



AGENDA

Meeting of the
Risk and Audit Committee

Wednesday 15 November 2023
commencing at 4.00pm

To be held:
Clocktower Chambers,
Palmerston Street, Westport



CORE COUNCILLOR ROLE AND RESPONSIBILITIES

- The Governance role entails:
- Strategic planning and decision-making;
 - Policy and strategy review;
 - Community leadership and engagement, and stewardship;
 - Setting appropriate levels of service;
 - Maintaining a financially sustainable organisation; and
 - Oversight/scrutiny of Council's performance as one team.

The governance role focusses on the big picture of 'steering the boat' - management's role focusses on 'rowing the boat'

Our commitments to best support each other and meet the challenges and opportunities of 2023 include:

CLEAR AND RESPECTFUL COMMUNICATION

We are committed to:

- Actively listening and not interrupting;
- Remaining conscious of 'tone', body language, and amount of time speaking (allowing time for others);
- Responding/answering in a timely manner; and
- Being honest, reasonable, and transparent.

TRUST AND RESPECT

We recognise that trust and respect must be earned and that a team without trust isn't really a team. Trust can be built by:

- Valuing long-term relationships;
- being honest; honouring commitments; admitting when you're wrong; communicating effectively; being transparent; standing up for what's right; showing people that you care; being helpful; and being vulnerable.

CONTINUOUS LEARNING AND IMPROVEMENT

Continuous learning and improvement are critical for growing together as a team.

We are committed to constantly reviewing what is going well and what needs to improve in relation to the way we work together, the processes we follow, and the outcomes we deliver.

NONE OF US IS AS SMART AS ALL OF US

Risk and Audit Committee

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

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 Copy

Clocktower Chambers,
Palmerston Street, Westport



15 November 2023 09:00 AM

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RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM 1

Prepared by Douglas Marshall
Chief Financial Officer

APOLOGIES

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

15 NOVEMBER 2023

AGENDA ITEM 2

Prepared by Douglas Marshall
Chief Financial Officer

MEMBERS INTEREST

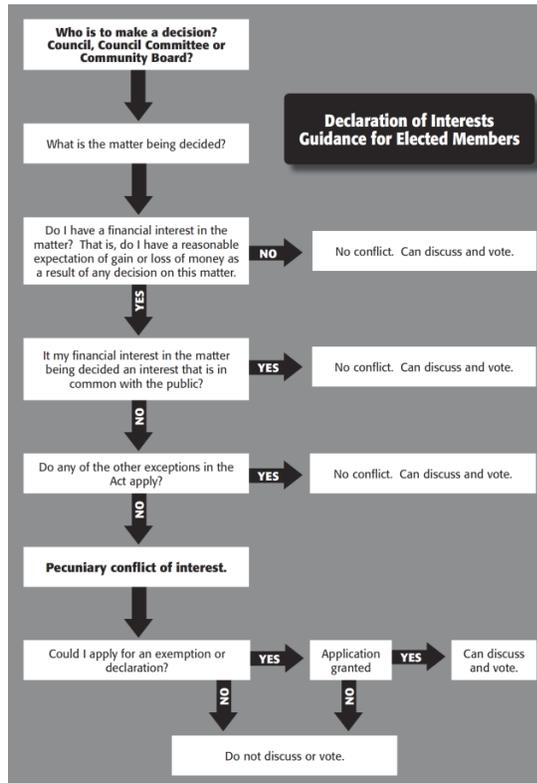
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

15 NOVEMBER 2023

AGENDA ITEM 3

Prepared by Douglas Marshall
Chief Financial Officer

CONFIRMATION OF MINUTES

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive and confirm minutes from the meeting of 11 October 2023.

MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 3.30PM ON WEDNESDAY 11 OCTOBER 2023 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.

PRESENT: S Roche (Independent Chair), Mayor J Cleine, DM A Basher, Councillors P Grafton, Cr J Howard, C Reidy, T O'Keefe, A Pfahlert, Cr G Neylon, R Sampson, L Webb, G Weston, N Tauwhare (Iwi Representative) (via Zoom)

IN ATTENDANCE: S Gibling (CEO), D Marshall (Chief Financial Officer), L Brooks (Finance Manager), B Little (Policy Advisor), G Barrell (Governance Secretary)

MEETING DECLARED OPEN AT: 3.31pm

S Roche advised the order of the agenda will be changed to allow for staff members to speak to their papers.

1. APOLOGIES (Page 10)
Discussion:

Nil

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

S Roche/Cr P Grafton
13/13
CARRIED UNANIMOUSLY

2. MEMBERS INTEREST (Page 11)
Discussion:

Nil

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

S Roche/DM A Basher
13/13
CARRIED UNANIMOUSLY

3. CONFIRMATION OF MINUTES (Page 12)
Discussion:

Nil

RESOLVED that the Risk and Audit Committee receive and confirm minutes from the meeting 13 September 2023.

