\$1,825		N/A
Craft Plumbing & Gas	\$1743	\$2,510	\$3,454.57		

Lightbown Plumbing/Mico Plumbing	\$8,082.5	\$18,896	\$8,082.5		
Building Material	\$24,702.94	\$14,000	\$24,702.94		Building material was changed due to the GIB shortage
Flooring	\$12,370	\$36,000	\$12,370		Completed the flooring of Kitchen & toilet.
Mitre 10 paint			\$ 573		Additional paint needed
Coasting Electrical Ltd			\$ 2,291		
<b>Total</b>	<b>\$146,795</b>	<b>\$135,252</b>	<b>\$146,795</b>		<b>\$0 remaining budget</b>

## 6. Forward Work Programme

Outline forward work to be completed in the next month

Project Element	Outline of Planned Work (for next month)
N/A	All works completed as per application.

## 7. Risks/Issues

Top **five (5)** risks and/or issues arising or expected to arise, their impact on the project and planned mitigations.

<b>Risks / Issues</b>	<b>Likelihood (Low / Medium / High)</b>	<b>Potential Impact (Low / Medium / High)</b>	<b>Mitigation</b>
Natural Disaster	High	High	Civil Defence protocols are to be followed when required. The project can be delayed depending on the impact of the disaster on the structure/ equipment/ staff.
H&S - Working in a public space – public safety and well as worker's safety.	Low	Medium	Clearly mark the work zone, workers to stay aware of surroundings at all times, and use a spotter during higher-risk work to mitigate unauthorised people entering the work zone. Contractors are trained and competent and will use all the appropriate PPE, plant and equipment for the various tasks, including some height work.
Issues arising from Fire Safety access/ egress	Low	Low	Site access and pathways are to be kept clear of blockages and trip hazards
Consent requirements	Low	Medium	Volunteer labour to be inducted and assigned tasks and management according to competency and experience.

**8. Communications**

An update on media, marketing and communications activity for this Project

The Buller District Council Communications team will be kept aware of progress as the project develops to keep the community, media, marketing and communications informed on the project. Local Northern Buller publication has had an article about the upgrade and changes being made to the hall. Regular meetings are held with the Sub Committee and its Council representative.

**9. Any other information** such as further opportunities arising from the project, expected and unexpected outcomes (both positive and negative), etc.

Closure of project, the remainder of funds used to connect and install the kitchen. Slight variation due to unforeseen circumstances: asbestos discovery and change of materials with the GIB shortage. Amendment to building consent completed. Issues with securing trades people to complete the project was frustrating however the project, as applied for is completed. Council will work with the subcommittee to further develop the hall for the community.

**10. Impact of COVID-19**

<b>All of New Zealand entered COVID-19 Alert Level 4 at 11.59pm on Tuesday 17 August, 2021:</b>	<b>Scale of impact (1 - no impact; 2 - small; 3 - moderate; 4 - major; 5 - severe)</b>	<b>Provide additional details on the impact, especially those not covered by following question</b>
To what extent has the August 2021 COVID-19 Alert Level change impacted this project?	3	Potential material issues due to supply into the country.
To what extent do you expect the August 2021 COVID-19 Alert Level change to impact this project in the coming months?	3	As above

<b>Have any of the following been <u>negatively</u> impacted by the August 2021 COVID-19 Alert Level change?</b>	<b>Yes/ No</b>	<b>Provide additional narrative on the negative impacts</b>
Costs	Yes	Material costs and changes of material used.
Milestone delivery in the next month	Yes	Shortage of contractors & high material cost have depleted the flooring budget.
Availability of labour	Yes	Contractors/ staff isolating or sick or unavailable
Availability of materials and equipment	Yes	As mentioned above
Cashflow	Yes	As mentioned above
On-site productivity	Yes	No lockdown, but it is still very hard to source

		contractors. Hence, the delay.
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#### Definitions

**\*Contractor** - an individual who is either hired directly or via a third party to perform duties that would normally be provided by an existing staff member on the project.

**\*Consultant** - a company or an individual where service provision is linked to a defined outcome, typically with remuneration linked to agreed milestones, or deliverables, and where supervision of the individuals is the function and responsibility of the consultancy organisation (or shared with the client).

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 5**

**Prepared by:** Douglas Marshall  
Chief Financial Officer

**Attachments:** Attachment 1 - RAC Work Plan

#### **RISK AND AUDIT WORK PLAN**

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##### **1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the Risk and Audit Work Plan for information.**



**Risk and Audit Committee**  
**Proposed Programme 2023 Calendar Year**

Categories/Reports Proposed	SLT Member	Reporting Officer	February	March	April	May	June	July	August	September	October	November	December
<b>Risk &amp; Assurance Items</b>													
NZTA Procedural Audit	IS	Manager Infrastructure Delivery	✓										
Ernst & Young Report on BDC's Annual Report and its Preparation	CFO	Finance Manager		✓									
Strategic Risk Register Update	CFO	CFO			✓			✓			✓		
Strategic Risk Framework Review	CFO									✓			
Health and Safety Report Update	CFO	HR		✓			✓			✓			✓
BHL Letter of Expectation	CFO												✓
CCO Statements of Intent	CFO	Finance Manager		Draft			Final						
CCO Director Appointments and Remuneration	CFO	Finance Manager			Review Appointments								
BHL Quarterly Financials	CFO	Finance Manager		✓			✓			✓			✓
BHL Annual Report	CFO	Finance Manager									Receive CCO Annual Reports		Adopt Annual Report
Westport Airport Authority Financials - 30 June	CFO	Finance Manager										✓	
Westport Airport Authority Financials - Half year	CFO	Finance Manager	✓										
Insurance	CFO	Management Accountant								Insurance Update Report			Finalise
Review of BDC Created Policy	CFO										✓		
Review of Business Continuity Plan	CFO											✓	
<b>Internal Audits</b>													
Dredge Activities	CFO	Project Accountant			✓						✓		
Harbour Activities	CFO	Project Accountant				✓						✓	
Follow-up on Ernst & Young Matters Raised in Their Annual Report	CFO	Finance Manager			EY Closing Report	✓		✓		✓			
<b>Monitoring Items</b>													
BDC Quarterly / Half Yearly Financials	CFO	Finance Manager	✓			✓			✓			✓	
BDC Monthly Financial Performance Report	CFO	Financial Accountant		✓	✓		✓	✓		✓	✓		✓
BDC Investments and Borrowings	CFO	Finance Manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BDC Debtors	CFO	Finance Manager		✓			✓			✓			✓
BDC Capital Receipts and Expenditure	CFO	Financial Accountant	✓			✓			✓			✓	
PIP Report	CEO	CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Capital Report Multi-Year Projects													✓

The following items are not directly related to the Risk & Audit work programme but are provided to note when staff have key programmes of work

Major Financially Based Reports to be Prepared in the 2023 Calendar Year													
Annual Plan			Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption						
Long Term Plan								Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption
BDC Annual Report							Interim Audit	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Final Audit	Adopt & Publish Annual Report & Summary Document
<b>Rating Policy Review</b>													
Rating Policy Review						Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption	Preparation and Adoption

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 6**

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments**

- 1 Buller Holdings Limited Statement of Intent 2023-2024
- 2 WestReef Services Limited Statement of Intent 2023-2024
- 3 Buller Recreation Limited Statement of Intent 2023-2024

### **STATEMENTS OF INTENTS - COUNCIL CONTROLLED ORGANISATIONS**

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#### **1. REPORT PURPOSE**

Council is required to receive Statements of Intent (SOI) for each of its Council Controlled Organisations (CCOs) relating to the upcoming financial year.

The Council has three CCOs that are required to provide Statements of Intent:

#### **2. REPORT SUMMARY**

The Local Government Act (2002) requires the board of a CCO to deliver a draft Statement of Intent to Council each year to allow for review and comment on the content. The Act also requires the board to deliver a final Statement of Intent before 30 June. The Three Statements of Intent were provided to Council on 15 February 2023.

#### **3. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee:**

- a. **Receive the draft Statements of Intent for Buller Holdings Limited, WestReef Services Limited and Buller Recreation Limited for the year ending 30 June 2024,**
- b. **Instruct Buller District Council Staff to discuss the equity ratio change in Buller Recreation Limited Statement of Intent from 60% to 45% with the Board of Buller Recreation Limited,**

- c. **Instruct Buller District Council staff to seek further information discuss the proposed Service Level Fee increase for the 2024-2025 year with the Board of Buller Recreation Limited,**
- d. **Once the details of the equity ratio change and the Service Level Fee change are available and modification is made to the Statements of Intent as necessary on these two items, report to Council so that the Statements of Intent can be adopted by the due date.**

#### **4. ISSUES AND DISCUSSION**

Part 64 of the Local Government Act (2002) sets out that the purpose of a Statement of Intent is to:

- State publicly the activities and intentions of a Council-controlled organisation for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for the shareholders to influence the direction of the organisation; and
- Provide a basis for the accountability of the Directors to their shareholders for the performance of the organisation.

Schedule 8 of the Local Government Act (2002) sets out the detail about how the exchange between Council and the CCO occurs. The draft Statement of Intent must be delivered to its shareholders to receive and make comment on each year by 1 March. The final Statement of Intent must be delivered to Council before 30 June each year for approval.

Council has the power to pass a resolution requiring a modification to the Statement of Intent, however it should consult with the entity concerned before this occurs.

The Statements of Intent link the CCO's activities into Council's 2023/2024 annual planning processes and provide opportunities for Council to review the goals and negotiate key performance targets. The scope, objectives and performance targets of Council's CCOs summarised in the 2021-2031 Long-Term Plans and 2023/2024 Annual Plan are based on the content of the Statements of Intent. Our community has the opportunity to review and provide feedback on this information as part of the annual plan engagement process.

Failure to follow the statutory process for reviewing and approving Council's CCOs Statements of Intent risks a breach of the legislation. It may also create misunderstanding between Council and its subsidiaries about the performance levels and other targets expected for the year. The Local Government Act (2002) prescribes the content, processes and timelines required to adopt draft and final Statements of Intent.

## **5 ISSUES AND DISCUSSION - CHANGES TO THE STATEMENTS OF INTENT**

The Statements of Intent for each entity sets out the non-financial and financial targets. The financial targets include three years' key performance indicators which include the next financial year and the following two future years. A review of each of the Statements of Intent has been completed and the changes are noted below.

### **Buller Holdings Ltd**

The 2023/2024 financial year now includes the development of a new depot for Westreef funded by a combination of debt and equity (cash reserves). This had been considered for some time but now that a decision has been made to acquire land for a depot site, the development project can proceed.

Accordingly, the 2023/2024 financial result proposed is different to that proposed in the Statement of Intent that was adopted by Council in June 2022.

Assets values lift due to the yard development but the ratio of shareholder funds to equity is now planned to be 45% for the 2023-2024 and subsequent years (2022-2023 year 60%) due to the use of cash reserves and debt raising.

The impact of the land purchase and yard development occurs in Westreef Services but impacts on Buller Holdings as the parent company in the group.

The annual distributions to the Council as the shareholders do not change at \$1.3 million.

To some degree, this is unexpected as Westreef are forecasting additional revenue and a net operating surplus for the next two years above that previously advised. Accordingly, an increase in shareholder distribution would be expected.

But the SOI also notes that despite seeing a forecast lift in revenue, trading conditions will be difficult. There will also be some costs associated with the 3 Waters activities that Westreef need to consider and seek support on which will have a cost to them.

In practice, the Council's 2023/2024 Annual Plan is prepared based on a \$1.3 million distribution so what BHL are proposing is what BDC require. The 2024/2025 and future years' distributions can be discussed as part of the 2024-2034 LTP preparation.

## Westreef Services Limited

There are changes to the budgeted revenue and expenses as noted under the Buller Holdings commentary.

Some other changes are proposed to the WestReef Services Limited SOI compared to the one that was adopted by Council in June 2022. These more material changes are set out in the table below:

Year	Financial item	What was Approved and Adopted in June 2022	What is proposed in the draft SOI for 23-24	Difference and Comment
2023-2024	Provision for Capital	\$1,142,000	\$900,000	Reduced by \$242,000 to reflect the change in scope of works relevant to the new depot site and subsequent development.
2024-2025	Provision for Capital	\$814,000	\$2,300,000	Increase of \$1,486,000 due to including amended scope as noted above.
2023-2024	Ratio of Shareholders funds to Equity	60%	45%	The directors have reworked the ratio of shareholder funds to include the full debt from the 2024 year in preparation for draw down of the loan for the depot build which is budgeted to be completed in 2025.
2024-2025	Ratio of Shareholders funds to Equity	60%	45%	The directors have reworked the ratio of shareholder funds include full debt for drawing down the debt for the depot build.

## Buller Recreation Limited

There are some minor changes to the budgeted revenue and expenses for both the years ended 2024 and 2025.

Some more significant changes are proposed to the Buller Recreation Limited SOI compared to the one that was adopted by Council in June 2022. These more important changes are set out in the table below.

Council should ask staff to seek more information on the service level fee as a request for lift in 2024/2025, should be noted but council will need more information back from BHL before it agrees to that lift. Equally the change in the ratio of shareholders funds to equity % to 45% would not appear necessary as the June 2022 % is 55% and the capital work to be undertaken at BHL is normally funded by BHL issuing shares to the Council for cash.

Recommendations reflecting these 2 matters are included for committee consideration.

Year	Financial item	What was Approved and Adopted in June 2022	What is proposed in the draft SOI for 23-24	Difference and Comment
2023-2024	Service Level Fee	\$851,000	\$851,000	No change, included for completeness.
2024-2025	Service Level Fee	\$851,000	\$906,000	Increase of \$55,000 being signalled ahead of time.
2023-2024	Provision for Capital	\$156,000	\$355,000	Increase of \$199k brought forward for Roof Replacement
2024-2025	Provision for Capital	\$123,000	\$148,000	Increase of \$25,000 being signalled ahead of time
2023-2024	Ratio of Shareholder funds to equity	60%	45%	Decrease 15% directors have aligned to Buller Holdings Limited

Year	Financial item	What was Approved and Adopted in June 2022	What is proposed in the draft SOI for 23-24	Difference and Comment
2024-2025	Ratio of Shareholder funds to equity	60%	45%	Decrease 15% directors have aligned to Buller Holdings Limited

## 6. OPTIONS

Not Applicable

## 7. CONSIDERATIONS

### 7.1 Strategic Alignment

Council works in parallel with the CCOs to drive the strategic outcomes set in the Long-Term Plan.

### 7.2 Significance Assessment

The success of the CCOs is imperative to ensure the financial stability of Council. As well, those services provided by the CCOs as set out in the Long-Term Plan and Annual Plans are deemed significant. Therefore, understanding the budgeting and non-financial targets of each CCO is important to highlight any changes which in turn may affect Council and result in a matter occurring which is deemed significant under the Significance and Engagement Policy.

### 7.3 Tangata Whenua Considerations

No specific considerations have been identified.

### 7.4 Risk Management Implications

If Council does not engage with the Buller Holdings Group of CCOs to complete the Statement of Intent to ensure they are adopted by 30 June it will not support the board to meet the requirements of section 64 of the Local Government Act (2002), and Schedule 8 of that Act.

### 7.5 Policy Framework Implications

Adoption of CCO Statements of Intent are required each year to ensure the financial data can be incorporated into Council Annual and Long Term Plans. This then links to the Annual Plan requirement to purchase shares in Buller Recreation Limited to fund capital expenditure.

It also affects the requirement for general rates which is dependent upon the service level fee paid by Council to Buller Recreation Limited, as well as the subvention/distribution payment made to Council. These three

significant transactions are set out in the Revenue and Financing Policy, and then included in the Funding Impact Statement (Rates Policy).

**7.6 Legal Implications**

Section 64 of the Local Government Act (2002) and Schedule 8 of the Local Government Act 2002 as discussed above.

**7.7 Financial / Budget Implications**

There are no unbudgeted costs or financial implications.

**7.8 Consultation Considerations**

Nil consultation considerations identified.



# **BULLER** **Holdings Ltd**

## **BULLER HOLDINGS LIMITED**

### **DRAFT STATEMENT OF INTENT**

### **FOR THE YEAR ENDED 30 JUNE 2024**

## 1. Preamble

Buller Holdings Limited ("Company") was set up in September 2007 as a Council controlled trading organisation with WestReef Services Limited as its only subsidiary. Buller Recreation Limited (trading as the Pulse Energy Centre) was purchased from the Buller District Council ("Council") in 2009 and Westport Harbour Limited in 2010. Westport Harbour Ltd was wound up as a company on or prior to 30<sup>th</sup> June 2018 by Council resolution. The Buller District Council is the sole shareholder of Buller Holdings Limited.

The Company's continued purpose is to provide a commercial focus in the governance and management of Council's commercial assets, allowing for maximum returns on behalf of the ratepayers and benefits to the wider community.

In 2023 The company purchased land to develop a workshop and admin area and lease back to Westreef Ltd at a commercial return. The projections for this project are included in this SOI.

Section 6 (1) of the Local Government Act 2002 ("Act"), provides that any company in which equity securities carrying 50% or more of the voting rights are held by one or more local authority is to be known as a council-controlled organisation. In addition, any council-controlled organisation that operates a trading undertaking for the purposes of making a profit is considered a council-controlled trading organisation.

Buller Holdings Limited ("Company") is a council-controlled trading organisation for the purposes of the Act and is therefore required to have a Statement of Intent (SOI) that complies with clause 9 of Schedule 8.

The SOI is prepared in terms of the Act and clause 22.1 of the Constitution of Buller Holdings Limited and sets out the activities and intentions of the Company for the year ending 30th June 2024.

The Company will update the SOI annually and deliver a draft to shareholders before 1st March each year and a completed SOI by 30th June each year.

## **Outlook**

The general economy is likely to have a degree of uncertainty moving forward with higher inflation, increasing costs and increases in interest rates.

Therefore, the trading environment for 2023/2024 is not expected to be as buoyant as the last few years.

Government changes to the delivery of 3-waters could have potential significant effects on the Group. From July 2024 BHL subsidiary WestReef would like continue to work with our client to continue to provide this service.

## **2. Objective**

### **Introduction**

The strategic direction of the Company is guided by the vision, values, and strategic objectives. These provide the framework for the Company to establish make plans and investment decisions. The following is an overview of these key planning components.

### **Vision**

Buller Holdings Limited will provide a commercial focus in the governance and management of Buller District Council's commercial assets, allowing for maximum returns on behalf of ratepayers and benefits to the wider community. The Group will remain cognisant of assisting the shareholder with fulfilling cultural requirements as part of its 'Four Wellbeings'.

### **Objectives**

The principal objective of Buller Holdings Limited is to operate as a successful business while working for the benefit of shareholders. In pursuing this objective, the Company is guided by the following key principles.

**(a) Financial Performance**

The Company is committed to operating the group as a successful business and achieving a competitive commercial rate of return on the investment while working for the benefit of the shareholders. It will be striving to minimise operating costs and manage the assets and liabilities in a prudent way. The definition of return on investment the company is broader than just the financial returns, and considers the social, economic and environmental needs of the community.

**(b) Service**

The Company recognises that the needs of its major customers are paramount and is committed to meeting those business needs. It also recognises the need to develop its customer base to ensure sustainability of the business in the future.

**(c) Employee Relations**

The Company values its employees and will recruit and retain employees with the skills necessary to run the business and will provide opportunities for staff training and development. It will ensure that employees are fairly treated and provided with good and safe working conditions.

The Company, together with its employees, will create a culture that recognises the importance of being competitive, the value of delivering a high quality of customer service and the mutual benefit of continued employment. This will involve effective leadership and communication.

**(d) Safety and Environment**

Our leadership will enable our subsidiaries to develop positive workplace cultures, capable workers, and resources for responsible health, safety, quality and environmental performance. BHL Directors will comply with all relevant legislation and will ensure our organisations' compliance. The Board's direction will always reflect our commitment to, and beliefs about the management of health and safety and the environment.

**(e) Marketing**

The Company and each of its subsidiaries has developed a marketing plan with objectives, costs, timeline and KPI's to retain and obtain increased external and non-council profitable business.

**3. Nature and Scope of Activities**

The nature and scope of Buller Holdings Limited will be to provide a holding company structure for the ownership of selected Council assets and investments.

**(a) WestReef Services Limited**

The nature and scope of WestReef Services Limited activities will be predominantly to provide contracting services for physical works in the Buller Region and the West Coast of the South Island. Its activities will include maintenance and construction services for:

- Roads and bridges
- Response to Road and Civil Defence emergencies
- Parks and reserves (including associated facilities)
- Utility services (water and sewerage reticulation, wastewater treatment, storm water collection)
- Solid and Liquid Waste Collection and Disposal
- Vehicle workshop repairs
- Transfer stations
- Recovery parks

- Roadside vegetation control
- Property maintenance
- Refuse collection
- Environmental & Back Country Projects

(b) Buller Recreation Limited

Buller Recreation Limited owns and operates the Pulse Energy Recreation Centre that was formally opened on 18th April 2009, and provides a range of leisure services to the district as summarised below:

- Recreational swimming and learn to swim programmes
- Aquatic sports events
- Indoor court sports competitions and events
- Fitness centre programmes and classes
- Outdoor turf sports
- Corporate, trade and social events

#### **4. Corporate Governance**

The Board of Directors of Buller Holdings Limited is responsible for the corporate governance of the Company. The term “corporate governance” encompasses the direction and control of the business by the Directors, and the accountability of Directors to shareholders and other stakeholders for the performance of the Company and compliance by the Company with laws, standards and agreed protocols as specified between Buller Holdings Limited and Buller District Council.

##### **Role of the Board**

The Board is responsible for the proper direction and control of the Company on behalf of the shareholders. The principal objective of the Company is to operate a successful business.

The functions of the Board include:

- Ensuring that the Company goals are clearly established, updated annually and that strategies are in place for achieving the goals.
- Establishing policies for strengthening and enhancing the performance of the Company and group.
- Monitoring the performance of management relative to the established goals and plans, having delegated day-to-day management of the company to the Chief Executive.
- Appointing and annually assessing the performance of the Chief Executive
- Ensuring that the Company's financial position is fully protected to allow it to meet all debts and obligations as they fall due.
- Ensuring that the Company and group's financial statements are fairly presented and conform to law.
- Ensuring that the group adheres to high standards of ethics and corporate behaviour.
- Ensuring that the group has appropriate risk management and regulatory compliance policies in place.
- Approving and implementing the Business Plan and Statement of Intent of the Company, and
- Reviewing and approving the Company's capital investments and distributions

### **Board operations and membership**

The composition of the Board is determined in accordance with the following principles:

- The Board comprises up to 6 directors.
- Directors are appointed by the Buller District Council.
- The Board meets regularly, and schedules additional meetings as required. There are 2 sub committees, an Audit & Risk Committee, and a Health, Safety & Environment Committee.

- Directors receive formal Board papers for consideration and all necessary information to enable participation in an informed discussion of all agenda items.

The Company constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors.

The Board supports the concept of separation of governance and management of the businesses. The role of the Chairman is to lead the Board to ensure that it carries out its governance role effectively, and to provide leadership and direction to the Chief Executive of the business on behalf of the Board. The Board will evaluate its own performance annually.

## **5. Ratio of Shareholders Funds to Total Assets**

The ratio will be maintained at a minimum of 45% (net of any proposed dividend). Total assets are defined as the sum of all current and non-current assets of the Company including goodwill.

## **6. Distribution Policy**

It is the Company's intention to maximise distributions after meeting the financial needs of the company including future operations and capital expenditure. Directors should aim to deliver a minimum distribution as agreed in this Statement and as forecasted in the Statement of Intent.

## **7. Accounting Policies**

Buller Holdings Limited will adopt and adhere to accounting policies that are consistent with those of the Buller District Council and comply with appropriate accounting practices and in accordance with the Companies Act 1993, the Financial Reporting Act 2013, NZ Equivalents to International Financial Reporting Standards, and any other applicable laws and standards



## **8. Information to be Reported**

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

### **Statement of Intent**

The Directors shall deliver to the shareholders a draft Statement of Intent by 1<sup>st</sup> March for comment by the shareholder. The Directors shall deliver to the shareholder a completed Statement of Intent by 30<sup>th</sup> June.

### **Quarterly Reports**

The Directors shall deliver to the shareholders by 16<sup>th</sup> November, 23<sup>rd</sup> February and 16<sup>th</sup> May an un-audited report containing the following information as a minimum in respect to the quarter under review.

- a. A revenue statement disclosing actual and budgeted revenue and expenditure with comparative figures for the previous equivalent period.
- b. A statement of financial position at the end of the half year.
- c. A statement of cashflows at the end of the half year.
- d. Key performance indicators.
- e. A commentary on the results for the quarter together with a report on the outlook for the remainder of the year with reference to any significant factors that are likely to influence the company's performance, including an estimate of the financial result for the full year. A commentary on progress towards meeting proposed distributions to shareholders should be included.

### **Annual Report**

The Directors shall deliver to the shareholders by 30th September an annual report and audited financial statements in respect to the financial year containing the following information as a minimum.

- a. A Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to a dividend.
- b. A revenue statement disclosing revenue and expenditure with comparative figures for the previous year.
- c. A statement of financial position at the end of the year.
- d. A statement of cashflows.
- e. An auditor's report on the above statements and the measurement of performance in relation to key performance targets.