Cr G Weston/Mayor J Cleine
13/13
CARRIED UNANIMOUSLY

4. ACTION POINTS (Page 22)

Discussion:

218 Pump Stations: Concern that this may get lost if on the Strategic Risk Register (SRR). D Marshall advised, if this is on the Strategic Risk Register, it would be rated as a HIGH risk, to be reviewed three-monthly.

220 Strategic Risk Register: To come back in November.

RESOLVED that the Risk and Audit Committee receive the Action Point Report for information.

Cr L Webb/Cr J Howard
13/13
CARRIED UNANIMOUSLY

5. RAC WORKPLAN REPORT (Page 26)

Discussion:

Noting that with the BHL AGM being held on 25 October, their reports will come to the Extraordinary Council meeting on 18 October.

RESOLVED That the Risk and Audit Committee receive the Risk and Audit Workplan report for information.

DM A Basher/Cr L Webb
12/1
Cr C Reidy against
MOTION CARRIED

12. MONTHLY REPORT – PROJECTS IN PARTNERSHIP UPDATE REPORT (Page 95)

Mayor J Cleine confirmed that both sets of minutes from the August and September meetings were approved by the PIP Committee with the corrected figures on there.

It was noted that on Page 103, it should read as 'hub' feasibility study - not 'health'.

Page 98: Additional Council budget from the historical landfill, does the surplus go back to Council funds? P Bicknell advised that this was originally a loan and the surplus was not drawn down.

Page 104: Claim 7, \$938,898 cost but invoiced \$962k and \$962k was paid. Why are we invoicing for more? P Bicknell will check and clarify next month.

Claim 4 doesn't add up. Costs incurred of \$1104, yet invoiced \$1084, noting there are some invoices are on hold. P Bicknell will check and clarify next month.

Page 105: Cr C Reidy has ongoing concerns regarding the 60/40 split. D Marshall to work with Cr Reidy on this.

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

Cr P Grafton/Cr A Pfahlert

13/13

CARRIED UNANIMOUSLY

7. ALLOCATION OF RESERVES CONTRIBUTION FUND (Page 37)

Discussion earlier raised questions around the definitions of different reserves. Policies are reviewed each Long Term Plan (LTP) time and will come forward as a proposal to LTP.

Financial Contributions and Development Contributions are both put into the Reserves Contribution Fund. It can only be used for development of Reserves in the district.

It was noted in 8.3 (page 46) that it states 'provision of water supply, electricity etc' this is not considered reserves so why is this under reserves? D Marshall advised Financial Contributions are under RMA, available for reserves, transportation, water, etc. Development Contribution falls under LGA. These can be used for reserves, water, transportation etc, but also community facilities. Reserves Contribution Account means financial contribution for the reserves.

Ms Little confirmed that according to 8.4.1.16.2 in the District Plan, inclusion of the word 'district' was specifically to be district wide, not for particular areas that have been affected for the funding.

It was reminded that this report is how we spend the funding. A decision needs to be made as to whether staff or Councillors have a way to direct it? Or Councillors under a subcommittee or committee? When Council staff and community put forward funding suggestions and applications, then councillors distribute accordingly. Other options are for a set amount of money for councillors in one group to allocate to the community and another set amount of money for staff to allocate as things come up. The first option is to keep status quo, being that an amount goes through the Annual Plan (AP) and LTP process.

This report highlighted the requirement for Reserve Management Plans (RMP). B Little advised that there are reserves without committees that are managed by council staff. They would represent these reserves and if there became a need for development, then this would be highlighted by council staff.

Mayor J Cleine noted his preference for status quo. All our assets should be on an Asset Management Plan (AMP). Staff to determine when things are replaced etc. Council staff are the best ones to present projects via AP and LTP and consult with the community.

Cr J Howard would like more information coming to Council in the form of the AMP to help them understand what is being proposed etc.

Mayor J Cleine noted this requires a tighter relationship between reserves committees and Council to better understand what is required. Another committee not necessary.

The resolutions were broken down and resolved as follows:

RESOLVED That the Risk and Audit Committee:

1. Receive the report;

DM A Basher/Cr C Reidy
13/13
CARRIED UNANIMOUSLY

2. Either:

Endorse the current process for allocation of the Reserves Contribution Fund through the Long Term and Annual Plan process (Option 1);

Mayor J Cleine/Cr J Howard
11/2
Cr G Neylon and Cr R Sampson against
MOTION CARRIED

OR

~~Instruct staff to prepare a further report, including legal advice, to further develop one of the following options:~~

- ~~I. Reserve Contributions Fund Committee with fully contestable fund (Option 2);~~
- ~~II. Reserves Contribution Fund Committee – Community only contestable (Option 3);~~
- ~~III. Staff administered Fund – Community only (Option 4)~~

6. DRAFT PROTECTED DISCLOSURES (WHISTLE-BLOWER) POLICY REPORT (Page 28)

Discussion:

S Gibling spoke to his report, noting the Chair role refers to the Independent Chair of RAC.

This brings the policy in line with 2022 Act. In doing this, it will require Council to amend the Code of Conduct. It was noted that the PDA Coordinators are not independent. A request was made to have a fourth option for an independent option.

S Gibling advised this policy provides a clear procedure for everyone to follow. Anyone can raise an issue with OAG or an appointed auditor. S Roche agreed independence is required. Important to have an order and have Independent Chair after the Mayor, be it the Independent Chair of RAC or an independent person or company.

S Gibling will amend the document to include other places a person could go to raise an issue.

Agreed that bullet point 6 should say 'a person concerned in the Governance of the organisation (e.g. Mayor and Councillors).

S Gibling confirmed that there is no limit to the amount of PDA Coordinators that someone can disclose to.

RESOLVED That the Risk and Audit Committee:

1. Receive the "Draft Protected Disclosures (Whistle-Blower) Policy" report.
2. Recommend to Council to adopt the draft Protected Disclosures (Whistle-Blower) Policy subject to the amendments discussed.

Cr C Reidy/DM A Basher
13/13
CARRIED UNANIMOUSLY

8. INSURANCE COVER 1 NOVEMBER 2023 - OCTOBER 2023 UPDATE
(Page 54)
Discussion:

Cr A Pfahlert left the room at 4.33pm and returned at 4.35pm.

D Marshall spoke there was nothing in previous Council resolutions giving direction regarding memorials, monuments etc and whether there was some commitment to insure these. Changes to remove under \$25k of value around toilets and monuments reduces insurance premium by around \$4.5k.

Regarding tools of trade, this refers to items such as hiab cranes etc attached to vehicles, not the vehicle itself being a tool of trade. Accordingly, this policy exclusion is not an issue for council activities.

A question was raised regarding the Punakaiki campground. There are lots of little buildings and could these be amalgamated? Also, what would the business owner have covered within Council cover and therefore, what should they insure themselves?

It was noted that the document shows a few properties that no longer exist. D Marshall to follow up.

The sentimental value of some monuments and memorials was discussed. If the cost to Council is only around minimal then maybe we should insure. D Marshall

reminded the first \$25k comes off in excess and questioned if the excess should maybe be increased.

A question was raised as to whether there is any contents insurance for the likes of campgrounds? D Marshall replied that there are six buildings with quite large content value, being over \$25k. The \$25k excess could be an issue and noted the importance of having a list of assets for total replacement.

It was noted that the age of certain assets is important to look at, to see if we would get anything back in a claim.

It was agreed to not insure monuments, memorial etc in the future.

RESOLVED that the Risk and Audit Committee receive the insurance replacement update with updates as required from discussion.

Cr C Reidy/Cr T O'Keefe
13/13
CARRIED UNANIMOUSLY

9. INVESTMENTS AND BORROWINGS – 31 August 2023 (Page 64)
Discussion:

Nil

RESOLVED That the Risk and Audit Committee receive the Investments and Borrowings report as at 31 August 2023 for information.

DM A Basher/Cr P Grafton
13/13
CARRIED UNANIMOUSLY

10. MONTHLY FINANCIAL PERFORMANCE REPORT – 31 August 2023
(Page 74)
Discussion:

Pg 76: Flood Event Expenditure, \$589,717 YTD but nothing for full year. D Marshall confirmed this was an error and has been corrected internally. The full sheet confirms this.

RESOLVED That the Risk and Audit Committee receive the Financial Report to 31 August 2023 for information.

Cr G Neylon/Cr A Pfahlert
12/12
Cr C Reidy abstained
MOTION CARRIED

11. REVIEW OF FINANCIAL DELEGATIONS' POLICY REPORT (Page 80)

Discussion:

D Marshall spoke to his report noting the requirement to review position titles. Also that the importance of declaring conflicts of interest will be added.

The following questions were asked and addressed:

Page 86, 4.1 CEO's ability to employ contractor/consultant. Is this required? D Marshall advised that in the PMO there are a number of contractors/consultants in which Council staff do all the authorising and initiating, where possible. Suggests this is a good overall position.

Page 91, 4.4 Management Accountant for bad debts has been crossed out - why is it in one area and not the other. D Marshall advised it has been concluded that this puts responsibility at the right level on staff.

Page 94, 4.9. Relates to delegations of expenditure or non-expenditure. There is also a section for income. Should be the expenditure related to the income? There is no authority for unbudgeted income or operational expenditure. It is possible to have a separate income policy or room to include income.