## 9. Group Performance Targets

The performance of Buller Holdings Limited will be judged against the following measures and targets;

Objective	Key Performance Measure	Budget Targets		
		2024	2025	2026
Health & Safety	Medical Treatment Injury	Nil	Nil	Nil
	Serious harm accidents	Nil	Nil	Nil
	Lost Time Injury Target	Nil	Nil	Nil
Operational	The board of directors will meet with the BDC, CCTO Committee on a formal basis: (per/year)	3 times per year	3 times per year	3 times per year
	The Buller Holdings Ltd Chief Executive will provide a formal and or informal report to Council as requested.	As requested	As requested	As requested
	The Chief Executive of Buller Holdings Ltd will meet with the Chief Executive of Buller District Council when requested.	As requested	As requested	As requested
Financial Parent (\$000)	Revenue	\$691	\$806	\$812
	Expenditure	\$688	\$802	\$810
	Net Operating Surplus	\$3	\$4	\$2
	Provision for Capex	\$0	\$0	\$0
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Financial Group (\$000)	Group Revenue	\$17,745	\$18,296	\$18,637
	Group Expenditure	\$16,983	\$17,481	\$17,808
	Group Operating Surplus (EBIT)	\$762	\$815	\$829
	Provision for capex	\$1.255m	\$2.448m	\$1.085m
	Forecasted distribution to Shareholders	\$1.3m	\$1.3m	\$1.3m

**Financial Performance**

The financial performance of the Group will be an aggregation of the results from the businesses that make up the structure including administration costs of the parent company. This aggregation will include surpluses after tax less any losses incurred.

**Subsidiary Performance Measures and Targets**

The performance objectives, measures and targets for each subsidiary are attached to this Statement of Intent. Formal reports by the Company to the shareholder will include the outcomes against each measure for each subsidiary company.

**10. Value of Shareholders Investment**

The value of the Shareholders' investment will be not less than the carrying value of the investment in the Council's financial statements.

**11. New Investments**

The Company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation, or enter into a major transaction is governed by the provisions in the Company's constitution, standards and agreed protocols as specified in the Charter between the Company and Council.

The Company will consult with the shareholders with regard to purchasing a business or subscribing for shares in any company or other organisation where that investment is more than 25% of shareholders' funds as at the previous balance date. Where the investment is more than 50% of shareholders' funds, shareholder approval will be required.

Any significant decision of Buller Holdings Limited and/or their subsidiaries affecting land or water, will result in consideration of the relationship of Maori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga before it makes a decision that may significantly affect land or water. This is under s 60A Local Government Act 2002 Amendment Act 2019.

## **12. Role in the Buller District Council Group and Regional Economy**

### **(a) Commercial Relationship**

Buller Holdings Limited acknowledges that there may be commercial opportunities within, or in partnership with other group entities that can be developed to benefit the company, BHL and the Buller region.

### **(b) Growth of the Regional Economy**

Buller Holdings Limited acknowledges that it has a role to play in promoting the growth of the Buller region by contributing to regional initiatives as a good corporate citizen.

### **(c) Customer Service Principles**

As part of the Buller District Council Group, Buller Holdings Limited has adopted the Council's Customer Service Principles and Action policies.



# **WESTREEF SERVICES LIMITED**

**DRAFT STATEMENT OF INTENT  
FOR THE YEAR ENDED 30 JUNE 2024**

## **1. Preamble**

WestReef Services Limited ("Company") was established in 1996, and in 2007 became a fully owned subsidiary of Buller Holdings Limited. The Company is the largest civil and maintenance company in the Buller District and is the Buller District Council's most utilised contractor.

The Company continues to maintain its long and successful record of operation in providing services throughout the district and broader West Coast area. The company is entirely customer focussed with a financial objective of achieving a competitive rate of return on investment. The Company has a particular focus on Health and Safety and upholds the highest Health and Safety standards including both ISO 45001 and TSQ1 accreditation. The Company strives to ensure the wellbeing and safety for all staff both at and away from work.

WestReef Services Limited continues to enhance the quality of life for the community with quality maintenance outputs and operation of Council's infrastructure. The Company is committed to identifying, developing, and implementing opportunities for increasing external revenue to continue to provide benefit and dividends to the Buller ratepayers.

Section 6 (1) of the Local Government Act 2002 ("Act"), provides that any company in which equity securities carrying 50% or more of the voting rights are held by one or more local authority is to be known as a council controlled organisation. In addition, any council-controlled organisation that operates a trading undertaking for the purposes of making a profit is considered a council-controlled trading organisation.

WestReef Services Limited ("Company") is a council-controlled trading organisation for the purposes of the Act and is therefore required to have a Statement of Intent (SOI) that complies with clause 9 of Schedule 8.

This SOI, prepared in terms of the Act and clause 22.1 of the Constitution of WestReef Services Limited sets out the activities and intentions of the Company for the year ending 30th June 2024.

The Company will update its SOI annually and deliver a draft to shareholders before 1st March each year and a completed SOI by 30th June each year.

## **Outlook**

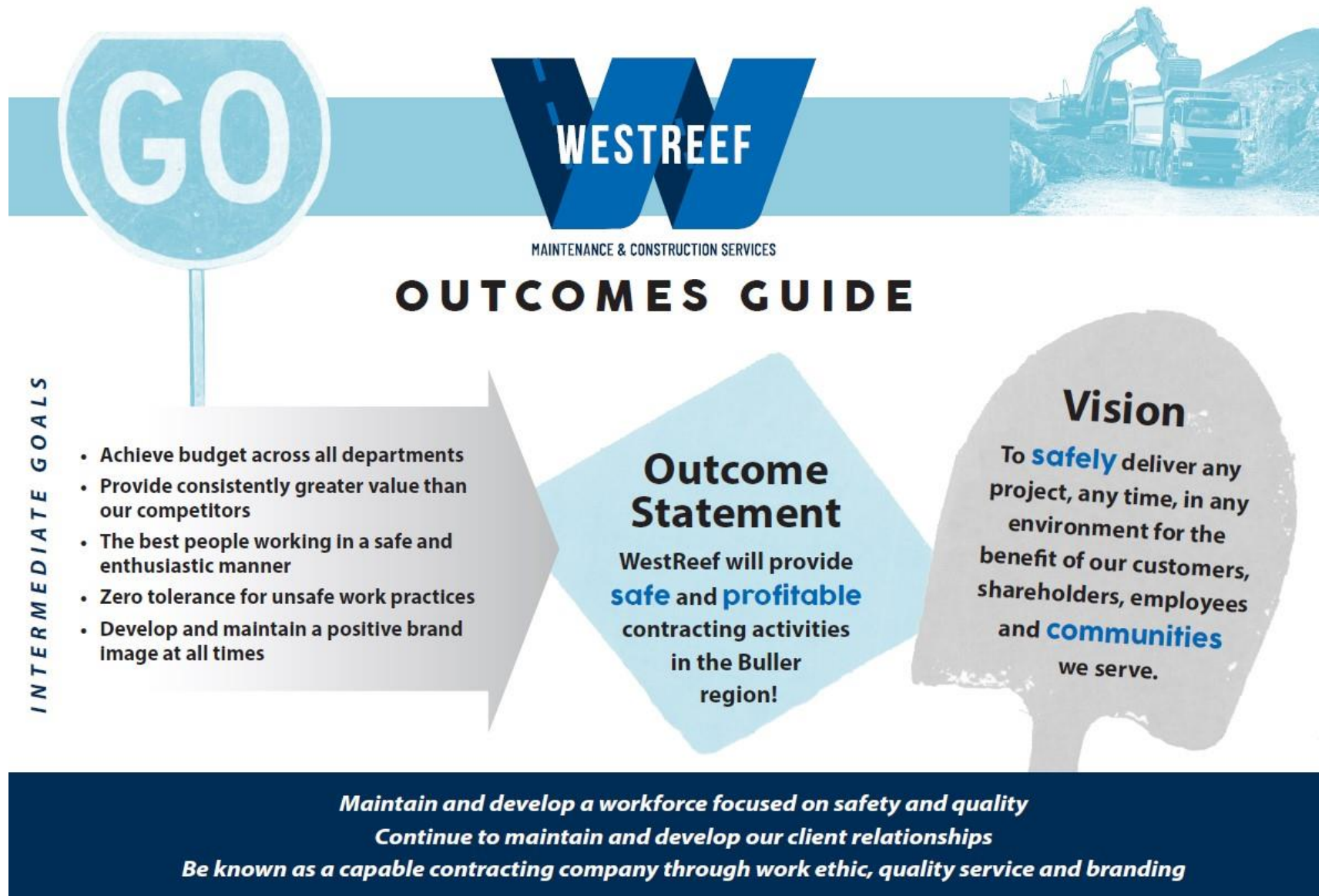
The general economy is likely to have a degree of uncertainty moving forward with higher inflation and increases in interest rates. Therefore, the trading environment for 2023/2024 is not expected to remain as buoyant as previous years. However, the company will remain competitive in tendering for and winning a share of any project opportunities as they arise.

The major internal projects moving into 2024 include the depot development and relocation, and the new IT system implementation.

Government changes to the delivery of 3-waters could have potential significant effects on the company. From July 2024 WestReef would like continue to work with our client to continue to provide this service.



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## **2. Objective**

### **Introduction**

The strategic direction of the Company is guided by the vision, values, and strategic objectives. These provide the framework for the Company to establish, make plans and investment decisions. The following is an overview of these key planning components.

### **Vision**

The vision of the Company is to be a sustainable and profitable business being operated by an empowered team who take pride in meeting the needs of staff, owners, suppliers, and the community.

### **Objectives**

The principal objective of WestReef Services Limited is to operate as a successful business while working for the benefit of the shareholders. In pursuing this objective, the company is guided by the following key principles.

#### **a) Financial Performance**

The company is committed to operating as a successful business and achieving a competitive commercial rate of return on the investment in the businesses. It will be striving to minimise operating costs and manage the assets and liabilities in a prudent way. The definition of return on investment for the company is broader than financial returns. It also considers the social, economic and environmental needs of the community.

#### **(b) Service**

The company recognises that the needs of its major customers are paramount and is committed to meeting those business needs. It also recognises the need to develop its customer base to ensure sustainability of the business in the future. Climate change appears to be resulting in more frequent and severe weather events and has had a significant impact on the networks that

Westreef maintains. The organisation will continue to adapt ensuring service expectations are met.

**(c) Employee Relations**

The company values its employees and will recruit and retain employees with the skills necessary to run the business and will provide opportunities for staff training and development.

It will ensure that employees are fairly treated and provided with good and safe working conditions.

The company, together with its employees, will create a culture that recognises the importance of being competitive, the value of delivering a high quality of customer service and the mutual benefit of continued employment. This will involve effective leadership and communication.

**(d) Safety and Environment**

Our work will support a connected and capable workforce that drives ongoing health, safety, quality, and environmental performance. WestReef will uphold all health and safety legislation and will meet or exceed the Council's health and safety requirements for Contractors. We will work towards making sustained improvements to health and safety outcomes, with a goal of ensuring that our work does not create harm.

The company is committed to reviewing its status and measuring its environmental performance including carbon reduction. This with a view to identify areas for environmental improvement and formulate a pathway for the company. Appropriate performance measure/s have been included in this document for 2024.

### 3. Nature and Scope of Activities

The nature and scope of WestReef activities will be predominantly to provide contracting services for the construction and maintenance of infrastructure and amenity assets on the West Coast of the South Island of New Zealand.

Its activities will include maintenance and civil construction services for:

- Roads and bridges
- Response to Road and Civil Defence emergencies
- Parks and reserves (including associated facilities)
- Utility services (water and sewerage reticulation, wastewater treatment, storm water collection)
- Solid and liquid waste collection and disposal
- Vehicle workshop repairs and maintenance
- Transfer stations
- Recovery parks
- Roadside vegetation control
- Property maintenance
- Refuse collection
- Environmental & backcountry projects

The Directors will consider opportunities from time to time regarding other types of activities or expanding the geographic region of delivery to other regions of the South Island.

WestReef's core business is to provide civil construction and maintenance services to the Buller District Council as well as external clients throughout the West Coast of New Zealand.

WestReef employs more than 90 full time, fixed term, part-time, and casual staff and as part of the Buller Holdings group is a significant employer in the Buller District.

WestReef currently holds the Buller District Council Roading contract for a three-year period (plus extensions) which commenced on 1st October 2020. As part of completing this process, the Company have worked hard to ensure that we can continue to provide excellent outcome for this contract, Buller ratepayers and other users of the network.

The Three Waters area of WestReef continues to provide high quality reticulation services throughout the district. We also assist Council in researching upgrades to various district supplies. The company recently negotiated 9-year Three Waters Services contract with Council.

A key area of the company that has seen significant growth and success in recent years is the Environmental Projects department. They have completed various high-profile trails notably including the Old Ghost Road and the Paparoa Track and all sections of the Kawatiri Coastal Trail (Westport to Charleston) to date. In addition, work completed for Department of Conservation on projects such as the famous Routeburn Track in Fiordland National Park, the Heaphy Track and St James Walkway has led to additional out of district work for that entity.

WestReef is proud to be able to support the Buller community, and this support is provided to various organisations in a number of ways. The community benefited from over \$20,000 of either sponsorships, donations or in-kind assistance in the financial year ended 30 June 2022. This includes the annual WestReef scholarship that helps a Buller student to pursue tertiary education in the civil engineering and/or construction industries. Donations and sponsorships are granted to community groups throughout Buller. Recipients include sports clubs, local event organisers, and not for profit educational organisations. In 2022 these included Buller Rugby, Christmas Parade and the Old Ghost Road Ultra. WestReef also assist community groups with technical items such as traffic management plans to enable community events to take place. These include, Returned Service Association events, the annual Whitebait Festival, and Buller Gorge Marathon.

#### **4. Corporate Governance**

The Board of Directors of WestReef Services Limited is responsible for the corporate governance of the Company. The term “corporate governance” encompasses the direction and control of the business by the Directors, and the accountability of Directors to shareholders and other stakeholders for the performance of the Company and compliance by the Company with laws, standards and agreed protocols as specified between Buller Holdings Limited and Buller District Council.

##### **Role of the Board**

The Board is responsible for the proper direction and control of the Company on behalf of the shareholders. The principal objective of the Company is to operate a successful business.

The functions of the Board include:

- Ensuring that the Company goals are clearly established, updated annually and that strategies are in place for achieving the goals.
- Establishing policies for strengthening and enhancing the performance of the Company.
- Monitoring the performance of management relative to the established goals and plans, having delegated day-to-day management of the company to the Manager.
- Annually receive a report on the assessment of the general manager's performance.
- Ensuring that the Company's financial position is fully protected so as to allow it to meet all debts and obligations as they fall due.
- Ensuring that the Company and group's financial statements are fairly presented and conform to law.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.
- Ensuring that the Company has appropriate risk management and regulatory compliance policies in place.



- Approving and implementing the Business Plan and Statement of Intent of the company, and
- Reviewing and approving the Company's capital investments and distributions

### **Board operations and membership**

The composition of the Board is determined in accordance with the following principles:

- The Board comprises up to 6 directors.
- The Board meets regularly, and schedules additional meetings as required. There are 2 sub committees, an Audit & Risk Committee, and a Health, Safety & Environment Committee.
- Directors receive formal Board papers for consideration and all necessary information to enable participation in an informed discussion of all agenda items.

The Company constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors.

The Board supports the concept of separation of governance and management of the businesses. The role of the Chairman is to lead the Board to ensure that it carries out its governance role effectively, and to provide leadership and direction to the general manager of the business on behalf of the Board.

The Board will annually evaluate its own performance.

## **5. Ratio of Shareholders Funds to Total Assets**

The ratio will be maintained at a minimum of 45% (net of any proposed dividend). Total assets are defined as the sum of all current and non-current assets of the company including goodwill.

## **6. Distribution Policy**

It is the company's intention to maximise distributions to Buller Holdings Limited after meeting the financial needs of the company including future operations and capital expenditure.

## **7. Accounting Policies**

WestReef Services Limited will adopt and adhere to accounting policies that are consistent with those of the Buller District Council and comply with appropriate accounting practices and in accordance with the Companies Act 1993, the Financial Reporting Act 2013, NZ Equivalents to International Financial Reporting Standards, and any other applicable laws and standards.

## **8. Information to be Reported**

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

### **Statement of Intent**

The Directors shall deliver to the shareholders a draft Statement of Intent by 1<sup>st</sup> March for comment by the shareholder. The Directors shall deliver to the shareholder a completed Statement of Intent by 30<sup>th</sup> June.

### **Consolidated Quarterly Reports**

The Directors shall deliver to the shareholders by 16th November, 23rd February and 16th May an un-audited report containing the following information as a minimum in respect to the quarter under review for the Buller Holdings Group.

- a. A revenue statement disclosing actual and budgeted revenue and expenditure with comparative figures for the previous equivalent period.
- b. A statement of financial position at the end of the half year.
- c. A statement of cashflows at the end of the half year.
- d. Key performance indicators.
- e. A commentary on the results for the quarter together with a report on the outlook for the remainder of the year 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 full year.

#### **Consolidated Annual Report**

The Directors shall deliver to the shareholders by 30th September a consolidated annual report and audited financial statements in respect the Buller Holdings Group to the financial year containing the following information as a minimum

- a. A Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to a dividend.
- b. A revenue statement disclosing revenue and expenditure with comparative figures for the previous year.
- c. A statement of financial position at the end of the year.
- d. A statement of cashflows.
- e. An auditor's report on the above statements and the measurement of performance in relation to key performance targets.

## 9. Performance Targets

The performance of WestReef Services Limited will be measured against the following targets:

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGETS		
		2024	2025	2026
Health & Safety	Medical Treatment Injuries	Nil	Nil	Nil
	Notifiable Incident ICAM (investigated with recommendations actioned)	100%	100%	100%
	Total safety audits completed	>100	>100	>100
	ISO 45001 Accreditation	Maintain accreditation	Maintain accreditation	Maintain accreditation
Operational	Employee Satisfaction – Staff turnover excluding retirement, redundancy, and internal transfers.	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark
	Client Satisfaction – Min 12 meetings per year	12	12	12
	Renewal of TQS1 certification	Achieved	Achieved	Achieved
Employee Development & Satisfaction	Undertake staff satisfaction survey (every 2nd year)	Nil	Survey completed	Nil
	Weekly department staff meetings	Achieved	Achieved	Achieved
Financial (\$000)	Revenue	\$16,124	\$16,495	\$16,808
	Expenditure	\$14,516	\$14,850	\$15,132
	Net Operating Surplus (EBIT)	\$1,608	\$1,645	\$1,676
	Provision for Capex	\$900	\$2.3m	\$600
	Competitively Procured Revenue	45%	45%	45%
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
Environmental	Number of	Nil	Nil	Nil

	enforcement notices			
	Business Environmental Footprint	Establish 2024 business footprint as baseline	Establish KPIs and Improve on 2024 baseline	Improve on 2025 baseline
<b>Community</b>	Support Minimum 25 community activities	25	25	25

## 10. Value of Shareholders Investment

The Directors estimate of the company value is not less than shareholders' funds.

## 11. New Investments

The Company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation, or enter into a major transaction is governed by the provisions in the Company's constitution, standards and agreed protocols as specified in the Charter between BHL and BDC.

The company will consult with the shareholders with regard to purchasing a business or subscribing for shares in any company or other organisation where that investment is more than 25% of shareholders' funds as at the previous balance date. Where the investment is more than 50% of shareholders' funds, shareholder and Council approval will be required.

Any significant decision of WestReef Services Limited affecting land or water will result in consideration of the relationship of Maori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga before it makes a decision that may significantly affect land or water. This is under s 60A Local Government Act 2002 Amendment Act 2019.

Buller District Council has approved the purchase of land to be used for development of a depot.

## **12. Role in the Buller District Council Group and Regional Economy**

### **(a) Commercial Relationship**

WestReef Services Limited acknowledges, as a wholly owned subsidiary of BHL, that there may be commercial opportunities within, or in partnership with other group entities that can be developed to benefit the company, BHL and the Buller region.

### **(b) Growth of the Regional Economy**

WestReef Services Limited acknowledges that it has a role to play in promoting the growth of the Buller region by contributing to regional initiatives as a good corporate citizen.

### **(c) Customer Service Principles**

As part of the Buller District Council Group, WestReef Services Limited has adopted the Council's Customer Service Principles and Action policies.



# **BULLER RECREATION LIMITED**

## **DRAFT STATEMENT OF INTENT FOR THE YEAR ENDED 30 JUNE 2024**

## 1. Preamble

Buller Recreation Limited ("Company") is a fully owned subsidiary of Buller Holdings Limited (BHL) and was established to purchase the Pulse Energy Recreation Centre from the Buller District Council (Council), and to fulfil a service contract with Council for the provision of recreation services to the Buller community. Buller Recreation Limited continues to enhance the quality of life for the community with high quality recreation facilities, services, and experiences.

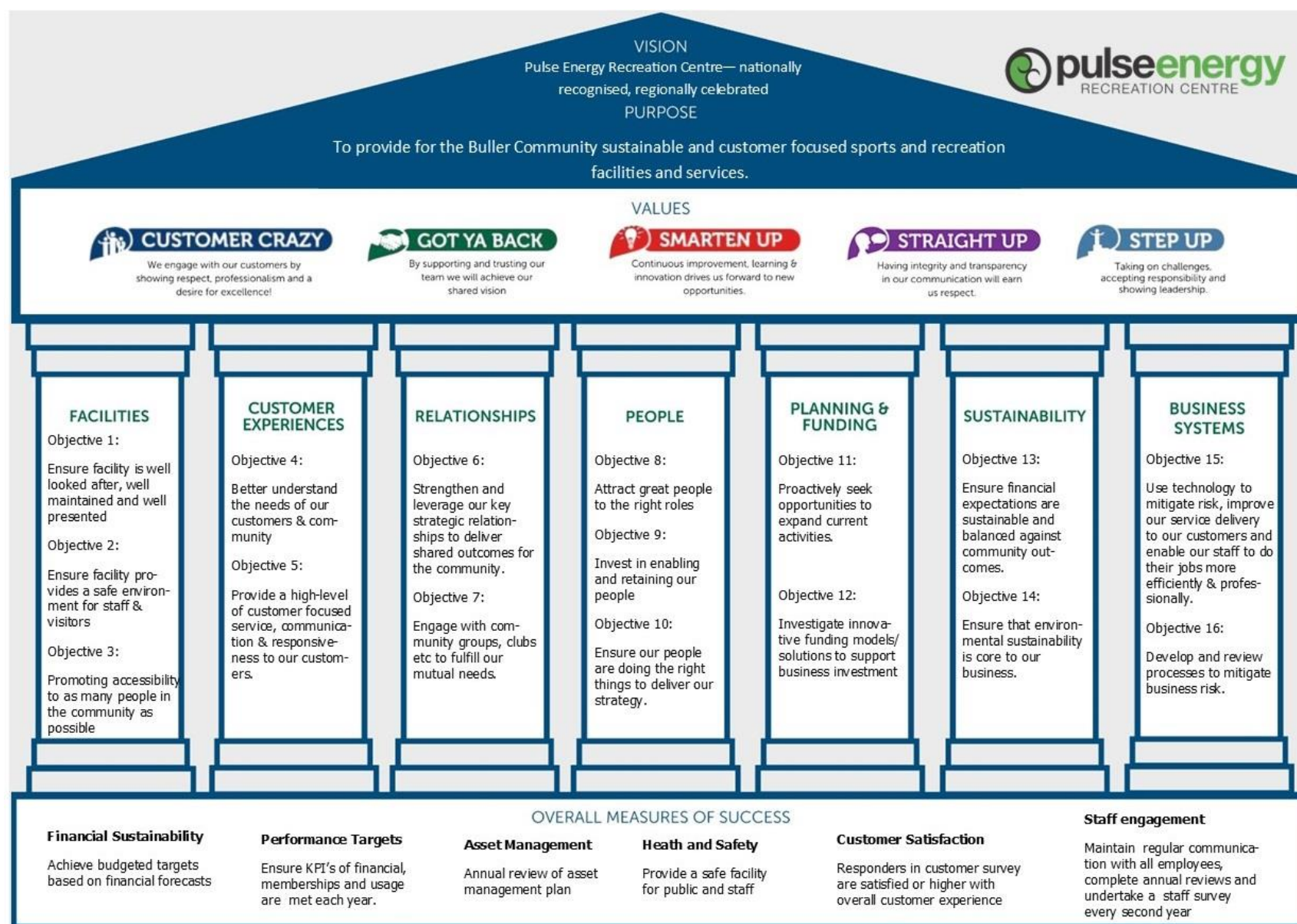
Section 6 (1) of the Local Government Act 2002 ("Act"), provides that any company in which equity securities carrying 50% or more of the voting rights are held by one or more local authority is to be known as a council controlled organisation. In addition, any council-controlled organisation that operates a trading undertaking for the purposes of making a profit is considered a council-controlled trading organisation. The Company is a council-controlled trading organisation for the purposes of the Act and is therefore required to have a Statement of Intent (SOI) that complies with clause 9 of Schedule 8.

This SOI, prepared in terms of the Act and clause 22.1 of the Constitution of Buller Recreation Limited sets out the activities and intentions of the Company for the year ending 30th June 2024. The Company will update its SOI annually and deliver a draft to shareholders before 1st March each year and a completed SOI by 30th June each year.

## Outlook

Inflation pressure on expenditure such as insurance, electricity and other expenses have increased operating costs and this is expected to continue. The Company will pursue opportunities for increasing patronage and revenue which offsets the management fee paid by Council. The management fee has not been increased for 4 years and an increase of \$55,000 has been forecast in year 2 of the SOI.





## **2. Objective**

### **Introduction**

The strategic direction of the Company is guided by the vision, values, and strategic objectives. These provide the framework for the Company to make plans and investment decisions. The following is an overview of these key planning components.

### **Vision**

To provide for the Buller community, sustainable and customer-focused sport and recreation facilities and services.

### **Objectives**

The principal objective of Buller Recreation Limited is to operate as a successful business. In pursuing this objective, the company is guided by the following key principles.

#### **a) Financial Performance**

The Company is committed to operating as a successful business in accordance with a Service Level Agreement with Council. The definition of a successful business is broader than financial returns. It also considers the social, economic and environmental needs of the community. The company is proud of its recent performance of working with it's customers and the wider community to meet their wellbeing needs. Given the ongoing pandemic and weather events this has been very important.

#### **(b) Service**

The Company recognises that the needs of its major customers are paramount and is committed to meeting these needs. It also recognises the need to develop its customer base to ensure sustainability of the business in the future.

**(c) Employee Relations**

The Company values its employees and will recruit and retain employees with the skills necessary to run the business and will provide opportunities for staff training and development.

It will ensure that employees are fairly treated and provided with good and safe working conditions.

The Company, together with its employees, will create a culture that recognises the importance of being competitive, the value of delivering high quality customer service and the mutual benefit of continued employment. This will involve effective leadership and communication.

**(d) Safety and Environment**

Our work will support a trained and capable workforce that drives ongoing health and safety for our workers, stakeholders and facility users. Buller Recreation will uphold all health and safety legislation and will meet or exceed the Council's health and safety requirements for Contractors. We will work towards making sustained improvements to health and safety outcomes, with a goal of ensuring that our work does not create harm.

**3. Nature and Scope of Activities**

Buller Recreation Limited core business is to provide accessible sport, recreation and event services and facilities to residents and visitors to the Buller district of New Zealand. The main asset under Company management is the Pulse Energy Recreation Centre, which is an impressive community asset. This comprises an aquatic centre, a fitness centre, including a group fitness room, a two court Stadium, a water turf, and squash court.

The Company employs approximately 30 full time, fixed term, part-time, and casual staff and as part of the Buller Holdings group is a significant employer in the Buller District.

We were delighted receive the wonderful news in October 2022 that two of our staff members were shortlisted finalists in the Exercise NZ trainer of the year awards.

We welcomed 98,100 users to our facility in the 2021/22 financial year. The centre was closed for three weeks in 2022 due to the Covid-19 regulations that have affected recreational facilities. BRL has performed very well managing the Covid-19 pandemic. We continue to be vigilant and promote a safe environment while being fiscally responsible. Severe weather events also had a detrimental impact on the centre and the wider Buller community. The centre played an important role assisting residents with health and wellbeing as a result of these events. We will continue to work hard to welcome both members of our community and visitors to our facilities during the 2023/2024 year. We will continue to work hard to welcome both members of our community and visitors to our facilities during the 2023/2024 year.

The Company also run the Reefton Swimming Pool that provides supervised swimming and valuable swimming tuition for Reefton community. Substantial building upgrades were completed in March 2021 and it will continue to be a valuable community asset.

### **Aquatic Facilities**

This is an aquatic centre, recognised locally as providing a variety of recreational & leisure, competition, aquatic education, exercise, health & wellbeing activities using our 25m Lap Pool, Hydrotherapy and Leisure/Toddlers pools. The configuration of the lap pool also accommodates regional aquatic events with the venue home to Westport's Amateur Swimming Club. By promoting quality Learn

To Swim lessons, we give children the confidence required when in water. The personalised swimming lessons provided by our qualified instructors has been particularly well received by the community.

## **Fitness Centre**

With an extensive range of modern gym equipment, a wide range of group fitness classes and with the help of our qualified fitness trainers' users can tackle their fitness goals head on. We now provide an exceptional fitness facility to provide the Buller community with a quality experience. We expanded our range of classes during 2022/2023 year to meet our clients' needs and this included more Yoga classes and the introduction of Pilates. These classes have been very successful.

## **Sports and Events**

### **Indoor Stadium**

The Indoor Stadium feature a sprung wooden floor and can be split into two courts to allow two different activities to take place at the same time. The two-court stadium is also available for larger events such as conferences, trade shows, award ceremonies, reunions, and other corporate and social events with kitchen facilities on site.

### **Hockey Turf**

The artificial water turf features a London Blue Poligras Olympia turf installed on the new Insitu Shockpad and has proven to be a valuable resource for many Buller sporting Codes. Sports played on the turf to date have included, Hockey, Soccer, Cricket and Ultimate Frisbee. The facility is the home of Buller Hockey and are very pleased to be able to offer a world class facility to both our community and visiting representative teams.

### **Squash Court**

Our modern squash court features a sprung wooden floor and glass back.

#### **4. Corporate Governance**

The Board of Directors of Buller Recreation Limited is responsible for the corporate governance of the Company. The term “corporate governance” encompasses the direction and control of the business by the Directors, and the accountability of Directors to shareholders and other stakeholders for the performance of the Company and compliance by the Company with laws, standards and agreed protocols as specified between Buller Holdings Limited and Buller District Council.

##### **Role of the Board**

The Board is responsible for the proper direction and control of the Company on behalf of the shareholders. The principal objective of the Company is to operate a successful business.

The functions of the Board include:

- Ensuring that the Company goals are clearly established, updated annually and that strategies are in place for achieving the goals.
- Establishing policies for strengthening and enhancing the performance of the Company.
- Monitoring the performance of the management relative to the established goals and plans, having delegated day-to-day management of the company to the manager.
- Annually receive a report on the assessment of the general manager's performance.
- Ensuring that the Company's financial position is fully protected so as to allow it to meet all debts and obligations as they fall due.
- Ensuring that the Company and group's financial statements are fairly presented and conform to law.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.

- Ensuring that the Company has appropriate risk management and regulatory compliance policies in place.
- Approving and implementing the Business Plan and Statement of Intent of the company, and
- Reviewing and approving the Company's capital investments and distributions

### **Board operations and membership**

The composition of the Board is determined in accordance with the following principles:

- The Board comprises up to 6 directors.
- The Board meets regularly, and schedules additional meetings as required. There are 2 sub committees, an Audit & Risk Committee, and a Health, Safety & Environment Committee.
- Directors receive formal Board papers for consideration and all necessary information to enable participation in an informed discussion of all agenda items.

The Company constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors.

The Board supports the concept of separation of governance and management of the businesses. The role of the Chairman is to lead the Board to ensure that it carries out its governance role effectively, and to provide leadership and direction to the general manager of the business on behalf of the Board.

The Board will annually evaluate its own performance.

## **5. Ratio of Shareholders Funds to Total Assets**

The ratio will be maintained at a minimum of 45% (net of any proposed dividend). Total assets are defined as the sum of all current and non-current assets of the company including goodwill.

## **6. Distribution Policy**

It is the company's intention to maximise distributions to Buller Holdings Limited after meeting the financial needs of the company including future operations and capital expenditure.

## **7. Accounting Policies**

Buller Recreation Limited will adopt and adhere to accounting policies that are consistent with those of the Buller District Council and comply with appropriate accounting practices and in accordance with the Companies Act 1993, the Financial Reporting Act 2013, NZ Equivalents to International Financial Reporting Standards, and any other applicable laws and standards.

## **8. Information to be Reported**

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

### **Statement of Intent**

The Directors shall deliver to the shareholders a draft Statement of Intent by 1<sup>st</sup> March for comment by the shareholder. The Directors shall deliver to the shareholder a completed Statement of Intent by 30<sup>th</sup> June.

### **Consolidated Quarterly Reports**

The Directors shall deliver to the shareholders by 16th November, 23rd February and 16th May an un-audited report containing the following information as a minimum in respect to the quarter under review for the Buller Holdings Group.

- a. A revenue statement disclosing actual and budgeted revenue and expenditure with comparative figures for the previous equivalent period.
- b. A statement of financial position at the end of the half year.



- c. A statement of cashflows at the end of the half year.
- d. Key performance indicators.
- e. A commentary on the results for the quarter together with a report on the outlook for the remainder of the year with reference to any significant factors that are likely to influence the company's performance, including an estimate of the financial result for the full year.

### Consolidated Annual Report

The Directors shall deliver to the shareholders by 30th September a consolidated annual report and audited financial statements in respect the Buller Holdings Group to the financial year containing the following information as a minimum.

- a. A Directors report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to a dividend.
- b. A revenue statement disclosing revenue and expenditure with comparative figures for the previous year.
- c. A statement of financial position at the end of the year.
- d. A statement of cashflows.
- e. An auditor's report on the above statements and the measurement of performance in relation to key performance targets.

## 9. Performance Targets

The performance of Buller Recreation Limited will be measured against the following targets:

Performance Measure	Key Performance Indicator	Targets		
		2024	2025	2026
Fitness membership	Average membership over 12-month period.	700	700	700
	Average retention rate over 12-month period	>75%	>75%	>75%
Aquatic centre usage	Average visits per month over 12 months	3,750	4,000	4,000
	Achieve number of students over 4 swimming terms	140	150	150

<b>Safety</b>	MTI	Nil	Nil	Nil
	Serious Harm Accidents	Nil	Nil	Nil
	LTI	Nil	Nil	Nil
<b>Work Environment</b>	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months.	Achieved	Achieved	Achieved
	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Achieved	Achieved	Achieved
	Complete annual review process with all staff	Achieved	Achieved	Achieved
	Undertake staff satisfaction survey every second year	Nil	Survey completed	Nil
	Undertake client satisfaction survey every second year.	Survey completed	Nil	Survey completed
<b>Asset Management</b>	Review of the Asset Management Plan annually	Achieved	Achieved	Achieved
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved	Achieved	Achieved
<b>Financial Forecasts (\$000)</b>	Revenue	\$735	\$752	\$766
	BDC Service level fee	\$851	\$906	\$923
	Expenditure	\$2,435	\$2,491	\$2,538
	Net operating surplus (deficit) (EBIT)	\$(849)	\$(833)	\$(849)
	Cash surplus/(deficit)	\$(129)	\$(103)	\$(119)
	Provision for capex (funded by Council)	\$355	\$148	\$485
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%

## 10. Value of Shareholders Investment

In 2021 the parent company Buller Holdings Limited impaired the value of the of the Recreation Centre in the Group financial accounts by \$9.1m. The value of the shareholder investment in Buller Recreation Limited reflects this impairment and is below Buller Recreation Limited's reported shareholder funds.

## **11. New Investments**

The Company's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation, or enter into a major transaction is governed by the provisions in the Company's constitution, standards and agreed protocols as specified in the Charter between the Company and Council.

The Company will consult with the shareholders with regard to purchasing a business or subscribing for shares in any company or other organisation where that investment is more than 25% of shareholders' funds as at the previous balance date. Where the investment is more than 50% of shareholders' funds, shareholder and Council approval will be required.

Any significant decision of Buller Recreation Limited affecting land or water will result in consideration of the relationship of Maori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga before it makes a decision that may significantly affect land or water. This is under s 60A Local Government Act 2002 Amendment Act 2019.

## **12. Role in the Buller District Council Group and Regional Economy**

### **(a) Commercial Relationship**

Buller Recreation Limited acknowledges, as a wholly owned subsidiary of BHL, that there may be commercial opportunities within, or in partnership with other group entities that can be developed to benefit the company, BHL and the Buller region.

### **(b) Growth of the Regional Economy**

Buller Recreation Limited acknowledges that it has a role to play in promoting the growth of the Buller region by contributing to regional initiatives as a good corporate citizen.

(c) Customer Service Principles

Buller Recreation Limited has adopted customer service principles that ensure all customers are given the service that they expect and are entitled to.

DRAFT

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 7**

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments** 1 Westport Airport Authority Statement of Intent 2023-2024

### **STATEMENT OF INTENT – WESTPORT AIRPORT AUTHORITY**

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#### **1. REPORT PURPOSE**

Council is required to receive Statements of Intent (SOI) for each of its Council Controlled Organisations (CCOs) relating to the upcoming financial year.

This report presents the draft Westport Airport Authority Statement of Intent for the year 1 July 2023 to 30 June 2024.

#### **2. REPORT SUMMARY**

The Local Government Act (2002) requires the board of a CCO to deliver a draft Statement of Intent to Council each year to allow for review and comment on the content. The Act also requires the board to deliver a final Statement of Intent before 30 June. The Statement of Intent was delivered on 28 February 2023.

#### **3. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee:**

- a. receive the draft Statement of Intent for the Westport Airport Authority for the year ending 30 June 2024;**
- b. request staff to engage with the Ministry of Transport and report their views to the Council.**

#### **4. BACKGROUND**

Part 64 of the Local Government Act (2002) sets out that the purpose of a Statement of Intent is to:

- State publicly the activities and intentions of a Council-controlled organisation for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for the shareholders to influence the direction of the organisation; and
- Provide a basis for the accountability of the Directors to their shareholders for the performance of the organisation.

Schedule 8 of the Local Government Act (2002) sets out the detail about how the exchange between Council and the CCO occurs. The draft Statement of Intent must be delivered to its shareholders on or before 1 March. The final Statement of Intent must be delivered to Council before 30 June each year for approval.

Council has the power to pass a resolution requiring a modification to the Statement of Intent, however it should consult with the entity concerned before this occurs.

The Statements of Intent link the CCO's activities into Council's 2023/2024 annual planning processes and provide opportunities for Council to review the goals and negotiate key performance targets. The scope, objectives and performance targets of Council's CCOs summarised in the 2021-2031 Long Term Plans and 2023/2024 Annual Plan are based on the content of the Statements of Intent.

Our community has the opportunity to review and provide feedback on this information as part of the annual plan engagement process.

#### **5 ISSUES AND DISCUSSION - CHANGES TO THE STATEMENTS OF INTENT**

The Statement of Intent for the Westport Airport Authority sets out both non-financial and financial targets. The financial targets include three years' key performance indicators which include the next financial year and the following two future years.

A revision of the Statement of Intent has been completed as part of the Buller District Council 2023-2024 Annual Plan process. There are no changes to the non-financial targets, and these align to the targets that were set in the Long-Term Plan 2021-2031. There are changes to the budgeted costs and revenue.

The changes relating to operational costs, revenue received, and capital expenditure budgeted for the 2023-2024 year are set out below.

The changes in this draft Statement of Intent align to the amounts included in the Buller District Council Annual Plan for 2023-2024.

The changes have also been compared to:

- the 2022/2023 annual budget, and
- the forecast financial result for the airport as at 30 June 2023,

As the two financial positions are most relevant to the 2023/2024 SOI/budget, it is important to note that the airport activity is recovering from the challenges of Covid over the past three years which significantly reduced income from landing and service charges, while the airport lighting and other associated assets were badly damaged when flood waters covered significant areas of the airport.

<b>Financial Item</b>	<b>Annual Budget 2022/2023</b>	<b>Forecast result 2022/2023</b>	<b>Draft Annual Budget 2023-2024</b>	<b>Commentary</b>
Revenue	\$158,000	\$172,000	\$203,000	\$ lift in revenue reflects growth after significantly reduced activity at airport due to covid impacts.
Operating Expenditure	\$510,000	\$514,000	\$526,000	Maintenance budgets are conservative but can be balanced with capital spend.
Operating surplus/ (loss)	(\$352,000)	(\$342,000)	(\$323,000)	BDC and MOT share the annual loss 50:50 at \$161,500. Council has budgeted its share at \$176,000 for 2023/2024. Council staff would be recommending to Council and MOT to hold their contributions at the higher levels to help reduce the working capital balance at the airport over time and have cash for the major runway resurfacing in about 2-3 years.
Capital Expenditure	\$127,000	\$39,000	\$116,000	Funded from the depreciation expense included in the operating expenditure. Capital expenditure can vary greatly

<b>Financial Item</b>	<b>Annual Budget 2022/2023</b>	<b>Forecast result 2022/2023</b>	<b>Draft Annual Budget 2023-2024</b>	<b>Commentary</b>
				from year to years as is noted here.

Discussions on the SOI and budget will be held with the Ministry of Transport (the CCO Joint Venture partner) as a follow up from this committee's decision(s).

## **6. OPTIONS**

Not Applicable

## **7. CONSIDERATIONS**

### **7.1 Strategic Alignment**

Council works in parallel with the CCOs to drive the strategic outcomes set in the Long-Term Plan.

### **7.2 Significance Assessment**

The success of the CCOs is imperative to ensure the financial stability of Council. As well, those services provided by the CCOs as set out in the Long-Term Plan and Annual Plans are deemed significant. Therefore, understanding the budgeting and non-financial targets of each CCO is important to highlight any changes which in turn may affect Council and result in a matter occurring which is deemed significant under the Significance and Engagement Policy.

### **7.3 Tangata Whenua Considerations**

No specific considerations have been identified.

### **7.4 Risk Management Implications**

If Council does not engage with the Westport Airport Authority to complete the Statement of Intent to ensure it is adopted by 30 June, it will not support the board to meet the requirements of section 64 of the Local Government Act (2002), and Schedule 8 of that Act.

### **7.5 Policy Framework Implications**

Adoption of CCO Statements of Intent are required each year to ensure the financial data can be incorporated into Council Annual and Long Term Plans. This then links to the requirement for ratepayers to partially fund the Westport Airport activity as set out in the Revenue and Financing Policy, and included in the the Funding Impact Statement (Rates Policy).



**7.6 Legal Implications**

Section 64 of the Local Government Act (2002) and Schedule 8 of the Local Government Act 2002 as discussed above.

**7.7 Financial / Budget Implications**

There are no unbudgeted costs or financial implications.

**7.8 Consultation Considerations**

Nil consultation considerations identified.

# **WESTPORT AIRPORT AUTHORITY**

**Statement of Intent  
For the year ended  
30 June 2024**

**WESTPORT AIRPORT AUTHORITY  
STATEMENT OF INTENT  
FOR THE YEAR ENDING 30 JUNE 2024**

Introduction

The Westport Airport Authority is a joint venture operation between the Buller District Council and the Ministry of Transport (on behalf of the Crown). Management and control of the Airport is vested in the Buller District Council.

This Statement of Intent sets out the intention and the objectives for the joint venture for the period 1 July 2023 to 30 June 2024 and the following financial year.

Objectives

The principal objective is to operate a safe and efficient airport facility and assist in the provision of air services for visitors and stakeholders alike.

To operate as close as possible to a commercial business offering cost effective value for the ratepayer investment.

To maintain the Airport's assets and infrastructure at a level compliant with our CAA Part 139 certification status.

To pursue any commercial undertakings at the Airport that will complement the Airport operation and increase the level of economic activity

Nature and Scope of the Activities to be Undertaken

The nature of the activities of the Airport is to operate Airport facilities at Westport that support scheduled flights and other general aviation activity including air ambulance, charter and leisure.

The Airports scope envelops the provision, maintenance, upgrading and enhancement of services and facilities to accommodate the safe movement of aircraft and the efficient facilitation of passengers and cargo through the Airport.

In addition to the airside operations the airport authority also derives income from providing ground handling services to the scheduled operator, managing property leases and car parking.

Accounting Policies

The accounting policies used by the Westport Airport Authority are consistent with generally accepted accounting principles, legal requirements and the Joint Venture Agreement. Major accounting policies are as follows;

*Property, Plant and Equipment*

Property, Plant and Equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition and construction of the asset.

*Depreciation*

Depreciation of fixed assets, other than land, is provided on a straight-line basis at rates calculated to allocate the cost of the assets over their estimated useful lives.

*Goods and Services Tax*

The financial statements are prepared exclusive of Goods and Services Tax except for accounts payable and receivable which are stated inclusive of GST. The WAA is not registered for GST on their own account, GST is accounted for as a division of Buller District Council.

*Income Tax*

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax. Tax expense includes the current tax liability and adjustments to prior tax liabilities.

*Cash and Bank Accounts*

Cash and bank accounts include cash on hand and deposits held at call with banks.

*Trade and Other Receivables*

Trade and other receivables are initially measured at the amount owed. When it is likely that the amount owed (or some portion) will not be collected, a provision for impairment is recognized and the loss is recorded as a bad debt expense.

*Buller District Council Current Account*

Buller District Council advances funds to the Airport Authority on a current account basis to enable the Authority's creditor obligations to be met as they fall due. This current account advance is recognised as either a current asset or a current liability. The account is measured at amortised cost using the effective interest rate method.

*Creditors and Other Payables*

Creditors and other payables are measured at the amount owed.

*Revenue and Expenditure*

Landing fees and Grazing income are billed by the Authority and are recognised when receivable. Expenses are recognised when they are incurred. Leases are recognised on a straight-line basis over the lease term.

**WESTPORT AIRPORT**

	<b>AP Budget 2023/2024</b>	<b>LTP Budget 2024/2025</b>	<b>LTP Budget 2025/2026</b>
<b>INCOME</b>			
Airport Dues/Landing Charges	42,230	50,888	51,804
Farmland Lease	43,260	42,000	42,000
Terminal and Sundry Income	16,995	15,903	16,189
Service Charge	98,880	111,318	113,321
Electricity Recovery	1,906	1,807	1,839
<b>Total Income</b>	<b>203,271</b>	<b>221,915</b>	<b>225,153</b>
<b>EXPENDITURE</b>			
Employment Costs	198,086	155,477	158,580
Power	9,455	9,542	9,713
Audit Fees	19,055	11,132	11,332
Shop Supplies	309	318	324
Depreciation	97,197	70,298	83,007
Consultants	5,253	5,301	5,396
Bank/ Eftpos Fees	515	420	427
Cleaning	1,030	2,120	2,159
General Expenses	12,875	14,847	15,114
Insurance	10,932	9,913	10,091
Legal Fees	2,060	2,120	1,079
WestReef Outwork	0	4,771	4,857
Publications/Subscriptions	3,605	2,650	2,698
Rates	1,039	448	456
Rents and Leases	3,152	3,181	3,238
Rep/Mtce and other Outwork	42,400	82,693	94,974
Training	10,300	10,597	10,788
Telephone	2,060	2,328	2,370
Share of Overheads	106,957	88,311	90,186
<b>Total Expenditure</b>	<b>526,281</b>	<b>476,466</b>	<b>506,789</b>
<b>Profit/(Loss)</b>	<b>(323,010)</b>	<b>(254,552)</b>	<b>(281,636)</b>
<b>CAPITAL EXPENDITURE</b>			
Other Assets	50,506	10,602	226,643
Other Plant	39,305	0	0
Furniture & Fittings	0	3,181	0
Buildings - Carpark	26,265	0	0
Signs	0	2,120	0
Airport Lighting	0	0	97,133
<b>Total Capital Expenditure</b>	<b>116,076</b>	<b>15,903</b>	<b>323,775</b>

Capital Expenditure

The budget is expected to be used to complete the carpark reseal and road connections, replace fencing and purchase a vehicle.

### Performance Targets

The Joint Venture performance will be judged against the following measures:

	<b>AP Budget 2023/2024</b>	<b>LTP Budget 2024/2025</b>	<b>LTP Budget 2025/2026</b>
Operating Revenue	203,271	221,915	225,153
Operating Expenditure	526,281	476,466	506,789
Net Profit (Loss)	(323,010)	(254,552)	(281,636)
Capital Expenditure	116,076	15,903	323,775

### Ratio of Shareholder Funds to Total Assets

The forecast ratio of shareholder funds to total assets for the next 3 years is:

2023/24	2024/25	2025/26
99%	99%	99%

Shareholder Funds is represented by Total Equity. Total Assets is Total Current and Non Current Assets not including any liabilities.

### Profit or Loss Ownership

Profits or losses will be shared equally between the Joint Venture partners on a 50/50 basis from annual surpluses/deficits after tax, made after the deduction of appropriations to reserves amounting to a maximum total of the depreciation charged in that year.

### Information to be Provided to Partners

The Annual Report is to be provided to shareholders within three months of the end of each financial year.

The report will include:

- A Statement of Financial Performance and Statement of Financial Position including comparison with the previous financial period.
- Any other statements as may be required by generally accepted accounting principles and legislation.

The report will also include a report from the appointed auditors.

### Acquisition Policy

The Westport Airport Authority does not anticipate that it will acquire any new equity investments other than the purchase of operational assets approved as part of the yearly budgeting process. Any major acquisitions will only be

entered into with the prior approval of the joint venture partners; Buller District Council and The Ministry of Transport.

Distribution Policy

The Westport Airport Authority has the ability should there be surplus funds available to distribute funds to each of the joint venture partners. This is unlikely due to the current level of accumulated profits (Accumulated Losses are \$503,563 as at 30 June 2022)

Other Matters Agreed by Partners

The Westport Airport Authority being owned by the Buller District Council and the Ministry of Transport (on behalf of the Crown) has commitments to the public.

- A commitment to the environment.  
To comply with the Resource Management Act and undertake its activities in an environmentally sound manner having regard to the interest of the community.
- A commitment to service.  
To systematically improve the quality and cost effectiveness of services provided to customers.
- A commitment to the community.  
To operate the Airport with due regard to sound, cultural and environment issues arising from the community in which they are located.

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 8**

**Prepared By:** Douglas Marshall  
Chief Financial Officer

**Reviewed By:** Rachel Townrow  
Acting Chief Executive Officer

#### **BULLER HOLDINGS UPDATE ON DIRECTOR APPOINTMENTS AND ASSOCIATED REMUNERATION MARCH 2023**

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##### **1. REPORT PURPOSE**

This report is provided to give the committee an update on the status of the Director appointments to Buller Holdings Limited and its subsidiaries.

The report also comments on remuneration levels of the Directors.

##### **2. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee regarding Buller Holdings Limited**

- a) receive the report on the status of Directors plus their associated remuneration,**
- b) request Council staff to seek a Directors' remuneration review for consideration prior to the 2023 AGM,**
- c) request Council staff to seek a proposal for a Directors' evaluation review for consideration prior to the 2023 AGM.**

##### **3. BACKGROUND**

Council as the owner of Buller Holdings Limited needs to keep reviewing several matters, including Director appointments and their remuneration levels.

The Finance, Risk and Audit Committee considered a report in November 2021 which reviewed Directors' remuneration levels.



The resolution adopted was as follows:

Extract from minutes 17 November 2021

**RESOLVED** that the Finance Risk and Audit Committee:

1. approve the Buller Holdings Limited Director remuneration as per below, effective from the Buller Holdings Annual General Meeting to be held 7 December 2021,
  - c. Comparator Fee benchmarked average:

Chairperson	\$52,857
Director	\$24,870
Chair Audit Committee	\$29,428
2. agree to review the Buller Holdings Limited Director remuneration in two year's time, with the next review to take place July 2023, to ensure that Council can continue to remain competitive in the market.

**Cr J Howard/Cr J Bougen**

**9/10**

**CARRIED**

**Cr M Montgomery opposed**

The committee will note above that a review of the BHL Directory remuneration is required in July 2023.

Unless the committee thinks there is a reason not to do this review, Council staff will proceed to undertake the review and report back in July.

After the above resolution, Buller Holdings advised of the creation of an additional committee relating to Health and Safety responsibilities. The Chairperson role of this committee needed their role recognised by a lift in remuneration.

The Finance, Risk and Audit Committee adopted the resolution below at its meeting of 20 July 2022,

2. **approve an increase in the Director remuneration pool of \$4,558 in order to appropriately remunerate the Chair of Health & Safety.**

The Council has appointed five Directors to BHL, who are also Directors of Westreef Services Limited and Buller Recreation Limited. The five Directors remuneration covers their appointment to all three companies.

Council uses The Institute of Directors appointment service for appointments and remuneration reviews.

A summary of the Director appointments is as follows:

<b>Director Name</b>	<b>Role</b>	<b>Annual Remuneration</b>	<b>First Appointed to BHL</b>	<b>Current Term Ends</b>
Rob Burdekin	Director	\$24,870	1/4/2020	AGM 2023
Steve Grave	Chairperson of the Board	\$52,857	1/4/2020	AGM 2024
Kieran Sweetman	Director	\$24,870	7/12/2021	AGM 2024
Vanessa van Uden	Chair of Health & Safety Committee	\$29,428	7/12/2021	AGM 2024
Gareth Allen	Chair of Finance & Audit Committee	\$29,428	29/10/2014	AGM 2025

Rob Burdekin's term finishes at the 2023 AGM of Buller Holdings. A decision will need to be made in the coming months about whether to appoint Mr Burdekin for a further term.

The Institute of Directors offers several services as noted above but also a board evaluation service. That service involves The Institute of Directors discussing the Council's requirements and developing a mix of services specific to the BHL/Council needs for evaluating board and Director performance.

Such an evaluation services provides the Council with feedback on board activities but also as needed, the development of an action plan for improvements. It would also provide the Council and the board with the most up to date information on common and best practices for board activities.

Council staff would recommend undertaking an evaluation and recommend to the committee that a proposal for a board evaluation be sought for consideration.

## **5. OPTION**

There are two options the committee could consider about this report:

**Option 1** Support the recommendation provided by staff.

**Option 2** Propose an alternate recommendation.

## **6. CONSIDERATIONS**

### **6.1 Strategic Alignment**

Not relevant to this report.

### **6.2 Significance Assessment**

Not relevant to this report

### **6.3 Tangata Whenua Considerations**

The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value. Therefore, this decision does not specifically impact tangata whenua, their culture, and traditions.

### **6.4 Risk Management Implications**

Receiving this paper and acting on the recommendations is key part of managing the various risks that the Council has in owning a Council-controlled organisation.

### **6.5 Policy Framework Implications**

Accepting this paper does not provide Council with a significant risk.

### **6.7 Legal Implications**

There are no legal implications with this report and the recommendation.

### **6.8 Financial / Budget Implications**

Most of this work outlined in this report can be undertaken using Council staff resources.

### **6.9 Consultation Considerations**

There is no consultation with the public require.

## RISK AND AUDIT COMMITTEE

19 APRIL 2023

### AGENDA ITEM 9

**Prepared by** Douglas Marshall  
Chief Financial Officer

**Attachment 1** Council Strategic Risk Register

#### STRATEGIC RISK REGISTER

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##### 1. REPORT SUMMARY

The Strategic Risk Register was endorsed by the then, Finance Risk and Audit Committee (FRAC), 17 July 2019. This register identifies the organisational strategic risks and is monitored monthly by Senior Leadership Team and the Risk and Audit Committee.

The register will be updated quarterly or when new strategic risks are identified or require changes.

##### 2. RECOMMENDATION

**That the Risk and Audit Committee note the updates received for the strategic risk register as April 2023.**

*Changes to this report since the last report in December 2022 are in red.*

###### 1. Coastal Erosion and Sea Inundation of Westport Airport Runway

A seawall has been put in place to reduce possibility of effect of erosion from sea surge. A review of the effectiveness of the seawall will occur July 2023.

*Progress update September 2023.*

###### 2. Climate Change and Flooding Impacts on Council Assets and Infrastructure (Other Than Airport)

A large amount of the Stormwater assets have been repaired or are currently in the process of remediation. *NEMA have also now approved several "betterment proposals" submitted by BDC, which will be undertaken in 2023.* Waka Kotahi have now confirmed \$13.2 million of funding for repairs on local roads and the Karamea SPR.

The "bundle 1" tender packages were issued to Westreef under the terms and conditions of the maintenance contract prior to Christmas. This package totals \$1.2 million with 75% complete to date.

Further bundle packages are being prepared and issued with the main volume of work being issued using an NZTA panel approved approach in May/June.

*Progress update July 2023.*

### **3. Major Flooding of Westport Township**

Following the August 2022 red weather warning declaration, additional bund works were carried out under emergency work. Tranche 2 funding activity has commenced, and a programme of work developed to repair infrastructure from July/February floods.

Central Government are reviewing the Co-Investment Business Case, anticipated timeframe for a response is now expected in April/May 2023 as part of Central Government budget announcements.

Further flood mitigation assessment are being undertaken by BDC / WestReef staff to Coates Street and a cost benefit analysis is being undertaken to ascertain the purchase of pumps versus hiring of pumps.

*Progress update July 2023*

### **4. Central Government Three Waters Reform**

No changes to control plan.

This report was completed before the Government announcements on 1-3 April 2023.

*Progress update July 2023*

### **5. Climate Change Impacts Public Safety**

A Westport flood evacuation plan has been developed, peer reviewed and made publicly available for feedback. During the response to the August 2022 red weather warning river flooding event, this plan was a draft but allowed the Emergency Operations Centre (EOC) actions to be more effective demonstrating that lessons have been learnt from previous events.

Civil Defence are working with local Civil Defence community groups on more evacuation plans. Active plans exist for Karamea, Northern Buller, Carters Beach, Punakaiki, Reefton, Maruia/Springs Junction and Charleston. A plan for Waimangaroa is currently being progressed.

A group comprising of Council staff, lifeline services, emergency services, key suppliers of consumable goods, contractors and Civil Defence volunteers are enhancing planning and knowledge in how to respond to the Alpine fault

occurring. This work is currently Westport focused but will extend to the balance of the district in 2024.

*Progress update July 2023.*

## **6. Information Management**

Project is progressing with the appointment of a staff resource to project manage the day-to-day issues with document management, while Information Leadership have been engaged to lead the development of the systems and processes needed for the document management system.

The proposed completion date of the project is March 2023.

As reported in December 2022, this project will extend into the 2023/2024 financial year. Although quotes have been obtained to advance much quicker, the digital capture of the Council's property files, the cost exceeds budgets and thus will continue to be done on as part of business as usual.

*Progress update July 2023.*

## **7. Failure to Attract Business and Industry to the District**

Partnership Programme Governance Group is transitioning towards oversight of the Tranche 2 funding programme. The Co-Investment business case for multi model adoptions has been submitted to Central Government. BDC is a strategic operational partner with The Alliance Coastal Shipping Group.

The partnership will generate income associated with the Kawatiri dredge and port. Buller Environmental Improvement & Prosperity strategy continues with partnerships Kotahitanga mō te Taiao (KMTT) and the Nature Conservancy.

Other projects have created up to \$2m funding and creation of local jobs. Westland Mineral Sands progressing the extractive business associated with Westport port. Local employment opportunities are created. The Mayors for Jobs Taskforce has been funded for a further 12-months albeit in a different format however this still provides opportunities to support apprenticeships etc.

No change to above commentary.

*Progress update July 2023*

## **8 Financial Loss from Depreciate Assets and Unrealised Opportunities at Westport Port**

Tranche 2 funding for the dredging of the harbour and river areas have been approved by Central Government, that projects funding totals \$4.7 million. A further dredge funding programme for the Westport harbour and river areas has been secured from Buller Port Limited totalling just over \$1.5 million.

These two funding programmes provide income until December 2024 while contracts with Nelson Port for dredging (currently being undertaken) provide further cash to keep the dredge operational.

The Marpol regulations, which anticipated the dredge not being able to be operated after March 2025 with the current engine emissions, have been amended allowing the dredge to continue. More detail will be included in the dredge report to be reported on in May 2023 on this month's committee agenda.

*Progress update October 2023.*

**9. Lack of Key Infrastructure for Growing Tourism Demands**

Council to consider through the District Plan (TToPP) and additional regulations. Other infrastructure options and funding opportunities to be explored, alongside strategic planning for growth and development, with considerations to reforms, rebuild programmes, resilience and climate change.

No change to above commentary.

*Progress update October 2023*

**17. Legal Compliance for Reserves**

Regular meetings held with subcommittees. Terms of Reference in place for most, the others are under review. Health and safety requirements discussed, and any volunteer work now have records and risk assessments completed.

Currently working on developing AMPs / RMPs for all subcommittees – two members of BDC staff now have ongoing communications with the groups with oversight from Group Manager.

*Progress update June 2023.*

**18. Reefton Water Supply Non-Chlorination**

With budget agreed in the 2022 / 2023 Annual Plan, work is currently underway to proceed with this project.

A community engagement session held on 12 April in Reefton as part of roll-out of the Reefton Chlorination project.

There was a smallish crowd who were well engaged.

You can watch the engagement on:

<https://www.youtube.com/watch?v=LY0cGFUwKeU>

Significant communication will be ongoing, particularly when the chlorination units are switched on.

*Progress update July 2023.*

### 3. ISSUES & DISCUSSION

Council developed and adopted a Risk Management Framework based on the International Standard ISO 31000:2018 Risk Management – Guidelines, and the previous version AS/NZS ISO 31000:2009 Risk Management Standard, as well as benchmarking against select local government authorities' Risk Management Frameworks.

An effective and efficient Risk Management Framework must be adequately resourced and supported at the very top of an organisation's hierarchy. The Risk and Audit Committee (comprising of full Council) has been established with the purpose of endorsing management's risk approach, as well as assessing, monitoring and reporting on key risks. Effective risk management also requires a 'no blame' culture as well as clear lines of accountability and pathways for risk escalation.

Buller District Council's Risk Management Framework will be reviewed March 2023 to ensure that the practices are still fit for purpose.

#### *Risk Assessment Matrix to Enable Easy Review.*

**Table 7: Risk Assessment Matrix**

Consequence	Risk Assessment Matrix					
	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
	Likelihood					



## Buller District Council Strategic Risk Register



#	Strategic Aspect	Risk Title	Risk Description & Impact	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating	Control Plan	Treatment date due	Escalation Pathway
	Potential strategic matter	Brief and uncomplicated	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Based on the 8 risk categories in Table 6			Level of risk in the absence of controls	Description of existing controls	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner	Due date that treatment from control plan must be in place	To whom the Risk Owner / Control owner should escalate the risk should it exceed tolerance level
1	Natural Disaster	Coastal erosion and sea inundation of Westport Airport runway	IF the airport is not protected against coastal erosion, THEN erosion and inundation may continue to occur leading to the presence of Unsafe Conditions and revocation of the airport's Operating Certificate and ability to offer air services	Operations & service delivery	3	3	9	Debris exclusion fence constructed (February 2019) to prevent incursion of debris onto runway strip and runway	9	Practical works completed, and final progress report received by FRAC 20 September 2020. All controls are currently in place.	Sep-22	GM CCS
2	Natural Disaster	Climate change and flooding impacts on Council assets and infrastructure (other than Airport)	IF Council does not protect its assets and infrastructure of risk from coastal erosion, sea inundation and flooding, THEN there may be significant loss and impact	Financial/Economic	5	3	15	Council assets at risk identified in LTP. Actively managing known risks e.g. storm water	15	July 21 & Feb 22 floods have impacted key infrastructure in Buller. Slips has impacted water assets, roading etc. and an assessment programme is underway with funding packages approved or being further formulated and submitted to central govt for support.	Sep-22	GM IS
3	Natural Disaster	Major flooding of Westport township	IF adequate flood mitigation planning and or protection works are not designed and undertaken, THEN a catastrophic flood of the township, resulting from increased high intensity storm events, may occur leading to potential loss of life and considerable financial loss and infrastructure damage	Financial/Economic	5	2	10	River stop banking in place. Flood warning (telemetry) systems. Property tags around flood levels and consideration in issuing of building consents	10	Post July 21 & Feb 22 floods an independent Buller Flood governance group and the Westport Joint Rating committee have been established and working towards a multi-pronged approach to dealing with flood risk. There is WRCG/BDIC and central govt partnership approach with elected member representation on both groups. Funding packages are being developed with regards to a multipronged approach of adaption, mitigation and migration. Interim emergency works put in place during the Feb 22 flood will remain in place until a permanent solution is identified.	Sep-22	CEO
4	Assets and Infrastructure	Central Government three-waters reform	IF Central Government water reforms are not fit-for-purpose, THEN there may be significant impact and/or uncertainty resulting in legal/regulatory risk	Reputational/stakeholders	3	4	12	Advocacy through LGNZ. Participation in DIA workshops to inform strategic approach. Regional collaboration to address Three Waters reforms.	12	Developments from DIA are being closely monitored, including direction for service delivery. Three Waters reform information continues to unfold, and Council will consider options and make decisions based on thorough assessment of risks and opportunities. Regular updates to be provided through to council via workshops and continued council reports as required	Sep-22	GM IS

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5	Natural Disaster	Climate change impacts on public safety	If effective Civil Defence processes are not in place, THEN emergency response to an increasing number of civil defence events could be compromised, resulting in avoidable serious injury to, or loss of life of, a member or members of the public	Health & safety	5	3	15	Emergency Management Officer will continue working on 4 R's of emergency preparedness and response Staff training undertaken in emergency response (on-going) Public education and awareness Civil Defence exercises and simulations undertaken	10	West Coast Civil Defence Emergency Management continues to be actively governed via joint committee across the West Coast. A part time Emergency Management Officer (EMO) has now been appointed and will continue the work to facilitate training to local stakeholders including Council staff. Hazard mapping has been developed, and work has been conducted with WCJC, EMAT & NEMA to develop a draft national evacuation template that can then be tailored to the Buller District. There is a strong push to improve communications across the Buller which has seen new radio and communication equipment distributed.	Sep-22	CEO
6	Council systems	Information management	If a systematic approach to securing and accessing information is not established (including succession planning and staff retirements), THEN important information may be overlooked, undiscoverable or lost, leading to financial loss, lost opportunity, reputational impact or poor service delivery or service disruption	Operations & service delivery	5	2	10	Server back-ups	10	The Information Management project has been scoped and a Schedule of Works agreed upon with the preferred supplier. The project was initiated in October 2021 but has had to be trimmed back due to the inability to attract a Manager IM and Project Lead. It was further delayed due to the Feb 22 flood events. We have now been able to identify a Manager IM, with an intended start date of June 22, and have negotiated with our supplier to provide a Project Lead on a contract basis. The IM project will be recommenced in full in July 22 with an expected completion date of Mar 23.	Sep-22	GM CCS

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7	District Economic Vulnerability and Fragility	Failure to attract business and industry to the district	IF Council fails to identify and enable opportunities for economic growth in the district, THEN population decreases, job losses, and business closures may result, causing declines across various social indices and living standards	Reputational/stakeholders	3	3	9	Strengthened partnerships with PGF and DWC, Refresh of Economic Development Strategy, Ongoing advocacy.	9	Partnership Programme Governance group overseeing delivery of Central Government funded projects, Tranche 2 Economic Development plan with focus on environment opportunities and funding, Mayors Taskforce creating additional opportunities, Ongoing advocacy for new opportunities.  Noting the Economic Recovery post the Westport Flood, has been identified as a key strand for the recovery programme. The risk that the hospitality accommodation continues to be a long term housing option, therefore minimising access to domestic tourism, which could result in cancellation of events.  Tranche 2 appropriation application to Cabinet May 2022 This work is being considered with key stakeholders and the Buller Flood Steering Group that has been established to have direct oversight of this. BDC tranche 2 ED strategy progresses	Sep-22	CEO
8	Assets and Infrastructure	Financial loss from depreciating assets and unrealised opportunities at Westport Port	IF commercial opportunities are not investigated and realised for the Westport Port, THEN it will continue to cost ratepayers and depreciate in value, resulting in significant financial loss	Financial/Economic	3	3	9	Plan in place to source outport dredging business, Regular financial reporting to monitor progress.	9	Commercial opportunities have been identified and we are currently awaiting the outcome of consent hearings to see if one of these will be able to proceed. An increase to a current arrangement will see further revenue to the port at no extra cost to it. Both exercises are hoped to be completed by June 2022 and an assessment will be done then on the continued viability of the Port and dredge.	Sep-22	GM CCS
9	Assets and Infrastructure	Lack of key infrastructure for growing tourism demands	IF Council does not accurately prepare for the forecast ongoing growth of the domestic and international tourism industry, THEN Council-provided infrastructure may be inadequate for demand and not fit-for-purpose resulting in infrastructure failures	Reputational/stakeholders	4	2	8	Close working relationship with other key agencies and community.	8	Council to consider through the District Plan (TtoPP) and additional regulations, Other infrastructure options and funding opportunities to be explored, alongside strategic planning for growth and development, with considerations to reforms, rebuild programmes, resilience and climate change.	Sep-22	GM IS

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10	Council Financial Vulnerability	Heavy reliance on rates income with a low and aging population base	IF Council fails to explore and secure external income opportunities, THEN reliance on rates income will continue to increase towards Council's rates revenue 65% upper limit	Reputational/stakeholders	4	2	8	Commercial & Corporate portfolio established. Strengthened partnership with Iwi, Central Govt and DWC. Refreshed Economic Development strategy. Ongoing advocacy.	8	Projects in Partnerships governance group has progressed projects well through this forum and will continue to do so. BDC continue to receive quarterly informetric reports and these continue to identify that Buller is 'holding its own' in the current economic environment. Economic Development strategy continues to provide the framework. Ongoing advocacy through central government for the district and funding opportunities	Dec-22	CEO
11	Assets and Infrastructure	Business success of Buller Holdings Ltd	IF BHL is not commercially successful, THEN there could be a decrease in dividend available to Council that may result in an impact on ratepayers	Financial/Economic	4	2	8	Rigorous director appointment process to obtain the right focus and skillset. Regular review of strategic direction (input via Letter of Expectation & SOI process) and financial performance. Regular two way updates, reporting and communication.	6	Council & BHL Governors meet at least four times a year, on a more formal basis, with meeting minutes reported through to FRAC. Director appointments are undertaken with a view to diversify in service areas and future succession planning with board of directors. BHL through its contracting company WestReef Services Ltd are exploring opportunities for additional external contracting and traffic management services to grow the company.	Dec-22	Deputy Mayor and HR & H&S Advisor
12	Assets and Infrastructure	Leaching from historic uncontained waste sites	IF Council fails to comprehensively map and remediate historic waste disposal sites, THEN environmental contamination, public health concerns, community dissatisfaction and financial loss may occur	Environmental	3	2	6	No systematic controls in place	6	Continued monitoring of known locations to further determine risks of disturbance and any mitigating measures required. Site monitoring will provide a greater understanding of site history, contamination pathways, geological and hydrogeological connection and environmental receptors.	Dec-22	GM IS
13	Assets and Infrastructure	Costs associated with Special Purpose Road (SPR) to Karamea	IF Council fails to secure agreement with NZTA for alternative long-term funding for the Mokihinui to Karamea SPR by 2021/22, THEN rates will exceed affordability levels (due to a required rates increase of >\$300,000), resulting in ratepayer impact and dissatisfaction	Reputational/stakeholders	3	2	6	Funding agreement in place that secures 100% contribution by NZTA until 2021 (future funding arrangements are being negotiated)	6	Funding agreement in place that NZTA will fund 100% of the Karamea Highway Special Purpose Road costs until 2024. BDC put up a bid to NZTA for the work programme for the next 3 years, and NZTA agreed to fund 92% of the request. With regard to the SPR, there is no commitment from BDC to own the SPR. Ongoing negotiation with NZTA and development of the SPR Transition Plan advocating no additional burden for ratepayers.	Mar-23	GM IS

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14	Human Resources	Failure to recruit key roles	IF Council does not develop an effective recruitment strategy, THEN key managerial or technical roles may not be filled resulting in significant operational disruption and/or stress to existing staff	Operations & service delivery	3	2	6	Appointment of HR & H&S Advisor to implement strategies for recruitment, retention and succession planning	3	Recruitment framework reviewed and updated. Noting the national skill shortage we are currently facing. Succession planning in key roles occurring throughout the organisation to grow and develop young locals. Career Opportunities booklet developed and vocational pathways presentation to BHS students. Student opportunities for work experience and paid holiday positions developed.	Dec-22	HR & H&S Advisor
15	Natural Disaster	Major earthquake impacts on employees and public health and safety	IF Council's buildings are not EQ code-compliant, THEN Council employees and public may be seriously injured or killed in the event of a major earthquake	Health & safety	5	1	5	Systematic assessment of key Council buildings undertaken Earthquake strengthening of key Council buildings where necessary	5	Systematic assessment of key Council buildings undertaken Earthquake strengthening of key Council buildings where necessary. Building assessments of other Council buildings are undertaken as projects occur at individual buildings, with required work being included in the project. Systemic review of all other Council buildings and structures to establish risks and compliance and determine forward plan and priorities. Work with reserve subcommittees to review buildings on reserves and determine forward plan and priorities.	Dec-22	GM CS
16	Health & Safety Financial	Major Pandemic impacts on employees and public health and safety as well as creating financial risk for Council	IF a nation wide pandemic is called by MoH, and Council's buildings closed, THEN Council may not be able to provide all services and potential impact on income	Health & safety	3	4	12	Pandemic Plan (PP) and Business Continuity Plan (BCP) have been created and will be maintained to a 'live' level at all times. Financial monitoring is a key component of our plan.	13	Continue to maintain the PP & BCP documents to ensure they are 'fit for purpose' in the current everchanging climate. Implementation of RAT testing for employees to reduce the likelihood to business closure. Continue to monitor employee's wellness and promote the 'if unwell stay home' message. Enable staff the ability to work from home where possible to maintain business continuity if facilities are closed.	Dec-22	HR & H&S Advisor

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17	Legal Compliance	Legal compliance for reserves	IF legal requirements for reserves and activities on them are not met, THEN the activities may not be able to continue and/or Council may be subject to legal enforcement action	Legal/Regulatory	3	3	9	Subcommittees established, first meetings held and subsequent meetings being scheduled. Council staff able to provide greater support to subcommittees as and when required	9	Support and training programme to be developed for subcommittees on legal requirements and responsibilities, including health and safety, the Reserves Act, building compliance etc. Overall operational risk register for reserves and halls to be developed and reported through the Community, Environment and Services Committee. Individual operational risk registers to be developed by each subcommittee, with support from Council staff.	Sep-22	GM CS
18	Legal Compliance	Reefton Water Supply Non - Chlorination	IF the Reefton Water Supply remains unchlorinated, THEN the public health of residents remains at risk and Council may be subject to legal enforcement action	Health & safety - Legal - Regulatory	5	4	20	Precautionary Boil Water Notice. Water quality monitoring at reservoir, shock dosing the reservoir if there is a transgression.	20	The infrastructure upgrade project is now completed. Budget to proceed with residual disinfectant (Chlorination) will be considered in the 2022/23 Annual Plan, to manage the risk of re-contamination. The Water Safety Plan will be revised and resubmitted accordingly. Three water reform continues to progress by central government.	Sep-22	GM IS
19	Reputational / Stakeholder Engagement / Political	Failure to engage, consult and communicate with community and stakeholders	IF Council fail to engage our community in significant consultation processes THEN the risk of community confidence and stakeholder dissatisfaction would increase with negative impact on BDC reputation	Reputational/stakeholders	3	3	9	We are committed to maintaining the highest standards of integrity, compliance and ethics. We will continue to develop our governance structures to ensure that we manage business risk, maintain good relationships with our stakeholders and meet Council's delivery expectations and commitments. We will endeavour to make every customer and stakeholder contact a quality one and we will consider the interests of the broader community, including iwi, in delivering our services.	9	Customer Satisfaction Survey conducted 2020 with positive results and will continue bi-annually. MOU with iwi reviewed May 2021, with committee voting rights introduced from 1 July 2021. Recovery programme communication continues through public meetings, newspaper, social media and survey's. Vote 22 election campaign commenced July 2022	Dec-22	SLT

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20	Reputational / Stakeholder Engagement / Political	Delivery of Flood Recovery Action Programme	If Council fail to deliver the Flood Recovery Action Programme THEN the risk of community confidence, financial and economic loss, health, safety and wellbeing of the community and potentially employees would increase with negative impact on BDC reputation	Reputational/Stakeholders Health & Safety	5	4	20	Analysis of the main risks from the objectives from the RAP have been established, ensuring that the principles that guide recovery are considered:  •Protect the health, safety and security of people, animals and property •Be locally-led, regionally co-ordinated, nationally supported •Be responsive to the community's concerns •Engage with the community in making recovery decisions	12	The Flood Recovery Action Programme (RAP) continues to be delivered through the Recovery Team, with a number of action items completed or nearing completion. The five environments, built, natural and rural, community, economic and partnerships continues to be reviewed and refreshed to monitor risks through the RAP, with engagement through key stakeholder and contractors. Ongoing connectivity with the community continues through public meetings and the community hub.	Dec-22	SLT
21	Financial Reputational Legal	Cyber Security	If Council fail to protect their electronic data against the risk of exposure to cyber terrorism THEN Council could be exposed to financial losses, legal and reputational impacts resulting in ratepayer information being accessed and Council subject to legal action.	Reputational/Stakeholders Financial Legal	4	4	16	Employees inducted with computer system security policy and phishing training. VPN's in place for all remote accesses on devices and only approved devices are able to access the network. Firewall and antivirus security along with backups conducted.	12	Multi Factor Authentication for all users to be investigated along with the implementation of the new information management system. Additional learning management systems to aid in staff training and understanding of cyber security	Dec-22	GM CCS & CEO
22	Infrastructure Recovery	Externally Funded Infrastructure Recovery Programmes	If there is undue delay in making successful reimbursement claims for the externally funded infrastructure recovery programmes, THEN there is a risk that the approved credit facility will not be sufficient and costs will fall to Council.	Financial/Economic	5	4	20	Strong working relationship established with funding agencies. Agreed processes in place based on best practice. Pre-approval process in place for letting contracts. Internal change management process in place. Regular project team meetings occurring.	15	Programme governance as per Cabinet's decision. Formal notification of funding conditions to be provided. Programme team and support resourcing to enable delivery.	Dec-22	DCEO
23	Infrastructure Failure	Westport Water Supply Outage	If there are prolonged periods of foul weather that do not enable the Westport water reservoirs to be recharged, THEN there is a risk what water supply may cease for Westport and Caters Beach consumers	Operations & service delivery	5	4	20	Operational monitoring of intake, response escalation via water restriction orders as required and management of water loss.	20	Contingency planning with support from the National Emergency Management Agency - response / short term. Westport water supply resilience options package - short, medium and long term	Dec-23	CEO

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 10**

**Prepared by:** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Finance Manager

**Reviewed by:** Douglas Marshall  
Chief Financial Officer

**Attachment 1:** BDC Monthly Operational Report as at 28 February 2023

#### **MONTHLY FINANCIAL PERFORMANCE REPORT– AS AT 28 FEBRUARY 2023**

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##### **1. REPORT SUMMARY**

This report provides the Committee with an update on the financial performance for the eight months ending 28 February 2023. To help explain the variances this report is presented in three sections including “operational business as usual”, “additional grants”, and “flood event” sections.

The business-as-usual result to date is a loss of \$4.137m against a budgeted loss of \$1.964m, a negative variance of \$2.173m. This difference is mostly due to a timing variance in expenditure which is expected to resolve as the year progresses. Otherwise, revenue and expenditure are mainly on budget. More details relating to the variances can be found in the appendix.

The additional grant revenue and expenditure shows a surplus of \$1.166m against a budgeted surplus of \$0.349m, a positive variance of \$0.817m as a portion of grants relate to capital expenditure which is not included in this operations report.

The flood event result to date is an overall surplus of \$7.433m, it should be noted a portion of the flood event revenue relates to capital expenditure which is not included in this operations report.

The total reported surplus to February 2023 \$4.461m compared to a budgeted loss of \$1.615m, a positive variance of \$6,077m. The main reason for this variance is grant and flood recovery revenue and expenditure. It is also due to timing differences between when the budget anticipated the revenue or expenditure would occur and the actual timing of the revenue and expenses and non-budgeting of flood recovery income and expenditure.

##### **2. RECOMMENDATION**

**That the Risk and Audit Committee receive the Operational Performance Report to 28 February 2023 for information.**



### 3. OPERATIONAL FINANCIAL PERFORMANCE

A summary of the results is set out below, along with greater details in the following pages.

	Actual YTD	Annual Plan	YTD Variance		Projected Full Year	Annual Plan Full Year	Projected Variance Full Year
Operational Revenue	19,490,992	19,571,667	(80,675)	■	28,398,828	28,924,828	(526,000)
Operational Expenditure	23,628,491	21,535,842	(2,092,649)	■	34,088,783	31,902,033	(2,186,750)
TOTAL OPERATIONAL VARIANCE			(2,173,324)	■			(2,712,750)
Additional Grant Revenue	2,023,385	402,785	1,620,600	●	2,702,966	913,051	1,789,915
Additional Grant Expenditure	857,578	53,793	(803,785)	■	940,254	77,552	(862,702)
TOTAL ADDITIONAL GRANT VARIANCE			816,816	●			927,213
Flood Event Revenue	9,963,936	0	9,963,936	●	10,807,476	0	10,807,476
Flood Event Expenditure	2,530,621	0	(2,530,621)	■	3,374,161	0	(3,374,161)
TOTAL FLOOD EVENT VARIANCE			7,433,315	●			7,433,315
TOTAL PROFIT / (LOSS)			6,076,807	●			5,647,778
Net Profit / (loss)	4,461,624	(1,615,183)	6,076,807	●	3,506,072	(2,141,706)	5,647,778

**Key:** ● Favourable Variance + \$50k ■ Unfavourable Variance - \$50k ▲ Neutral Variance +/- \$50k

### **3.1 Operational Performance Report – Summary of Results to February 2023 and Projection for the Year Ahead**

Overall, operating revenue is \$0.081m lower than budgeted with the variance being mainly due to additional theatre income, higher than anticipated building activities and resource consents, offset due to timing differences on Westport Harbour and below budgeted income for community facilities, mainly relating to lower than budgeted lease income. It was budgeted to lease out the campground which did not materialise. \$40k of additional funding is expected to be received from the Ministry of Transport for Airport capital expenditure by the end of the year.

Because the corresponding Airport expenditure is not reported in this Operations Report, this additional revenue will be reported as a favourable difference for the remainder of the accounting year.

Operational expenditure is \$2.093m higher than budgeted mainly due to rehabilitation work on the dredge which was expected to be completed prior to 30 June 2022 and timing differences (mainly infrastructure delivery).

The dredge rehabilitation work was delayed allowing for completion of dredging in Westport prior to June 2022 and for it to occur when a dredging contract in Nelson was secured. The Nelson dredging and rehabilitation work was undertaken in September/October 2022.

The cost of this rehabilitation work, as well as the operating cost of the dredge, is all funded via the Tranche 2 Central Government service contract.

The dredge slipping expenditure will be a mixture of capital expenditure and repairs, and this work is being completed in line with the 2021-2031 Long-Term Plan which sets out that the work on the dredge would only be completed if a sound business case was developed, and it was.

To date, additional grant revenue consists of advance funding from Provincial Growth Fund (PGF) for the ongoing port projects, Mayors Taskforce for Jobs, KMTT restoring flora grant, National Transition Unit and Department of Internal Affairs. PGF grants will be spent on a combination of capital expenses and repairs.

Council will continue to receive significant funding over the next period for flood recovery works. As more information is confirmed regarding grant funding this will be included in future reports.

The report includes confirmed grant funding from the National Emergency Management Agency (NEMA) (Tranche 2) projects for the port projects.

NEMA are also funding flood recovery water infrastructure projects, and Ministry of Business and Innovation are providing funding for the temporary housing development at Alma Rd.

Waka Kotahi have funded flood recovery roading costs for both capital and operational costs, and Department of Internal Affairs have funded wages costs for flood recovery salaries.

**BULLER DISTRICT COUNCIL**  
**Operating Report for the Eight Months to February 2023**

Prepared by: Neil Engelbrecht  
Reviewed by: Lynn Brooks/Douglas Marshall

	Actual Year to Date	Annual Plan YTD Budget	YTD Variance	Status	Full Year Prediction	Annual Plan Budget	Variance Full Year Prediction	Explanation of Variances of \$50,000 or greater
<b>Operational Revenue</b>								
Community Services	317,586	220,889	96,697	●	341,119	341,119	0	NBS Theatre higher than predicted shop sales, admissions, and timing of external fundline.
Westport Harbour	1,555,556	1,842,051	(286,495)	■	2,200,000	2,766,000	(566,000)	Budget was based on an expected level of dredging in Westport between July 2022 and June 2023. The rehabilitation and Nelson dredging work took longer than anticipated which means that the projected income from Westport dredge activities in this year will be down on budget.
Governance & Representation	25,857	33,600	(7,743)	▲	33,600	33,600	0	
Water Supplies	2,816,668	2,801,360	15,308	▲	3,877,579	3,877,579	0	
Airport	113,155	103,466	9,689	▲	198,538	158,538	40,000	Ministry of Transport additional funding
Community Facilities	471,982	616,951	(144,969)	■	1,355,759	1,355,759	0	Orowaiti Cemetery and leasehold income less than budget, the remainder relates to budget phasing resulting in timing differences.
Roading & Transport	2,023,073	2,015,429	7,644	▲	2,971,814	2,971,814	0	
Regulatory Services	1,097,040	933,172	163,868	●	1,365,695	1,365,695	0	Higher than predicted building activity and resource consents. Additional reserve contributions not included in budget. Even though there was an increase in income, the cost related to Regulatory Service was well controlled, and have to date not increased in line with the income.
Solid Waste	776,465	743,358	33,107	▲	1,012,696	1,012,696	0	
Support Services	48,434	49,447	(1,013)	▲	76,360	76,360	0	
Council - General Rates & Treasury	8,059,951	8,021,757	38,194	▲	12,043,974	12,043,974	0	
Wastewater	2,185,226	2,186,937	(1,711)	▲	2,916,676	2,916,676	0	
Stormwater	0	3,250	(3,250)	▲	5,018	5,018	0	
<b>Total Operational Income</b>	<b>19,490,992</b>	<b>19,571,667</b>	<b>(80,675)</b>	■	<b>28,398,828</b>	<b>28,924,828</b>	<b>(526,000)</b>	
<b>Operational Expenditure</b>								
Community Services	2,896,912	2,797,077	(99,835)	■	4,121,329	4,121,329	0	Variance relates mainly to performance fees, additional shows were held that was not budgeted for, resulted in a corresponding increase in operational revenue. Other items offset and are in line with the overall budget.
Westport Harbour	3,381,920	1,735,526	(1,646,394)	■	4,355,381	2,535,881	(1,819,500)	Variance mainly due to timing of slipping costs (to date \$1,624m) incurred in advance of external funding for Westport dredging.
Governance & Representation	1,180,592	1,228,286	47,694	▲	1,808,375	1,808,375	0	Majority of variance relates to timing of rates review.
Water Supplies	2,736,350	2,483,284	(253,066)	■	3,867,736	3,669,799	(197,937)	Higher than budgeted repairs to date Westport Water \$168 due to water catchment challenges, Reefton Water \$25k, Cape Foulwind \$15k and Inangahua Water \$10k, less underspends in insurance and interest costs due to timing difference from budget phasing. Maintenance Contract costs escalation for new performance contract, pump hire for \$30k not able to be claimed from flood recovery, will be permanent overspend at end of year if unable to be mitigated in Westport Supply. Water supply and utilities are forecast to end the financial year over
Airport	356,445	344,044	(12,401)	▲	509,699	509,699	0	
Community Facilities	1,962,864	2,163,754	200,890	●	3,336,965	3,336,965	0	Repairs and maintenance expenditure is less than budget year to date.
Roading & Transport	5,290,716	5,316,961	26,245	▲	7,912,099	7,912,099	0	
Infrastructure Delivery (income and expenditure netted off)	307,952	(9,694)	(317,646)	■	(9)	(9)	0	Infrastructure Delivery Team YTD net deficit \$104k due to internal charges being down on budget allocation to date. This current variance is a timing issue and all PMO costs are expected to be charged out approximately by 30 June
Regulatory Services	1,868,931	1,933,703	64,772	●	2,895,908	2,895,908	0	
Solid Waste	1,021,438	1,025,871	4,433	▲	1,617,992	1,546,992	(71,000)	Contract review has been done and CPI adjustment incorporated into the forecast.
Support Services	338,649	198,339	(140,310)	■	234,787	234,787	0	Variance is mainly due to increase in consulting services relating to infrastructure planning and asset management oversight.
Wastewater	1,728,651	1,841,939	113,288	●	2,717,910	2,645,599	(72,311)	Difference is mainly due to less consultancy services and repairs expenditure.
Stormwater	557,071	476,752	(80,319)	■	710,611	684,609	(26,002)	Due to increase in repairs and maintenance work done, majority relating to the increase in Westreef contract.
<b>Total Operational Expenditure</b>	<b>23,628,491</b>	<b>21,535,842</b>	<b>(2,092,649)</b>	■	<b>34,088,783</b>	<b>31,902,033</b>	<b>(2,186,750)</b>	
<b>OPERATIONAL PROFIT / (LOSS)</b>	<b>(4,137,499)</b>	<b>(1,964,175)</b>	<b>(2,173,324)</b>	■	<b>(5,689,955)</b>	<b>(2,977,205)</b>	<b>(2,712,750)</b>	
<b>Additional Grant Revenue</b>								
Community Services	394,987	16,511	378,476	●	394,987	25,499	369,488	\$216k Mayors Taskforce for Jobs, \$146k KMTT Restoring flora and other small sundry grants all unbudgeted.
Westport Harbour	903,747	0	903,747	●	903,747	0	903,747	Provincial Growth Fund Port projects grant received and MBIE port Precinct Grant received. No budget allowed in 2022/2023 as project expected to be completed by 30 June 2022.
Commercial and Corporate Services	288,667	0	288,667	●	288,667	0	288,667	National Transition Unit and Department of Internal Affairs funding that was not budgeted for. This funding is used to fund expenditure that
Water Supplies	0	0	0	▲	0	0	0	
Community Facilities	182,873	261,810	(78,938)	■	715,565	587,552	128,013	Carnegie Library funding budgeted YTD of \$ 212kfor not yet received, offset by additional government subsidy of \$128k.
Roading & Transport	200,000	124,464	75,536	●	300,000	300,000	0	Westport Town Precinct & Pathways TIF grant exceeding budgeted amount. Timing difference.
Solid Waste	53,113	0	53,113	●	100,000	0	100,000	Grant received from ministry for the environment, not budgeted for.
<b>Total Additional Grants Income</b>	<b>2,023,385</b>	<b>402,785</b>	<b>1,620,600</b>	●	<b>2,702,966</b>	<b>913,051</b>	<b>1,789,915</b>	
<b>Additional Grant Expenditure (excludes Capital Expenditure)</b>								
Community Services	277,418	0	(277,418)	■	277,418	0	(277,418)	Mayors taskforce for job grant expenditure and small KMTT project expenses. Relates to unbudgeted income above.
Westport Harbour	485,284	0	(485,284)	■	485,284	0	(485,284)	Provincial Growth Fund Port projects. Mainly relating to repairs & Maintenance on the PGF project. Unbudgeted spend as per the income noted above.
Commercial and Corporate Services	0	0	0	▲	0	0	0	
Water Supplies	0	0	0	▲	0	0	0	
Community Facilities	34,436	53,793	19,357	▲	77,552	77,552	0	
Roading & Transport	0	0	0	▲	0	0	0	
Solid Waste	60,440	0	(60,440)	■	100,000	0	(100,000)	This expenditure relates to the cost of a study into how construction and demolition material in the District will be managed in the future. The cost is funded by the Ministry for the Environment. That funding creates a variance above. These costs relate to the feasibility stage of a larger project.
<b>Total Additional Grants Expenditure</b>	<b>857,578</b>	<b>53,793</b>	<b>(803,785)</b>	■	<b>940,254</b>	<b>77,552</b>	<b>(862,702)</b>	
<b>ADDITIONAL GRANTS PROFIT / (LOSS)</b>	<b>1,165,808</b>	<b>348,992</b>	<b>816,816</b>	●	<b>1,762,712</b>	<b>835,499</b>	<b>927,213</b>	
<b>Flood Event Revenue</b>								

All Flood Event Revenue	9,963,936	0	9,963,936	●	10,807,476	0	10,807,476	MBIE Housing, NEMA funding, DIA funding, MPI and Waka Kotahi flood events income received.
<b>Total Unbudgeted Flood Event Revenue</b>	<b>9,963,936</b>	<b>0</b>	<b>9,963,936</b>	●	<b>10,807,476</b>	<b>0</b>	<b>10,807,476</b>	
<b>Flood Event Expenditure (excludes Capital Expenditure)</b>								
Flood Event Operational Expenditure	2,530,621	0	(2,530,621)	■	3,374,161	0	(3,374,161)	Flood related operational expenditure to Feb including Mayoral Relief Fund payments. Projection is for operational expenses only, not capital.
<b>Total Unbudgeted Flood Event Expenditure</b>	<b>2,530,621</b>	<b>0</b>	<b>(2,530,621)</b>	■	<b>3,374,161</b>	<b>0</b>	<b>(3,374,161)</b>	
<b>FLOOD EVENT PROFIT / (LOSS)</b>	<b>7,433,315</b>	<b>0</b>	<b>7,433,315</b>	●	<b>7,433,315</b>	<b>0</b>	<b>7,433,315</b>	
<b>TOTAL PROFIT / (LOSS)</b>	<b>4,461,624</b>	<b>(1,615,183)</b>	<b>6,076,807</b>	●	<b>3,506,072</b>	<b>(2,141,706)</b>	<b>5,647,778</b>	

**Key**

● Favourable variance + \$50k or more  
 ■ Unfavourable variance - \$50k or more  
 ▲ Neutral variance within +/- \$50k

## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 11**

**Prepared by** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

### **INVESTMENTS AND BORROWINGS – AS AT 28 FEBRUARY 2023**

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#### **1. REPORT SUMMARY**

This report summarises Council's cash investments and borrowings for the month of February 2023, and compliance with Council treasury management policy.

#### **2. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the Investments and Borrowings report as at 28 February 2023 for information.**

#### **3. ISSUES AND DISCUSSION**

##### **3.1 Term Investments**

Total term investments (Including call account and other loans) have increased by \$400k since the last report to 31 January 2023 from \$16.513m to \$16.913m at 28 February 2023. The call account increased by \$400k from \$350k at 31 January 2023 to \$750k at 28 February 2023. The increase is due to surplus funds at a point in time being managed and invested in the call account to obtain higher interest rates.

##### **3.2 Bank Balance**

Council's current account closing balance have increased by \$668k since the last report to 31 January 2023. The balance increased from \$684k at 31 January 2023 to \$1.352m at 28 February 2023. The high current account balance at month end is due to 2 large debtors receipts at month end.

### **3.3 Interest Revenue**

Interest revenue to the end of January is \$483k against a YTD budget of \$471k and a full year budget of \$797k.

Council continues to reinvest term investment funds at the most favourable interest rate when deposits are available for renewal. The improving interest rates are reflected in the interest revenue for the year.

### **3.4 Borrowings and Net Debt Position**

Total borrowings remain at \$33.2m.

Net debt (borrowings less term investments and call account balance) has decreased by \$400k since last reported from \$18.3m to \$17.9m due to the call account movement noted above.

### **3.5 Compliance with Treasury Management Policy**

The Treasury Management Policy of Council is that all term deposits are held with New Zealand Registered banks with no more than \$10 million with any one institution. The terms and maturity dates of investments are spread to minimise Council's exposure to interest rate fluctuations while still aiming to optimise interest earned.

Council has approved the investment in Nelson Building Society (NBS) which is a breach of the Treasury Management Policy. The policy limits investments in Building Societies to a total of 10% of the portfolio and an individual Building Society to be no more than the lower of \$1m or 4% of its asset base.

Currently investments in NBS total \$3.468m representing 25% of the total investment portfolio. This planned breach will continue as investments mature and are rolled over as this level of investment is part of a sponsorship agreement.

## **4. CONSIDERATIONS**

### **4.1 Strategic Impact**

It is important that Council retains suitable cash holdings and credit facilities to ensure its activities and capital projects can be funded in a timely and affordable manner.

### **4.2 Significance Assessment**

The significance policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant because the matters disclosed are of a routine nature, and not large in terms of total assets and total annual operations of council.

### **4.3 Values Assessment**

The Buller District Council's values are: One Team; Community Driven; We Care; Future Focussed; and Integrity. Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.

Consideration of current and future cash requirements and intergenerational equity are required when managing cash deposits and credit facilities.

Public reporting of investments and borrowings encourages open and honest discussion and decision making.

#### **4.4 Risk Analysis**

Risk is assessed by taking into account the likelihood of an event occurring and the result of that event.

Cash flow management is an integral part of ensuring Council is able to deliver the services and projects it has committed to in successive Long Term and Annual Plans.

This risk is mitigated by establishing policies and procedures, engaging staff to manage investment and borrowings and regular reporting to Council to ensure high level oversight.

#### **4.5 Policy / Legal Considerations**

The Local Government Act 2002 and associated regulations prescribe prudent financial management and nationwide benchmarks. The financial prudence benchmarks are now compulsory sections included in Council Long Term/Annual Plans and Annual Reports.

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings.

#### **4.6 Tangata Whenua Considerations**

None identified.

#### **4.7 Views of Those Affected**

Council's financial strategies, investment levels and borrowing projections are included in the Long-Term Plan and Annual Plan consultation processes.

#### **4.8 Costs**

There are no extraordinary costs relating to investments and borrowings.

#### **4.9 Benefits**

The benefits of structured Treasury management include risk minimisation, prudent cash management and long term financial stability.

#### **4.10 Media / Publicity**

None identified.



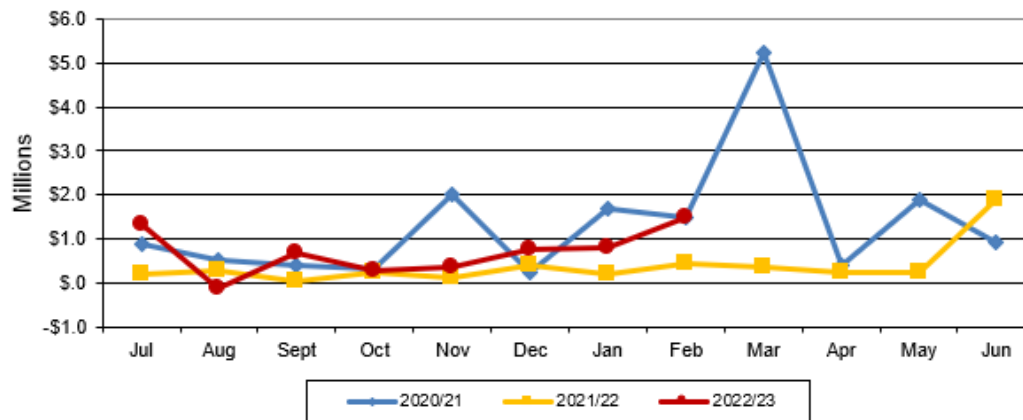
## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 28-Feb-23	Last Report 31-Jan-23	Last Year 30-Jun-22
Current Account Council	\$1,351,652*	\$683,537	\$1,866,900

\*High current account balance at month end due to 2 large debtors receipts at month end.

### 2. MONTH END BANK BALANCES



### 3. SUMMARY OF INVESTMENTS

	This Month 28-Feb-23	Last Report 31-Jan-23	Last Year 30-Jun-22
Term deposits	14,107,472	14,107,472	16,377,141
LGFA Borrower Notes	455,000	455,000	455,000
Call Account	750,000	350,000	700,000
<b>Balance before other loans</b>	<b>15,312,472</b>	<b>14,912,472</b>	<b>17,532,141</b>
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,610,982
<b>Total Investments</b>	<b>\$16,913,454</b>	<b>\$16,513,454</b>	<b>\$19,143,123</b>

### 3.1 Term Deposits

Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	ASB	1,325,000	6-Mar-2022	6-Mar-2023	2.10%
Term Deposit	BNZ	1,000,000	10-Mar-2022	10-Mar-2023	2.40%
Term Deposit	BNZ	500,000	8-Apr-2022	8-Apr-2023	2.70%
Term Deposit	NBS	400,000	4-May-2022	4-May-2023	2.70%
Term Deposit	ANZ	1,000,000	4-May-2022	4-May-2023	2.70%
Term Deposit	NBS	1,000,000	29-Jun-2022	29-Jun-2023	3.65%
Term Deposit	BNZ	1,000,000	30-Jun-2022	30-Jun-2023	3.65%
Term Deposit	NBS	1,534,038	18-Jul-2022	18-Jul-2023	3.65%
Term Deposit	ANZ	1,199,821	10-Oct-2022	9-Oct-2023	4.10%
Term Deposit	ASB	1,000,000	12-Oct-2022	12-Oct-2023	4.20%
Term Deposit	BNZ	1,636,800	4-Dec-2022	4-Mar-2023	2.80%
Term Deposit	NBS	534,037	13-Dec-2022	13-Jun-2023	4.50%
Term Deposit	ASB	977,776	23-Dec-2022	23-Jun-2023	4.55%
Term Deposit	ASB	1,000,000	23-Jan-2023	26-Aug-2023	4.90%
<b>Total Term Deposits</b>		<b>14,107,572</b>			

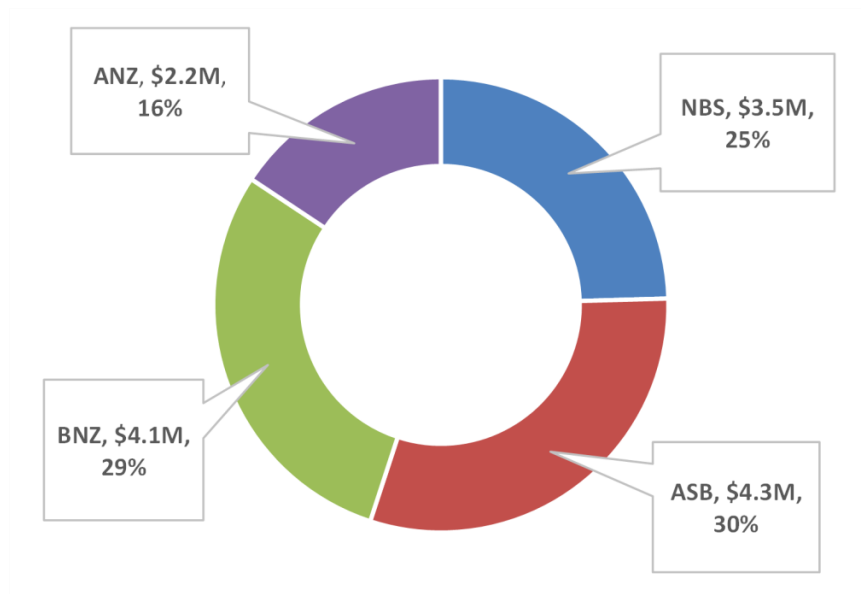
The objective of this table is to show a trend of rising interest rates over the past 12 months.

The BNZ term deposit placed on 4 December 2022 for just three months was to fill a gap in the maturity profiles where council is trying to have cash available from term deposits to balance our monthly cashflow needs.

There were three term deposits maturing at the beginning of March, which have been renewed on the following terms:

- ASB - \$1,325,000 renewed for 6 months until 13 September 2023 at 5.63% per annum;
- BNZ - \$1,000,000 renewed for 8 months until 5 November 2023 at 4.70 per annum;
- BNZ - \$1,636,000 renewed for 9 months until 29 November 2023 at 5.25% per annum.

### 3.2 Term Deposits Summary by Trading Bank



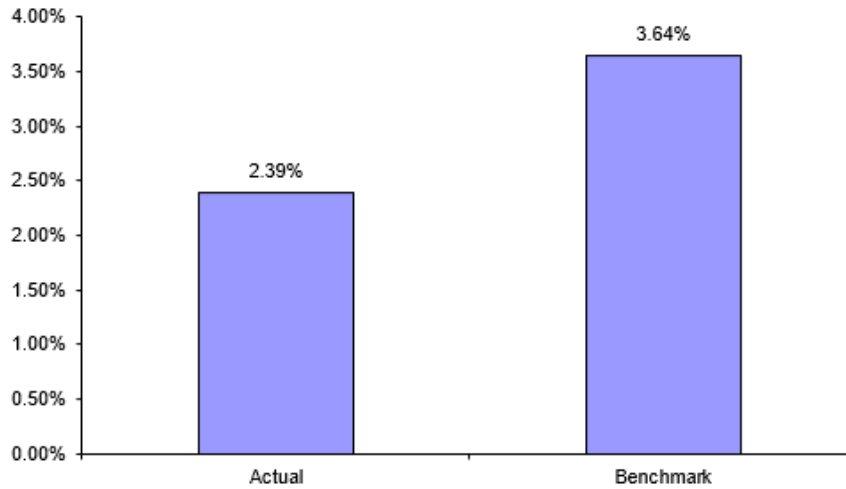
The maximum allowable investment per issuer is \$10m.

### 3.3 Local Government Funding Agency Borrower Notes

Investment Type	Counterparty	Amount	Maturity Date	Floating Interest Rate
LGFA Borrower Note	LGFA	80,000	1-Mar-2023	4.52%
LGFA Borrower Note	LGFA	125,000	1-Mar-2024	4.00%
LGFA Borrower Note	LGFA	125,000	1-May-2026	3.70%
LGFA Borrower Note	LGFA	125,000	1-Mar-2027	4.19%

There was one borrower note and the related loan with LGFA that is maturing in March 2023. The borrowings of \$5m and the related borrower note issued at \$125k has been renewed for a period of 2 years.

#### 4. INVESTMENTS PORTFOLIO PERFORMANCE (12-Month Average)



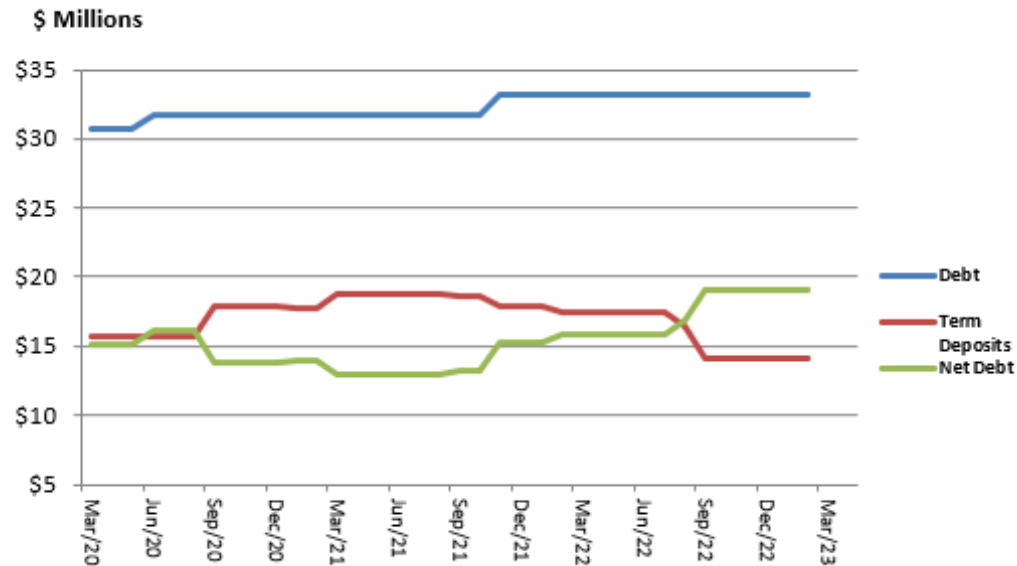
#### 5. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$482,654	\$470,792	\$796,699

#### 6. SUMMARY OF BORROWINGS

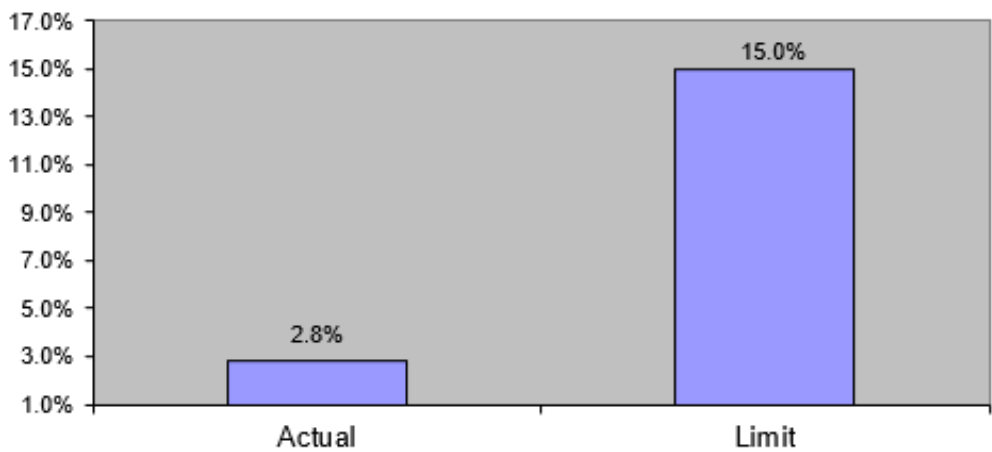
	This Month 28-Feb-23	Last Report 31-Jan-23	Last Year 30-Jun-22
<b>External Debt</b>			
Westpac Loan Facility	13,213,860	13,213,860	13,213,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	<b>\$33,213,860</b>	<b>\$33,213,860</b>	<b>\$33,213,860</b>
Weighted Average Interest Cost	4.74 %	4.74%	4.07%
<b>Net Debt</b>			
Total Borrowings	33,213,860	33,213,860	33,213,860
Less: Term deposits (including Call Account)	15,312,472	14,912,472	17,532,141
	<b>\$17,901,388</b>	<b>\$18,301,388</b>	<b>\$15,681,719</b>

7. DEBT AND INVESTMENTS 3-YEAR TREND

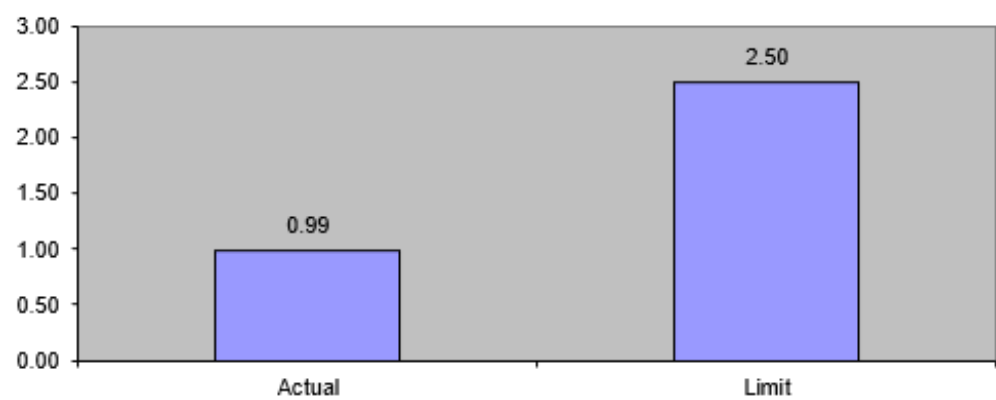


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council's Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include the call account.

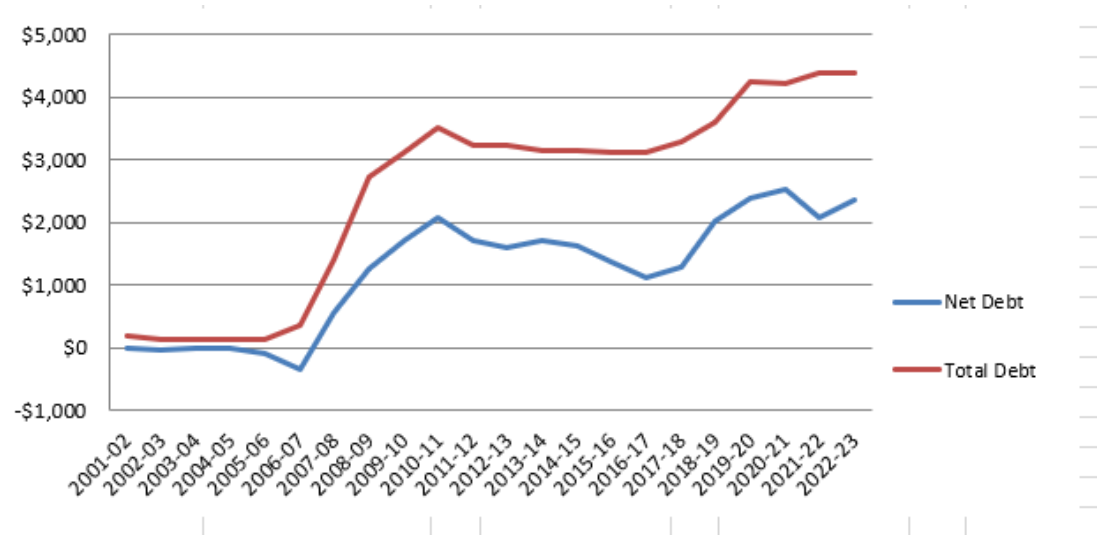
7.1 Interest Expense / Total Income



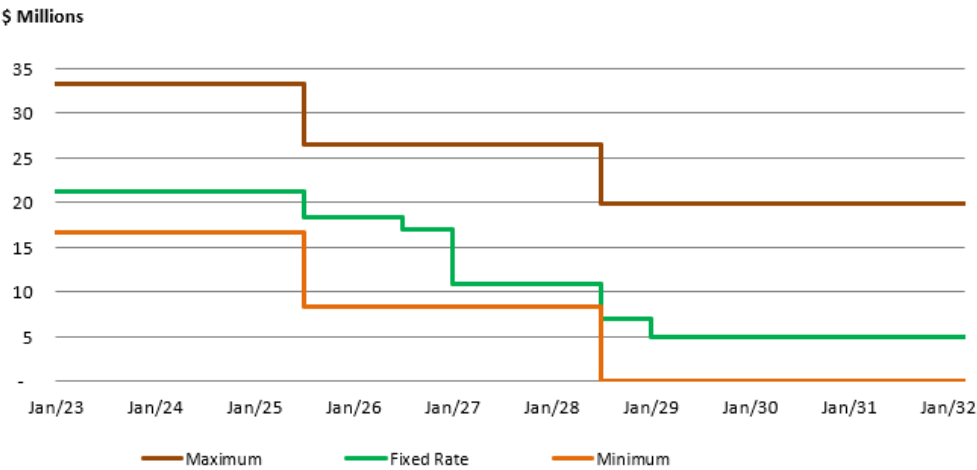
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



## **RISK AND AUDIT COMMITTEE**

**19 APRIL 2023**

### **AGENDA ITEM 12**

**Prepared by** Rachel Townrow  
Acting Chief Executive

#### **MONTHLY REPORT – PROJECTS IN PARTNERSHIP UPDATE REPORT**

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##### **1 REPORT SUMMARY**

This report provides an update on the progress of the Projects in Partnership Steering Committee. It will be provided to the Risk and Audit Committee on a regular basis until the projects are completed. See attached for progress reports as listed below.

##### **2 DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive the Projects in Partnership Update Report for information.**

##### **3. REPORTS**

###### **NEMA Reports**

- NEMA Financials Tranche 1
- NEMA Financials Tranche 2

###### **PiP Reports**

- 3 Waters
- Betterment
- Wharf Repair
- Tiphead
- Dredging (verbal update to PiP committee only)
- Reefton Stopbank
- Reefton Landfill

###### **Commercial & Corporate Services Portfolio Report**

- Buller District Ports Package



**Projects in Partnership Meeting – Minutes**  
**Monday 13 March 2023**  
**4.00 – 5.00 pm, Clocktower Chambers and via Zoom**

**Present:**

- Chairperson and Mayor Jamie Cleine (JC); Councillor Phil Grafton (PG); BDC Acting Group Manager Infrastructure Services Mike Williams (MW); BDC CFO Douglas Marshall (DM); Minute Taker Kirstin McKee
- Attending via Zoom: BDC Programme Manager - Recovery Penny Bicknell (PB); Project Manager Phil Rossiter (PR)
- Apologies: Warren Gilbertson (Kanoa) WG; Suzy Paisley (NEMA) (SP); Ngāti Waewae Ned Tauwhare (NT); BDC Acting CEO Rachel Townrow (RT)

**1. Welcome and Introduction**

Meeting started at 4.00 pm.

**2. Previous Meeting Minutes**

PR noted to please change title of “Project Controls Support Phil Rossiter to “Project Manager Phil Rossiter”. This will be changed for minutes going forward.

**Minutes accepted as tabled**

**3. Update on news/developments/issues from government**

No update

**5. NEMA Tranche 2 Funding**

PB spoke to the following reports:

**NEMA financials**

**T1 Financials**

Immediate Response & Recovery Costs of \$52K claim. Hoping to have this approved this week.

Solid waste management. Claims to submit has changed with NEMA approving \$6.7K of the \$59K previously endorsed at PiP meeting. The Inangahua River clean up from the landfill spill of \$39.5K has been deemed by NEMA to be ineligible as neither BDC or NEMA could not find any written evidence to show Rob Rouse had approved this as it did not go into the cabinet paper.

The other part of this claim for \$13.5K for repair of the gravel pad at the recycling centre has also been deemed ineligible by NEMA as this was not domestic waste and considered to be part of the recycling centre BAU. Also unable to put it under the \$1.45M appropriation. The asset team are aware of this and these will go into ‘unfunded’, and form part of the extra costs of the flood.

**T2 Financials**

Some revenue has now been appropriated to the actual projects with ~ \$21K missing out of project management work program 1 – 5. This will be tidied up for the next meeting.

Note in green at bottom of page around claims, for more clarity around the claims process. Pre T2 Infrastructure claim, most of this went into the T2 business case. Some of this original claim was T2,

some was outside the T2 essential infrastructure projects. Once this was approved the 40% of the T2 portion was approved by NEMA as per the Cabinet paper - \$179K.

Claim 3 has just been approved - \$537K - with money to be received shortly. \$93K of this claim has been put on hold due to NEMA questioning whether the PMO and project manager are duplicating roles. BDC are refuting strongly. NEMA are currently occupied with Cyclone Gabrielle recovery and have not had an internal meeting recently to discuss this.

Claim 4 – submitted last week - \$1.15M, currently with NEMA for review.

Discussion re PMO – BDC have previously walked NEMA (Rob Rouse, Project Manager, the Financial Assurance Team and Senior Managers) through the deliverables and how the structure of the PMO was created for external projects, the whole project line up and how the process worked. This was approved with NEMA approving our project delivery processes.. Once invoicing began, there have been questions re the difference between contract project manager roles and the PMO contract roles.

BDC have stated there are very clear differences e.g., procurement, a project manager may be putting a procurement strategy together with the PMO Contractors adding their expertise as required. BDC have also stated that our project management skill set given a small council is quite small and that is why the PMO was put in place. We have written a 4 page answer to NEMA's questions to explain the differences in roles and accountabilities.

BDC would like to take this higher to senior NEMA people for discussion. NEMA are currently under pressure from Cyclone and staff changes. Hope to resolve this before the next meeting with learnings here from both sides to understand the situation.

### **3 Waters Work Package 1 – 5**

92% complete (or 82% complete by cost). Looking to be complete by end of March except for Brougham Street brick arch repairs project due to complexity. Looking for completion for Brougham Street by April/May. Putting together the final costs on Brougham Street to put through to NEMA for their pre-approval before we commit to the final spend on this.

### **Betterment Work Package 6**

**Wastewater pump stations** – looking to slightly alter the procurement plan put in as we were looking at going out for design first, and then structure, however with the work carried out investigating this in the last few weeks, it would be better to put this out for tender on the complete job design and construction. PMO is currently working on putting this tender document together.

**Backflow prevention** – two have been installed, three to go.

**Grit settlement removal plant and replacement** – in conjunction with IAF project, (Steve Garner) have an estimate in place last week for the design of this to go ahead.

**Coates Street, Westport Domain, Mill Street & Roebuck Street** upgrades - have been let on direct contracts.

**Drinking water investigation** has been scoped and currently working on proposals for this.

### **Wharf Repair Work Package 7**

PR – report read as is. About to move into next and final design phase. The demolition of the KiwiRail building is not causing any hold up.

IL 3 and IL4 previously discussed are not resolved to date. NEMA (Radha) understood and acknowledged verbally what is required. It is officially noted we are carrying on with the design.

NEMA are currently busy with Cyclone Gabrielle response, with a delay with putting this report together (Suzy P)

#### **Tiphead Work Package 10**

PB - Nearing completion this week with revegetation aspect to occur. This will be the first project to be completed. Budget underspend potentially used for wharf, hold this in contingency.

#### **Reefton Campground Stopbank Work Package 9**

Have requested a report on river inspection so we can either close off or do more river training as required.

Discussion re water drop in water intake. This has levelled itself out again, no problems except with the pump itself.

#### **Reefton Historic Landfill Work Package 9**

Tender documents are currently being finalised to go out to tender. A paper is also being prepared for council for the difference between what NEMA will pay for and what WSP is recommending for the reinstatement of total revetment, with around a \$200K difference. Discussion re this. WSP are recommending total revetment instead of just the initial damaged section. Could potentially apply this from unders and overs from Tiphead to this project.

Further discussion re how to pay for this shortfall should NEMA decide not to fund it and it being a potential cost to council.

#### **Dredging (verbal update) Work Package 8**

Dredging is ongoing. Made first claim on work from late December through to late January. Discussion re how dredging results can vary depending on the river conditions. BDC need to keep turning over 1700 – 2000 m<sup>3</sup> per day to get to the 250K m<sup>3</sup> required.

From project management pov, we need to survey and target areas to focus on what the dredge has achieved. Dredge master has spent time with Matt Gardner to find out the best way to get more flow through the river for a natural silt removal basis. Dredge makes for a minimal difference to flood capacity, however beneficial if we can do things to help the existing training wall etc. Ultimately looking at the best way to get the harbour back to its capacity for coastal shipping.

**The reports were accepted as tabled**

### **7. Commercial and Corporate Services Portfolio Report**

#### **Buller Ports Package**

PR – nearing completion, a small delay with some materials. Looking for next months report to be the final report. Currently collecting final invoices. This has been a good project, Kanoa are happy with this also. Kanoa will be down at some stage to check out the port with the last meeting put off because of Cyclone Gabrielle.

**The report was accepted as tabled**

### **9. Other business**

Need to go up a level with NEMA re the Tranche 2 claims as noted above in T2 Financials paragraph.

Happy for these reports to go through RAC.

## ATTACHMENT 1

These reports are approved to go through to RAC agenda, noting to highlight the one payment that we have had some reduction on at the moment, as still being negotiated. The other payment we are still unsure of at this time.

**Information noted**

**No other matters were raised. The meeting closed at 4.29 pm**

NEMA Tranche 1 Programme  
For Period 2022/23 - February

	ORIGINAL <input type="checkbox"/> BUDGET <input type="checkbox"/> (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims to Submit	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE	
Grand Total	0	493,885	(441,718)	(52,168)	0	0	0	
Immediate Response and recovery costs								
Expenses	1,450,000	493,885			956,115	1,450,000	0	Appropriation extended to FY23. Most expenses will be for Flood Recovery Events/Wellbeing
Revenue	(1,450,000)		(441,718)	(52,168)	(956,114)	(1,450,000)	0	

**NEMA Tranche 2 Programme  
For Period 2022/23 - February**

	ORIGINAL BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims to Submit	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
<b>WP1 Drinking Water Repairs</b>	<b>0</b>	<b>87,241</b>	<b>(81,511)</b>	<b>(5,729)</b>	<b>(5,729)</b>	<b>0</b>	<b>0</b>
Expenses	329,848	87,241			242,607	329,848	0
Revenue	(329,848)		(81,511)	(5,729)	(248,337)	(329,848)	0
<b>WP2 Stormwater Repairs</b>	<b>0</b>	<b>98,257</b>	<b>(74,931)</b>	<b>(23,326)</b>	<b>(23,326)</b>	<b>0</b>	<b>0</b>
Expenses	456,600	98,257			358,343	456,600	0
Revenue	(456,600)		(74,931)	(23,326)	(381,669)	(456,600)	0
<b>WP3 Wastewater Repairs</b>	<b>0</b>	<b>372,428</b>	<b>(289,715)</b>	<b>(82,713)</b>	<b>(82,713)</b>	<b>0</b>	<b>0</b>
Expenses	480,400	372,428			107,972	480,400	0
Revenue	(480,400)		(289,715)	(82,713)	(190,685)	(480,400)	0
<b>WP4 CCTV and Cleaning</b>	<b>0</b>	<b>998,773</b>	<b>(878,999)</b>	<b>(119,774)</b>	<b>(119,774)</b>	<b>0</b>	<b>0</b>
Expenses	1,183,903	998,773			185,130	1,183,903	0
Revenue	(1,183,903)		(878,999)	(119,774)	(304,904)	(1,183,903)	0
<b>WP5 3W Inspections</b>	<b>0</b>	<b>28,550</b>	<b>(27,923)</b>	<b>(627)</b>	<b>(627)</b>	<b>0</b>	<b>0</b>
Expenses	61,000	28,550			32,450	61,000	0
Revenue	(61,000)		(27,923)	(627)	(33,077)	(61,000)	0
<b>Project Management WP 1-5</b>	<b>0</b>	<b>321,889</b>	<b>(161,573)</b>	<b>(160,316)</b>	<b>(160,316)</b>	<b>0</b>	<b>0</b>
Expenses		321,889			(321,889)		
Revenue	0		(161,573)	(160,316)	161,573	0	0
<b>WP6 3W Betterment Projects</b>	<b>0</b>	<b>123,906</b>	<b>(41,711)</b>	<b>(82,195)</b>	<b>(82,195)</b>	<b>0</b>	<b>0</b>
Expenses	1,582,000	123,906			1,458,094	1,582,000	0
Revenue	(1,582,000)		(41,711)	(82,195)	(1,540,289)	(1,582,000)	0
<b>WP7 Westport Port Repairs</b>	<b>0</b>	<b>128,514</b>	<b>(112,070)</b>	<b>(16,444)</b>	<b>(16,444)</b>	<b>0</b>	<b>0</b>
Expenses	5,920,000	128,514			5,791,486	5,920,000	0
Revenue	(5,920,000)		(112,070)	(16,444)	(5,807,930)	(5,920,000)	0
<b>WP8 Westport Dredging Project</b>	<b>0</b>	<b>630,000</b>	<b>(630,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenses	4,716,000	630,000			4,086,000	4,716,000	0
Revenue	(4,716,000)		(630,000)	0	(4,086,000)	(4,716,000)	0
<b>WP9 Inangahua River Projects</b>	<b>0</b>	<b>364,999</b>	<b>(338,667)</b>	<b>(26,332)</b>	<b>(26,332)</b>	<b>0</b>	<b>0</b>
Expenses	1,224,000	364,999			859,001	1,224,000	0
Revenue	(1,224,000)		(338,667)	(26,332)	(885,333)	(1,224,000)	0
<b>WP10 Tiphead Repairs</b>	<b>0</b>	<b>581,345</b>	<b>(230,757)</b>	<b>(350,588)</b>	<b>(350,588)</b>	<b>0</b>	<b>0</b>
Expenses	1,000,000	581,345			418,655	1,000,000	0
Revenue	(1,000,000)		(230,757)	(350,588)	(769,243)	(1,000,000)	0
<b>Programme Management</b>	<b>0</b>	<b>57,078</b>	<b>(43,632)</b>	<b>(13,446)</b>	<b>(13,446)</b>	<b>0</b>	<b>0</b>
Expenses	190,440	57,078			133,362	190,440	0
Revenue	(190,440)		(43,632)	(13,446)	(146,808)	(190,440)	0
<b>TOTAL</b>							
Expenses	17,144,191	3,792,980		0	13,351,211	17,144,191	0
Revenue	(17,144,191)		(3,036,631)	(407,585)	(14,107,560)	(17,144,191)	0
Threshold Deduction	348,764		(348,764)		348,764	348,764	
<b>Total</b>	<b>348,764</b>	<b>3,792,980</b>	<b>(3,385,395)</b>	<b>(407,585)</b>	<b>(407,585)</b>	<b>348,764</b>	<b>0</b>

<b>Pre T2 approved and 1 and 2</b>	\$	1,245,431	
<b>Claim 3</b>	\$	537,578	eligible costs approved 23/2/23 and invoiced
	\$	93,802	costs under review by NEMA
<b>Claim 4</b>	\$	1,159,820	Submitted to NEMA for review
<b>Claim 5</b>	\$	407,585	To be completed
<b>Threshold</b>	\$	348,764	BDC contribution
<b>Total</b>	\$	<b>3,792,980</b>	

## PMO -Project Report - Flood Recovery - Return to Service - Work Packages 1 - 5



### Programme/Project Details

<b>Location and Region:</b>	Whole of Buller District. Works concentrated in Westport which received the most damage from the 2 events..
<b>Project Budget:</b>	\$2,511,751
<b>Reporting Period (ending):</b>	February-2023
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA
<b>Project Manager:</b>	Mark Wiechern
<b>Programme Outcomes:</b>	This Programme of works covers all 3W repair (Drinking Water/ Stormwater/ Wastewater) in Work Packages 1-5. The programme encompassed both the July 2021 and February 2022 severe weather events damage. 60% of funding is from NEMA, and the remaining 40% is by Cabinet approval of the T2 funding submission (outside of NEMA policy).

### Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
<b>Overall:</b>	G	Repair works have progressed well. Approximately 92% complete by tasks or 82% complete by cost vs projected total costs.
<b>Budget:</b>	G	Work will complete under original estimates by a value approximating slightly above the contingency allowed for this repairs programme
<b>Scope:</b>	A	Still require scope sign-offs by NEMA for Brougham brick arch.
<b>Resource:</b>	A	Should be ok however the engaged contractors have increasing work loads from competing projects/funding streams. Requires strict management by PM for priorities.
<b>Schedule:</b>	G	All works excluding Brougham brick arch to be closed by March 31. Brougham Brick Arch closed by June 30 at the latest due complexity of access.
<b>Risks / Issues:</b>	A	Mainly Resourcing as above.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
February/March was a planning month for final repair works with also the execution of some key physical works. Further electrical repairs were completed drawing this aspect close to complete. Continued access and design work featured in Feb/March for the Brougham brick arch repair with many stakeholders or affected parties to navigate (Heritage NZ, Kiwirail, LINZ, WCMS) With the exception of the Brougham street brick arch, all other repairs should be 100% closed out by the end of April 2023. Key final Westport WWTP repairs (diffuser replacement/grit removal) were undertaken at the end of March with favourable weather conditions and successful outcomes. Forecasted underspend currently sits at \$416k at programme completion.	Closing out the Westport Waste water treatment plant fault repairs in terms of process and closing documentation will be a key focus and priority for April. This relates to the final grit cleanout and diffusers replacements whose physical works completed in March. Physical works for the final electrical repairs and the Domett street Tomo repair should also be completed in this period. Additionally locking down the Brougham brick arch repairs scope and receiving pricing will be a key objective for this same period. This requires a number of processes to execute however including a heritage assessment of the old wharf structure, Kiwirail grant application, design and survey work. Once the project team receives supplier estimates for the Brougham Street Brick Arch Repair (via westreef/Hydrotech) this will be submitted to NEMA for final approval.

Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals													
Easements and access Agreement													
Construction (Includes continuation of HDD Design)													
Construction Complete													
Commissioning and Testing													
Handover and Asset Manager Acceptance													



Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Westport WWTP Diffusers Replacement	31-Mar-23	28-Mar-23	90%	
Westport WWTP Grit Cleaning	31-Mar-23	28-Mar-23	90%	
CCTV - Final Remaining Sites	16-Dec-22	31-Jan-23	100%	
Domett St Tomo - Damaged Pipe Repair	16-Feb-23	31-Mar-23	90%	
Cats Creek - Clean out Flood Silt	1-Oct-22	1-Oct-22	100%	
Westport Waste Pump Stations - Remaining	31-Mar-23	31-Mar-23	90%	
Waimangaroa Drinking Water Repair	1-Feb-23	31-Mar-23	70%	
Reefton Reservoir Access Track	16-Mar-23	30-Apr-23	40%	
Brougham St Brick Arch - CCTV and Clean-	31-May-23	30-Jun-23	8%	
Reefton Brick Arch CCTV	16-Dec-22	31-Jan-23	100%	
Emergency works, repairs and clean ups p	31-May-22	31-May-22	100%	
0	0-Jan-00	0-Jan-00	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Design (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Construction (Phase 4)	\$1,962,180	\$1,962,180	\$1,585,248	\$260,000	\$1,845,248	-\$116,931	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$226,837	\$226,837	\$241,059	\$18,000	\$259,059	\$32,223	
Contingency	\$322,734	\$322,734	\$0	\$407,443	\$407,443	\$84,709	
Total	\$2,511,751	\$2,511,751	\$1,826,308	\$685,443	\$2,511,751	\$0	

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
WP1 - WP5 / 2 - BDC will be forced to utilise AP funds to remedy (unplanned, possibly unbudgeted works)	No proceeding until BAU Funds are ear-marked as backup.	9
WP1 - WP5 / 6 - Westport Waste Treatment Plant - long lead time on parts	Discuss with Pgm Manager to raise with NEMA for consideration	4
WP1 - WP5 / 4 - Potential delays at certain flood 'repair' sites due to inclement weather (E.g. Reefton Access Track)	Manage the contractors schedule	2
WP1 - WP5 / 5 - Risk that information or records of work may not be suitable for the Planning Team (AssetFinder Input)	Identify the items required with the BDC Planning Team and discuss with suppliers in first instance	2

## Communications

### An update on media, marketing and communication activity for the programme/project

#### Key achievements/outcomes

Ongoing public stakeholder engagement continues with a number of news media statements and articles being published. The monthly Flood Recovery update Bulletin remains the primary community engagement tool for the 3W repairs. As the Programme draws to an close in the coming months, a summary media release should be considered to summarise the extent of work undertaken by Council and it's contractors.

Risk Key		
Risk Rating	Action, Escalation & Review Timeframe Needed	
20 – 25 <b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.	
10 – 16 <b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.	
4 – 9 <b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.	
1 – 3 <b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.	

Table 5: Likelihood of Occurrence		
Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

Risk Assessment Matrix						
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Likelihood						

PMO - Bundle Report - Three Waters - Stormwater & Drainage - NEMA T2 Bettermen	
Programme/Project Details	
Location and Region:	Westport
Project Budget:	\$1,582,000
Reporting Period (ending):	February-2023
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Rob Poole
Programme Outcomes:	<p>Project Scope:</p> <p>The scope is made up of 8 sub-projects that fall under the NEMA Betterment funding source. The programme of works objective is to provide 3W flood resilience to select priority assets across the reticulated networks (Stormwater, Wastewater and Drinking Water) for Westport.</p> <p>Westport WWTP is joint funded between NEMA and IAF</p>



Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)		
Aspect	Status	Comments
Overall:	G	The Programme has been prioritised by BDC and accepted by NEMA
Budget:	G	\$1,582,000 * WWTP Project is joint funded between IAF (\$250k) and NEMA (\$500k)
Scope:	G	This programme of works includes the following projects from both the July 2021 and February 2022 flood events: * Lifting flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height (1 in 100yr) * Provide backflow prevention to 5no. Stormwater outfall locations * WWTP Grit and Sediment Removal Plant & Replacement Screen * Coates St SW Upgrade * Westport Domain SW Reinstatement * Alternative Drinking Water Supply Investigation * Mill & Roebuck St SW manholes
Resource:	G	Backflow prevention, Mill St, Roebuck St and Domain - WestReef Westport WWTP - Design by Davis Ogalvie. Construction TBC Coates St - Design by Calibre. Construction TBC Raising Pump Stations - Design and construction TBC but provisionally Brightwater Engineering Alternative Drinking Water - Design TBC. Provisionally Davis Ogalvie
Schedule:	G	Physical works to begin in Feb 23. Last project to be completed in early 2024 (Westport WWTP)
Risks / Issues:	G	Full completion of works will not be completed until late 2023, outside of NEMA timeframe Reducing scopes of some projects to ensure they remain under the budget

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
WW Pump Stations - Finalisation of design levels for pump stations to be raised by Land River Sea Consulting. Awaiting procurement consulting proposal from TEAM projects SW Backflow Prevention - WestReef undertaking pricing for final 3 WaStops to complete project WW Grit & Sediment - Engagement of Davis Ogilvie for design and project management. Domain SW Drainage - Installation of sump. Sub-Project complete Alt Drinking Water Supply - Engagement with DO, Stantec and Jacobs to decide consultant to undertake works. Awaiting feedback from all consultancies Mill & Roebuck St - Works commenced 27/3/23 Coates St - Calibre are progressing the design, current delays with Calibres availability of surveyor	WW Pump Stations - Issue RFQ SW Backflow Prevention - 3no. WaStops to be ordered and installed WW Grit & Sediment - DO to commence with design works Domain SW Drainage - Complete Alt Drinking Water Supply - Request for consultant tenders to go out to market or direct approach to consultant Mill & Roebuck St - Complete Coates St - Design to be received in April and Contractor procurement to commence

Updated Project Road Map/Schedule					
Project task	2023				Comments
	Mar-23	Apr-23	May-23	Jun-23	
<b>Lifting wastewater pump stations above 1% AE level</b>	Contractor Procurement	Contractor Procurement	Contractor Procurement	Contractor Procurement	Lifting 7-9no flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height in Westport. <b>*Project delivery will extend beyond June 2023*</b>
<b>SW Backflow Prevention - Install Wastops</b>	Construction	Construction			Installation of 5no. backflow prevention devices within the Westport SW network.
<b>WWTP – Grit/Sediment and Screen Plant</b>	Contractor Procurement	Contractor Procurement	Design	Design	Installation of a new combined Grit/Sediment and Screen plant at the Westport WWTP. <b>*Project delivery will extend beyond June 2023*</b>
<b>Coates Street SW Upgrade - Stage 1</b>	Design	Design	Consenting	Contractor Procurement	Design and installation of Open Swale drains along Coates/ Forbes Street in Westport.
<b>Westport Domain SW Reinstatement</b>	Construction				Reinstatement of an old SW drain through the Westport Domain. Changed now to sump install on Menzies St
<b>Alternative Drinking Water Supply Investigation</b>	Design Procurement	Design Procurement	Design	Design	Design and investigation of an alternative Drinking Water supply for Westport. <b>*Project delivery will extend beyond June 2023*</b>
<b>Mill St and Roebuck SW Upgrade</b>	Construction				Upgrading two weak nodes of Westport's SW network on Mill and Roebuck Streets. Installation of new manholes.

Milestones								
Milestone / Task	Baseline Finish		Forecast/Actual Finish		% completion		Comments	
WW Pump stations - 10243	7-Dec-23		7-Dec-23		0%		WestReef pricing remaining WaStops	
SW Backflow Prevention - 10244	18-Mar-23		18-May-23		40%			
WW Grit & Sediment - 10245	13-Dec-23		13-Dec-23		0%		Complete	
Domain SW Drainage - 10246	4-May-23		24-Mar-23		100%			
Alt Drinking Water supply - 10247	18-Oct-23		18-Oct-23		0%		Planned 3/4/23	
Mill St SW upgrade - 10248	26-Mar-23		26-Mar-23		0%			
Roebuck St SW upgrade - 10249	26-Mar-23		29-Mar-23		30%		Started 27/3/23	
Coates St SW upgrade - 10250	29-Jul-23		29-Jul-23		0%			
Financials								
Budget and expenditure summary								
Programme/Project Item	Original Budget	Current Budget	Cost to Date	Forecast Cost to Complete	Final Forecast Cost	Variance	Status	Commentary
WW Pump stations - 1024 3	\$ 313,200	\$ 313,200	\$ 5,320	\$ 307,880	\$ 313,200	\$ -	In Planning	0
SW Backflow Prevention - 1024 4	\$ 178,350	\$ 178,350	\$ 44,483	\$ 16,133	\$ 119,483	-\$ 58,867	In Construction	0
WW Grit & Sediment - 1024 5	\$ 435,000	\$ 435,000	\$ -	\$ 435,000	\$ 435,000	\$ -	In Design	0
Domain SW Drainage - 1024 6	\$ 15,000	\$ 15,000	\$ 1,398	\$ 11,974	\$ 14,186	-\$ 814	In Planning	Following preliminary site investigation in the Domain, the scope of the project changed to a new sump on Menzies St
Alt Drinking Water supply - 1024 7	\$ 174,000	\$ 174,000	\$ -	\$ 174,000	\$ 174,000	\$ -	Tendering	0
Mill St SW upgrade - 1024 8	\$ 22,620	\$ 22,620	\$ -	\$ 21,954	\$ 22,287	-\$ 333	In Construction	0
Roebuck St SW upgrade - 1024 9	\$ 26,000	\$ 26,000	\$ -	\$ 21,838	\$ 23,919	-\$ 2,081	In Construction	0
Coates St SW upgrade - 10250	\$ 217,500	\$ 217,500	\$ 24,220	\$ 193,280	\$ 217,500	\$ -	In Design	0
Betterment PM costs - 10251	\$ 200,330	\$ 200,330	\$ 48,485	\$ 151,845	\$ 200,330	\$ 0	In Construction	0
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
Total	\$ 1,582,000	\$ 1,582,000	\$ 123,906	\$ 1,333,904	\$ 1,519,905	-\$ 62,095		

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
10243 / 1 - budget is limited to \$360k and it is likely that this is not sufficient for all pump stations	Prioritise order of remediation and cut out pump stations in order to bring project in under budget. Monthly cost tracking throughout.	8
10243 to 10251 / 4 - Long lead times for key components as some are imported.	Specialist consultant to oversee design, procurement and construction	6
10243 to 10251 / 6 - Wet weather will impede the construction programme	Works to be programmed during summer season to reduce risk of rain. Contractor to propose a work method that mitigates inclement weather if and where possible	6
10243 to 10251 / 11 - Limited choice of contractors. Procurement plan states that WestReef can be direct appointed	Early award projects under the 3W minor works contract to WestReef. Monitor progress	6
10250 / 12 - Original plan to drain stormwater to a paddock may not be feasible and a new design will be required	Awaiting design information. Costs of preliminary design are fixed.	6
10243 to 10251 / 13 - caused by cost allotted to project code that's unbudgeted and programme over run.	Monthly financial tracking and forecasting All project costs are only paid once approved by the PM	8

### Communications

#### An update on media, marketing and communication activity for the programme/project

WW Pump Stations - None to date however this will involve substantial community engagement

SW Backflow Prevention - None required

WW Grit & Sediment - None required

Domain SW Drainage - None required

Alt Drinking Water Supply - No engagement required at this options report stage.

Mill & Roebuck St - None required

Coates St - Project will involve some community engagement. So far BDC have been in contact with the local Horse Riding Club to discuss our provisional plans.

### Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 - 25 <b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 16 <b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9 <b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3 <b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
<b>Almost certain</b>	5	Event is expected to occur more than once in the next year
<b>Likely</b>	4	Event is expected to occur once in the next year
<b>Possible</b>	3	Event could occur at least once in the next two years
<b>Unlikely</b>	2	Event could occur at least once in the next 3 to 5 years
<b>Rare</b>	1	Event is unlikely to occur in the next 5 years

Risk Assessment Matrix						
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Likelihood						



## PMO -Project Report - Infrastructure Strategy - Recovery - Westport Wharf Repair and Reinstatement

### Programme/Project Details

<b>Location and Region:</b>	Westport Port, Bulk Precinct, Buller district, West Coast
<b>Project Budget:</b>	\$5,920,000
<b>Reporting Period (ending):</b>	February-2023
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	National Emergency Management Agency (NEMA)
<b>Project Manager:</b>	Phil Rossiter
<b>Programme Outcomes:</b>	<p>Project Scope:</p> <p>This project seeks to repair and reinstate safe and fit-for-purpose wharf infrastructure at the bulk shipping precinct that was damaged during the July 2021 and February 2022 Buller River flood events.</p>

### Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
<b>Overall:</b>	A	Project planning well underway. Programme delay experienced due to IL3 vs IL4 decision (still awaiting NEMA response having submitted request in December 2022), but progressing with an Importance Level 3 design as Importance Level 4 not cost-effective and would involve significant betterment. Preliminary repair design completed and risk and 'constructability' review work initiated to ensure optimal design achieved. Demolition of the adjacent dilapidated Kiwirail buildings is underway (beyond the scope of this project) which will assist in simplifying construction access for wharf repair work.
<b>Budget:</b>	A	The budget of \$5,919,587 was based on an estimate and conceptual repair design which introduces a degree of risk (about budget adequacy), however planning and risk mitigation work is underway to increase the likelihood that a fit-for-purpose repair can be achieved with the available budget and there are no significant red flags or indications at this point that it will not be. Until tenders are received that confirm otherwise, the status of this aspect will be kept as amber to reflect the degree of uncertainty. Independent cost estimate scheduled once repair design confirmed to continue to inform budget adequacy.
<b>Scope:</b>	A	A high-level scope has been developed and is being refined based on a combination of user-input and a recently completed detailed structural site inspection. The repair design will be based on Importance Level 3. Risk and 'constructability' review work is underway to ensure the design is optimal and cost-effective.
<b>Resource:</b>	G	Resources required for this initial stage of the project are secured. Additional resources will be required as the project progresses.
<b>Schedule:</b>	A	A programme has been developed and is generally on target, however the failure to identify the timeframe involved in NEMA providing endorsement on the Importance Level of the repaired wharf has delayed design progression, subsequent milestones, and overall programme. The programme currently indicates project completion by May 2024 however the key determinant of this will be the construction/repair duration that will only be confirmed once tenders are received.
<b>Risks / Issues:</b>	A	A number of risks have been identified and mitigations and management actions are underway and on-going and tracking to plan. The status of this aspect has been set to amber to reflect the presence of risks and their potential to adversely impact the project, if not controlled.

**Current Updated Programme**

Previous Reporting Period	Next Reporting Period
The project is following its intended path, albeit with delays progressing the repair design due to the time afforded to determine the Importance Level of the repair (the repair design will be completed to Importance Level 3, in doing so, removing one of the project ISSUES). A preliminary design has been completed to enable a constructability review and market engagement in relation to key identified risk mitigation measures. Risks have been identified and mitigations are in place and being worked on (as above). Kiwirail has commenced demolition of their adjacent buildings at their cost which will simplify and de-risk access and repair works (and removes the other project ISSUE). Resources required for this early stage of the project have been secured. Stakeholder mapping has occurred and their needs identified. The budget is currently considered adequate and specific steps are being taken to ensure this remains the case.	Complete a constructability review of preliminary IL3 repair design, consider and resolve any issues arising, finalise repair design basis, commission an independent cost-check of the repair design, and commence final design detailing. Progress Kiwirail building demolition (by third-party beyond the scope of this project).

**Updated Project Road Map/Schedule**

	2022			2023										
Project task	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Comments
Project management, coordination, and delivery (Sep '22 to Jun '24)														Scheduled to continue to June 2024
Investigations & planning (Sep '22 to Apr '23)														
Design (Sep '22 to May '23)														
Consents & approvals (Feb '23 to May '23)														
Construction procurement (Mar '23 to Jun '23)														
Construction & site management (Jul '23 to Jul '24)														Scheduled to continue to July 2024
Handover & closeout (Aug '24)														Programmed to commence August 2024



Milestones							
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments			
Conceptual engineering design	23-Sep-22	23-Sep-22	100%				
Geotechnical investigation & assessment	11-Nov-22	11-Nov-22	100%				
Topographical survey acquisition	9-Nov-22	9-Nov-22	100%				
Detailed engineering inspection and assessment	16-Nov-22	16-Nov-22	100%				
Kiwirail liaison and building fate determination	28-Feb-23	28-Jan-23	100%				
Preliminary engineering design	14-Dec-22	14-Jan-23	100%				
Construction supplier engagement/validation (constructability review)	18-Jan-23	20-Apr-23	20%				
Statutory approvals	10-May-23	31-Jul-23	0%				
Detailed design	12-Apr-23	31-May-23	5%				
Construction procurement	7-Jun-23	20-Jul-23	0%				
Construction	8-May-24	31-Jul-24	0%				
Handover	31-Aug-24	31-Aug-24	0%				

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$108,000	\$58,539	\$49,461	\$108,000	\$0	
Consents/Approvals (Phase 4)	\$0	\$61,200	\$0	\$61,200	\$61,200	\$0	
Design (Phase 4)	\$0	\$150,000	\$46,775	\$103,225	\$150,000	\$0	
Construction (Phase 4)	\$0	\$5,432,387	\$0	\$5,432,387	\$5,432,387	\$0	
Closeout (Phase 5)	\$0	\$12,000	\$0	\$12,000	\$12,000	\$0	
Project Management	\$0	\$156,000	\$23,200	\$133,213	\$156,413	\$413	
Contingency	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$0	\$5,919,587	\$128,514	\$5,791,486	\$5,920,000	\$413	

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
10232 / 3 - Because the materials specified in the repair design are scarce and/ or have very long-lead times	Monitor and communicate	8
10232 / 4 - Because it is more complicated than necessary and unfit-for-purpose.	Monitor and communicate	8
10232 / 1 - Because there is insufficient consideration or estimation of cost effective repair/construction approaches and materials and/or collaboration with the construction/repair market	Monitor and communicate	6
10232 / 2 - Because Kiwirail has dilapidated buildings immediately behind some of the wharf area and may not remove (demolish) the buildings (or demolish them in time) to enable cost-effective repair of the section of adjacent wharf	N.B. KIWIRAIL CONFIRMED BUILDING DEMOLITION TO COMMENCE IN FEBRUARY 2023. RISK WILL CLOSE WHEN THIS OCCURS. Monitor, communicate, and adjust repair scope early, if building removal not likely	6
10232 / 5 - Because the project is seen as too hard, or too distant, or not interesting enough relative to other market opportunities at the time	Monitor and communicate	6

## Communications

### An update on media, marketing and communication activity for the programme/project

Some external communication/media was undertaken in relation to the geotechnical drilling and investigation work and the purpose of this and relation to the wider repair programme. It is appropriate to progress further planning and design work and clarify matters such as programme timing and next steps before further communications are considered. No physical works are expected at the site until at least autumn/winter of 2023. On-going updates have been provided via BDC's communication team as part of wider flood recovery reporting.

## Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed	
20 - 25	Extreme	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 - 16	High	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 - 9	Moderate	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 - 3	Low	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
Almost certain	5	Event is expected to occur more than once in the next year
Likely	4	Event is expected to occur once in the next year
Possible	3	Event could occur at least once in the next two years
Unlikely	2	Event could occur at least once in the next 3 to 5 years
Rare	1	Event is unlikely to occur in the next 5 years

Risk Assessment Matrix						
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Likelihood						

**PMO -Project Report - Flood Recovery - Return to Service - Work Package 10 - Tiphead Rock Revetment Wall Repairs****Programme/Project Details**

<b>Location and Region:</b>	Westport Tiphead, Coates Road
<b>Project Budget:</b>	\$1,000,000
<b>Reporting Period (ending):</b>	February-2023
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA
<b>Project Manager:</b>	Robert Poole
<b>Programme Outcomes:</b>	This Project covers repair of flood damage sustained to the BDC Port asset know as the 'Tiphead', a rock revetment training wall, located at the entrance to the Buller River (Westport Port).

**Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)**

Aspect	Status	Comments
<b>Overall:</b>	G	Project construction phase began on 16/1/23 and has progressed largely to programme. The original rock volume that was used to budget the project was an underestimate from a expected volume of 2,800m3 to an actual volume of 5,777m3. The cost of this will be covered by reducing the road remedial scope and the NEMA T2 budget.
<b>Budget:</b>	G	Overall, the project is on track to be delivered under budget and movement within cost centres has been endorsed by Cabinet, subject to NEMA approval.
<b>Scope:</b>	G	Practical completion was issued as of 24 March 23. Outstanding works are the replanting of the access track
<b>Resource:</b>	G	WestReef will source the plants and trees and WestReef and DOC will oversee the planting done by volunteer and/or school groups.
<b>Schedule:</b>	G	The main construction activities have been completed with just the revegetation of the access track outstanding. This is scheduled to be undertaken over the two months by volunteer/school groups.
<b>Risks / Issues:</b>	G	Suitability of the rock has been formally approved by the designer (Riley). All risks around rock shape and quality have been successfully resolved between BDC and Rosco

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
Physical works started on the 16th January 2023, with an anticipated 6 week programme, with practical completion originally programmed for 1st March 23. Practical completion has now been issued to the contractor as of the 24th March 23. The quantity of rock required was greater than previously calculated and an additional 3,000m3 of rock was required. This cost increase was covered partially by removal of provisional items that were not required (concrete beam, void filling, roading) and the project will finish under budget.	Close out of the Rosco construction contract Re vegetation of the access track with native planting

Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals													Complete
Easements and access Agreement													Complete
Construction (Includes continuation of HDD Design)													Complete
Construction Complete													Complete
Replanting													
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Design	1-Oct-22	1-Oct-22	100%	Complete
Survey and Modeling	25-Nov-22	25-Nov-22	100%	Complete
Survey -Initial Site Setout	28-Nov-22	28-Nov-22	100%	Complete
Survey - Site Extent and Finalise Extent with	16-Dec-22	16-Dec-22	100%	Complete
Tender to Market	2-Dec-22	2-Dec-22	100%	Complete
Physical Works on site	21-Feb-23	17-Mar-23	95%	Replanting of 3,344m <sup>2</sup> remaining
Practical Completion	22-Feb-23	24-Mar-23	100%	

Financials						
Budget and Expenditure Summary						
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0
Consents/Approvals (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0
Design (Phase 4)	\$70,000	\$70,000	\$76,342	\$0	\$76,342	\$6,342
Construction (Phase 4)	\$780,000	\$780,000	\$386,228	\$170,000	\$556,228	-\$223,772
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0
Project Management	\$100,000	\$100,000	\$118,775	\$18,000	\$136,775	\$36,775
Contingency	\$50,000	\$50,000	\$0	\$230,655	\$230,655	\$180,655
<b>Total</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$581,345</b>	<b>\$418,655</b>	<b>\$1,000,000</b>	<b>\$0</b>

### Risks/Issues/Outcomes

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
#NUM!	#NUM!	#NUM!

### Communications

An update on media, marketing and communication activity for the programme/project

The salvaged plants have been successfully replanted

Liaison with DOC, WestReef and Buller Cycling Club to agree replanting approach undertaken on 27/3/23. Tentative plans for volunteer and school groups to undertake the replanting and for WestReef to source the plants.

### Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 – 25 <b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 – 16 <b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 – 9 <b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 – 3 <b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
<b>Almost certain</b>	5	Event is expected to occur more than once in the next year
<b>Likely</b>	4	Event is expected to occur once in the next year
<b>Possible</b>	3	Event could occur at least once in the next two years
<b>Unlikely</b>	2	Event could occur at least once in the next 3 to 5 years
<b>Rare</b>	1	Event is unlikely to occur in the next 5 years

Risk Assessment Matrix						
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Likelihood						

## PMO -Project Report - Infrastructure Strategy - Recovery - Reefton Campground Stopbank



### Programme/Project Details

<b>Location and Region:</b>	Reefton - Buller
<b>Project Budget:</b>	\$150,000
<b>Reporting Period (ending):</b>	February-2023
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA & BDC
<b>Project Manager:</b>	Brendon Russ
<b>Programme Outcomes:</b>	Reefton Campground: The toe of the Reefton Campground stop bank was eroded as a result of both the July 2021 and February 2022 flood events. The Inangahua Riverbed changed course which necessitates the recontouring of the river fairway.

### Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
<b>Overall:</b>	G	River training design has been completed by WSP. Resource consent application is underway by WSP. Stage One of the river training has been completed by Rosco Contracting. Stage two of the river training if required will take place February 2023
<b>Budget:</b>	G	Forecasted to spend \$95k of the \$150k budget
<b>Scope:</b>	G	The toe of the Reefton Campground stop bank was eroded as a result of both the July 2021 and February 2022 flood events. The Inangahua Riverbed changed course which necessitates the need for recontouring of the river fairway (river training).
<b>Resource:</b>	G	Brendon Russ (BDC-Project Manager), Mark Healey (WSP-Design) & Anne McNoe (WSP-Resource consent application)
<b>Schedule:</b>	G	Design work completed by WSP, Resource consent application by WSP has been completed and ready for submitting to WCRC. Stage one of the river training works have been completed by Rosco Contracting. Stage two river training will commence April 2023
<b>Risks / Issues:</b>	G	Risk & opportunities register updated and included as part of this report.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
<p>River training works on the Inangahua River opposite the camping ground have been completed by Rosco Contractors under emergency works provisions of the RMA. WSP have been engaged to prepare and submit a resource consent application for the works.</p> <p>The river training may need to be altered slightly in the near future to better direct the water into the centre of the channel. Also the river training could potentially have affects on the True left bank where a new power station is being constructed.</p> <p>The Reefton water intake immediately downstream from the river training have reported a drop in water levels, which is currently being monitored. Update - No ongoing issues have been associated with the river training.</p>	<p>Minor river training will be undertaken during this period at the most downstream area of the existing river training. This is required to ensure the river flows unimpeded down to the next reach of the river.</p>

Updated Project Road Map/Schedule													
Project task	2022			2023									Comments
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Planning and BDC Approvals													
Resource Consent													WSP have completed a recourse consent application for this project
Design													WSP have been engaged to design the river training works. This design has been completed
Construction Stage One – River Training													Completed By Rosco Contracting
Construction Stage Two – River Training													Will take place in April 23
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Planning and Scope Approval	1-Aug-22	1-Aug-22	100%	
Resource Consent Granted	28-Feb-23	1-May-23	85%	
Design	1-Jul-22	1-Jul-22	100%	
Contract Awarded - Stage One	1-Aug-22	1-Aug-22	100%	
Construction Commenced - Stage One	1-Aug-22	1-Aug-22	100%	
Completion - Stage One	31-Aug-22	31-Aug-22	100%	
Contract Awarded - Stage Two	31-Mar-23	8-Apr-23	0%	
Construction - Stage Two	30-Apr-23	30-Apr-23	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$10,000	\$10,000	\$0	\$10,000	\$10,000	\$0	
Design (Phase 4)	\$5,000	\$5,000	\$0	\$0	\$0	-\$5,000	
Construction (Phase 4)	\$115,500	\$115,500	\$30,248	\$15,000	\$45,248	-\$70,252	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$12,000	\$12,000	\$4,849	\$7,151	\$12,000	\$0	
Contingency	\$7,500	\$7,500	\$0	\$82,752	\$82,752	\$75,252	
Total	\$150,000	\$150,000	\$35,097	\$114,903	\$150,000	\$0	



**Risks/Issues/Outcomes**

Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)

Risk ID - Risk/Issue	Mitigation	Residual Risk
10229 / 1 - Flooding of the Inangahua River means that the river reverts towards the campground stopbank	On going maintenance required on the temporary stop bank	10
10229 / 2 - Reefton township water intake is found to have reduced capacity due to river retrainment and Reefton water supply is reduced	none	5
10229 / 3 - Retrospective resource consent delays works or requires further works	Maintain close comms with resource consent manager	6

**Communications**

An update on media, marketing and communication activity for the programme/project

An update to the community was given during the month of November, updating the public on progress with this project  
Internal BDC stakeholders are being updated on a regular basis

**Risk Key**

Risk Rating	Action, Escalation & Review Timeframe Needed
20 – 25 <b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 – 16 <b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 – 9 <b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 – 3 <b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
<b>Almost certain</b>	5	Event is expected to occur more than once in the next year
<b>Likely</b>	4	Event is expected to occur once in the next year
<b>Possible</b>	3	Event could occur at least once in the next two years
<b>Unlikely</b>	2	Event could occur at least once in the next 3 to 5 years
<b>Rare</b>	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
		Likelihood				

## PMO -Project Report - Solid Waste - Recovery - Reefton Historic Landfill



### Programme/Project Details

<b>Location and Region:</b>	Reefton – West Coast
<b>Project Budget:</b>	\$1,324,000
<b>Reporting Period (ending):</b>	February-2023
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	
<b>Project Manager:</b>	Brendon Russ
<b>Programme Outcomes:</b>	Historic Reefton Landfill: The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.

### Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)

Aspect	Status	Comments
<b>Overall:</b>	G	Design & resource consent application have been completed by WSP. Tenders for this project have closed and currently being reviewed. Physical works anticipated to commence May 2023
<b>Budget:</b>	G	\$1,324,000
<b>Scope:</b>	G	The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.
<b>Resource:</b>	G	Brendon Russ (BDC-Project Manager), Mark Smith (WSP-Design) & Anne McNoe (WSP-Resource consent application)
<b>Schedule:</b>	G	Design completed Resource consent application completed, waiting on granting of RC from West Coast Regional Council. Work to commence onsite early May 2023
<b>Risks / Issues:</b>	G	Risk & opportunities register updated and included as part of this report.

Current Updated Programme													
Previous Reporting Period								Next Reporting Period					
<p>Initial landfill clean-up and river retrainment to protect site has been undertaken.</p> <p>WSP have completed the detailed design for the remedial works</p> <p>WSP draft resource consent application received for review on 24 March 2023.</p> <p>Direct source tender with BDC approved panel Contractor - Tenders closed 10 March 23, tender currently being reviewed</p> <p>Council paper prepared requesting additional \$250K to supplement the NEMA funding to construct WSP minimum recommended design (Option One).</p> <p>Additional funding of \$250,000 approved by council on 29.03.23</p>								<p>Rock proposed for this project is currently being tested for Density and Weathering</p> <p>Tender submission to be reviewed</p> <p>Contract negotiations to be concluded</p> <p>Resource consent granting</p>					
Updated Project Road Map/Schedule													
	2022			2023									
Project task	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Comments
Planning and BDC Approvals													Project Budget approved July 2022.
Resource Consent													WSP have completed a recourse consent application for this project
Design													WSP have been engaged to design on the remedial works required for the Historic Reefton Landfill. This design has been completed
Contract Award													
Construction													Construction is expected to take 2 months
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Planning and Scope Approval	30-Sep-22	30-Sep-22	100%	
Resource Consent Granted	28-Feb-23	30-Apr-23	80%	
Design	12-Feb-23	17-Feb-23	100%	
Tender	10-Mar-23	10-Mar-23	100%	
Contract Awarded	31-Mar-23	15-Apr-23	0%	
Construction Period	30-May-23	30-Jun-23	0%	
Handed over and Asset Manager acceptance	5-Jun-23	6-Jul-23	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	
0	0-Jan-00	0-Jan-00	0%	

Financials							
Budget and Expenditure Summary							
Programme/Project Item	Original Budget	Current Budget	Cost To Date	Forecast Cost to Complete	Final Forecast Cost	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$10,515	\$10,515	\$11,869	\$0	\$11,869	\$1,354	
Consents/Approvals (Phase 4)	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$0	
Design (Phase 4)	\$106,225	\$106,225	\$108,574	\$0	\$108,574	\$2,349	
Construction (Phase 4)	\$787,640	\$1,037,640	\$179,924	\$856,362	\$1,036,286	-\$1,354	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$85,920	\$85,920	\$29,535	\$54,034	\$83,569	-\$2,351	
Contingency	\$53,700	\$53,700	\$0	\$53,702	\$53,702	\$2	
Total	\$1,074,000	\$1,324,000	\$329,902	\$994,098	\$1,324,000	\$0	

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
10019 / 1 - Caused by flooding of the Inangahua River combined with the temporary nature of the current stop bank	On going maintenance required on the temporary stop bank	10
10019 / 2 - Caused by excavation of contaminated ground	Agree method with contractor then follow up with regular site inspections by BDC	10
10019 / 3 - resource consent will be required for this project before commencement	Monitor outputs and seek early warning on any issues	6

Communications
An update on media, marketing and communication activity for the programme/project
An a media release prepared March 2023, updating the public on progress with this project
Internal BDC stakeholders are being updated on a regular basis

## Risk Key

Risk Rating	Action, Escalation & Review Timeframe Needed
20 – 25 <b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
10 – 16 <b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
4 – 9 <b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
1 – 3 <b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

Table 5: Likelihood of Occurrence

Likelihood	Score	Description
<b>Almost certain</b>	5	Event is expected to occur more than once in the next year
<b>Likely</b>	4	Event is expected to occur once in the next year
<b>Possible</b>	3	Event could occur at least once in the next two years
<b>Unlikely</b>	2	Event could occur at least once in the next 3 to 5 years
<b>Rare</b>	1	Event is unlikely to occur in the next 5 years

		Risk Assessment Matrix				
Consequence	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
		Likelihood				

## Buller District Port Package (R07.02907.02/03)

### Project Details

<b>Location and Region:</b>	Westport, Buller district, West Coast
<b>Contracted Amount:</b>	\$3,300,000 excl. GST
<b>Reporting Period:</b>	For period ending 31 <sup>st</sup> March 2023
<b>Project Principal/Recipient:</b>	Buller District Council
<b>Project Partner(s):</b>	Ministry for Business, Innovation & Employment (MBIE)
<b>Project Manager:</b>	Phil Rossiter
<b>Programme Outcomes:</b>	(a) new employment, the preservation of jobs and the redeployment of workers in communities and within the infrastructure sector hit by COVID-19; and (b) investment toward a more productive, sustainable, and inclusive economy, enabling our regions to grow and support a modern and connected New Zealand.

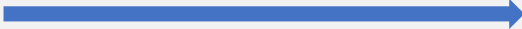
### Project Overview (High-Level Summary)

Aspect	Status	Comments
<b>Overall:</b>	<b>G</b>	The project is following its planned trajectory, albeit with known and accepted delays in several key project components due to Covid-19 and Westport flood factors. Work on the final project tasks is nearing completion and will be completed within the next reporting period.
<b>Budget:</b>	<b>G</b>	\$3.3M has been secured from the COVID-19 Response and Recovery Fund for two key strategic areas: 1) \$2M for Westport gravel removal and wharf back-sheathing repairs; and 2) \$1.3M for investment and repairs, maintenance and upgrades to the bulk shipping and fishing precincts. The budget will be sufficient to achieve the overall project intent (Component A budget will support completion of Component B), with a modest surplus forecast.
<b>Scope:</b>	<b>G</b>	The project intent is clear, and a detailed scope has been evolving in response to user priorities and unforeseen changes (i.e., the July 2021 and February 2022 floods) that have changed the focus and sequencing of work in the bulk shipping precinct. The scope was constantly reviewed and optimised to ensure maximum impact and value for the precinct and its users and to catalyse third-party (private) investment.
<b>Resource:</b>	<b>G</b>	Contractor resourcing and availability is constrained and is having an impact on timeliness. This is not just Covid-related, but more so because of July 2021 and February 2022 flooding. Contractor resourcing has been secured for the final remaining work.
<b>Schedule:</b>	<b>A</b>	The final task (wharf edge strengthening) has experienced supply delays on the reinforcing steel. The latest information indicates this can be closed out in April 2023, with project wash-up and reporting occurring quickly thereafter. The understanding and support of MBIE (Kānoa) has been appreciated as the project has worked through these issues.
<b>Risks / Issues:</b>	<b>G</b>	No significant/acute project risks have been identified at this stage, other than the issues declared later in this report.

## State of Play

Last Month	Next Month
<ul style="list-style-type: none"> <li>The harbourmaster office upgrade was completed.</li> <li>The site entry/exit upgrade was practically completed, with final line-marking and security wiring and livening attended to.</li> <li>Continued to work on supply and securing of galvanized structural steel for final (wharf-edge strengthening) task.</li> </ul>	<ul style="list-style-type: none"> <li>Complete wharf edge strengthening (final task) in the bulk precinct.</li> <li>Start drafting project completion documentation (claim; reports etc).</li> </ul>

## Project Road Map/Schedule

Programme/Project task	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	Comments
Work Programme A: Westport gravel removal and seawall repairs						Component A was <b>completed</b> as at the end of June 2022.
Work programme B: Westport bulk shipping and fishing precincts						Practical completion forecast for April 2023. Project close-out to occur thereafter.

Milestones				
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme A: Westport gravel removal and seawall repairs</b>				
Award design contract	30/09/2020	21/12/2020	100	Engineer (WSP ChCh) appointed for expert input and advice on wharf structures. Hydrological and survey input appointed for gravel extraction
Award procurement contract	30/10/2020	1/04/2021	100	Gravel extraction is river based; therefore, dredge is required and will be used
Obtain all consents	30/11/2020	1/04/2021	100	Consents in place for river-based dredging
Award construction contract	30/11/2020	30/04/2021	100	Gravel extraction is river-based; therefore, dredge is required
Complete construction	30/04/2021	30/06/2022	100	Complete. 155,720m <sup>3</sup> of gravel removed
Opening event	31/03/2022	31/05/2023	0	To be determined/confirmed with Kānoa and Council
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>				
Award detailed design contract	30/10/2020	31/01/2021	100	Innumerable design tasks – not one design contract
Award procurement contract	30/10/2020	30/06/2022	100	Final tasks (harbourmaster office upgrade and site entry/exit upgrade) assigned to contractors
Obtain all consents	31/12/2020	30/06/2022	100	Building consent secured for harbourmaster office upgrade
Obtain all property rights	31/12/2020	31/05/2021	100	No issues
Award construction contract	28/02/2021	10/07/2022	100	Final construction elements awarded
Complete construction	28/02/2022	30/04/2023	95	Final task forecast for completion in April 2023
Opening event	31/03/2022	31/05/2023	0	To be determined/discussed with Kānoa and Council



## Financials

A summary of funding received and expenditure to date actual against budgeted for each Project Element is shown in the table below.

Programme/Project Item	Indicative Cost	Actual Spend	Forecast (remaining) cost to complete	Project Variance	Commentary
<b>Work Programme A: Westport gravel removal and seawall repairs</b>					
Project management and coordination	\$75,000	\$114,985	\$0	-\$39,985	Additional planning and task coordination required
Engineering assessments and design	\$35,000	\$36,945	\$0	-\$1,945	Additional engineering assessment and design required
Consents	\$10,000	\$0	\$0	\$10,000	No consents identified as required
Procurement, legal and tenders	\$20,000	\$0	\$0	\$20,000	Less legal/procurement input forecast
Civils works/site works for gravel extraction	\$1,400,000	\$1,662,500	\$0	-\$262,500	Significant gravel volumes identified requiring extraction
R&M to seawalls/wharf back-sheathing	\$460,000	\$17,980	\$0	\$442,020	Nil variance forecast at this stage. Project estimate considered realistic.
<b>Component Total</b>	<b>\$2,000,000</b>	<b>\$1,832,410</b>	<b>\$0</b>	<b>\$167,590</b>	<b>Forecast surplus to be used to support Component B</b>
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>					
Project management and coordination	\$40,000	\$38,015	\$12,500	-\$10,515	Additional planning and task coordination required
Procurement, legal and tenders	\$20,000	\$15,829	\$0	\$4,171	Less legal/procurement input forecast
Design and engineering assessment and consents	\$30,000	\$99,977	\$2,500	-\$72,477	Intensive engineering design and assessment input required
Civil works/site works	\$1,210,000	\$1,113,012	\$118,535	-\$21,547	Modest (5%) variance planned and forecast.
<b>Component Total</b>	<b>\$1,300,000</b>	<b>\$1,266,833</b>	<b>\$133,535</b>	<b>-\$100,368</b>	<b>Forecast deficit supported by surplus from Component A</b>
<b>PROJECT Total</b>	<b>\$3,300,000</b>	<b>\$3,099,243</b>	<b>\$133,535</b>	<b>\$67,222</b>	<b>Minor (2%) positive variance (surplus) forecast at this stage</b>

### FINANCIAL SUMMARY AS AT MARCH 2023:

INCOME RECEIVED TO DATE = \$3,132,410; INCOME CLAIMED BUT NOT YET RECEIVED = \$0; FINAL FORECAST PROJECT COST = \$3,232,778; INCOME FORECAST TO BE CLAIMED IN FUTURE = \$100,368

## Employment Outcomes

The following table shows the number of people working to deliver the project in the current reporting period

Programme/Project Element	Total people working	No. previously unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women	Job Type (Full-time; Part-time; Contractor; Consultant)
A (Gravel extraction)	0	0	0	0	0	0	0	Component completed
B (Bulk and Fishing Precinct)	8	0	6	0	0	0	0	8 contractors
<b>Total</b>	<b>8</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

The following table shows total current, past, and expected future jobs

Current Jobs	No. of people previously but no longer employed on the project	Expected jobs in the future
8	Nil (for the reporting period)	Approximately 6 roles/jobs are forecast to be required for the remaining project task of wharf edge strengthening

Additional narrative to explain the above table or to give other relevant information

Nil

## Risks/Issues/Opportunities

Key risks and/or issues arising are detailed below

Risk/Issue	Magnitude	Likelihood	Mitigation
(Issue – Schedule Slippage) – Component B require contractors that are very stretched due to the knock-on effect of local flooding events and Covid. Contractor resourcing has now been secured for remaining tasks, and all should be completed by the end of March 2023 with wash-up to occur in April 2023. Funding Agreement has been varied to reflect this timeline	Low-Moderate	High	Maintain close communication with contractors and communicate and report outcomes.

## Social Procurement Outcomes

The following table shows achievements to date against the Social Procurement Objectives agreed to

Outcome	Measure	Status/Comments
Employment of targeted workers	Prioritising workers identifying as: 1) Local (in-region) workers; 2) Māori or Pasifika; 3) Employment of women prioritised where possible	6 of the 8 personnel involved in the project for the reporting period were local. The extent to which the measure can be controlled by the project is somewhat limited and is significantly influenced by contractor workforce composition.
Local businesses	75% of the direct contracts and sub-contracts associated with the project will be awarded to businesses owned and operated by people who reside and operate in the region	Local business involvement has more than met the target threshold.
Worker conditions	100% of workers engaged on the project will be paid the living wage or greater and 100% of employees will be covered and managed by a fit-for-purpose and current health and safety system	Target fully met to date and is expected to be achieved for project duration. This measure will be monitored and reported as the project progresses
Environmental responsibility	Adoption of practises that enable the project to be delivered sustainably, including by: - protecting or enhancing the local ecosystem and its indigenous biodiversity - actively seeking to minimise the carbon impact of project delivery, to support the transition to a net zero emissions economy - minimising waste, re-using materials, and where possible incorporating the principles of the circular economy - using water resources efficiently - using low-impact, sustainably and locally sourced materials and products; and/or - including resilience to the impacts of a changing climate	In-progress. Biggest impact and contribution to environmental responsibility will be delivered via the construction (and operational) phase of the project. Several planned works relate specifically to environmental risks. This measure will be monitored and reported as the project progresses

## Communications

An update on media, marketing, and communication activity for the programme/project

Completion of the project and Component B by the end of this year provides an opportunity for external communications within the coming months celebrating the achievements. A site visit by Kānoa officials was scheduled for February but was postponed due to Cyclone Gabrielle considerations.

## Additional/Other Information

Nil.

## RISK AND AUDIT COMMITTEE

19 APRIL 2023

### AGENDA ITEM 13

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### PUBLIC EXCLUDED

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#### 1. REPORT SUMMARY

Subject to the Local Government Official Information and Meetings Act 1987 (LGOIMA) s48(1) right of Local Authority to exclude public from proceedings of any meeting on the grounds that:

#### 2. DRAFT RECOMMENDATION

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

Item No.	Minutes/Report of:	General Subject	Reason For Passing Resolution under LGOIMA
14	Douglas Marshall - Chief Financial Officer	Punakaiki Campground Update	<b>(s 7(2)(b)(ii))</b> - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
15	Douglas Marshall - Chief Financial Officer	Ernst & Young Management Closing Report	<b>(s 7(2)(h))</b> - enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or <b>(s 7(2)(i))</b> - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or <b>(s 7(2)(j))</b> - prevent the disclosure or use of official information for improper gain or improper advantage.
16	Douglas Marshall - Chief Financial Officer	BHL BDC Governance Meeting Draft Minutes 12 April 2023	<b>(s 7(2)(b)(ii))</b> - would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. <b>(s 7(2)(i))</b> - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).