S Gibling advised this provides clear direction to staff in signing funding agreements etc. There wasn't a threshold in the previous policy and this approach gives a clear threshold for all.

Suspension of financial delegation was questioned. D Marshall advised that 4.3 covers the unbudgeted expenditure. Mr Marshall will discuss the document further with Cr C Reidy.

S Roche noted it is important to have clarity around delegations.

This revision will come back to RAC in November 2023, then forwarded to Council for adoption.

RESOLVED that the Risk & Audit Committee receive the revised Financial Delegations Policy and request it is updated to incorporate comments from the meeting and will be brought back to the next RAC meeting.

S Roche/Cr C Reidy

13/13

CARRIED UNANIMOUSLY

13. PUBLIC EXCLUDED REPORT (Page 129)

Discussion:

Nil

DM A Basher left the room at 5.09pm and arrived at 5.11pm.

RESOLVED 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
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	<p>(s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or</p> <p>(s 7(2)(j)) - prevent the disclosure or use of official information for improper gain or improper advantage.</p>
PE 2	Steve Gibling - Chief Executive Officer	Project Management Office Review - Morrison Low	(s 7(2)f)) - Maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment.
PE 3	Steve Gibling - Chief Executive Officer	LGOIMA Summary	(s 7(2)a)) - Protect the privacy of natural persons, including that of deceased natural persons;
PE 4	Douglas Marshall - Chief Financial Officer	Projects in Partnership – IAF Funded Projects - October	<p>(s 7(2)(c)(i)) – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:</p> <p>Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied;</p> <p>(s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>

**Cr J Howard/Cr C Reidy
12/12**

**DM A Basher absent for vote
CARRIED UNANIMOUSLY**

S Roche called a 5 minute break.

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM 4

Prepared by Douglas Marshall
Chief Financial Officer

Attachment 1 Action Points

ACTION POINTS

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:
218	16 August 2023 Pump Stations Lifting of pump stations to be added to the Strategic Risk Register	D Marshall	This item will remain on the action point report until it is transferred to the strategic risk register when it is completed in early 2024 calendar year	13 September 2023 11 October 2023 March 2024
220	13 September 2023 Strategic Risk Register Update report on IM to come from Douglas for the October meeting	D Marshall	Report included in this agenda	11 October 2023

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM 5

Prepared by: Douglas Marshall
Chief Financial Officer

Attachments: Attachment 1 - RAC Work Plan

RISK AND AUDIT WORK PLAN

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	November	December
Risk & Assurance Items				
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		
CCO Director Appointments and Remuneration	CFO	Finance Manager		
BHL Quarterly Financials	CFO	Finance Manager		✓
BHL Annual Report	CFO	Finance Manager		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		Finalise
Review of BDC Created Policy	CFO			
Review of Business Continuity Plan	CFO		✓	
Internal Audits				
Dredge Activities	CFO	Project Accountant		
Harbour Activities	CFO	Project Accountant	✓	
Follow-up on Ernst & Young Matters Raised in Their Annual Report	CFO	Finance Manager		
Monitoring Items				
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				
Long Term Plan			Preparation	Preparation
BDC Annual Report				Publish Annual Report & Summary Document
Rating Policy Review				
Rating Policy Review			Preparation and review	Preparation and review

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 6

Prepared by - Frances O'Brien
- Manager Information Management

Reviewed by - Douglas Marshall
- Chief Financial Officer

Attachments - 1. Information Management Project - Progress Report 2023
2. 2021-2031 Long Term Plan Pages 30-31

INFORMATION MANAGEMENT PROJECT - PROGRESS REPORT

1. REPORT SUMMARY

The purpose of this report is to inform the Risk and Audit Committee of progress on the Information Management (IM) Project.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the report for their information.

3. ISSUES & DISCUSSION

Background

As a New Zealand local authority, Buller District Council (BDC) is responsible for the stewardship of information relevant to its district. The IM project aims to improve Council's management of information to better support the organisation and the community it serves.

The project began in 2013 with a managers' workshop run by Liz Castle, a contracted information management specialist. Liz presented a report in 2014 detailing the state of recordkeeping at BDC. The report gave an overview of Council's information stores and practices and compared these against best practice and legislative requirements.

Senior management decided that the recommendations in the report should be prioritised and formed a working group with representatives from each department. Using Association of Local Government Information Management (ALGIM) guidelines, the group drafted an IM strategy and an IM policy, completed a disposal policy, and established a Business Classification Scheme (BCS). The shared network drive (S: Drive) was tidied and arranged according to the new BCS and an email archive created.

A 'shared service' project for an Enterprise Content Management System (ECMS) was established with Grey District Council and Westland District Council, with the West Coast Regional Council taking on an observatory role. Responses to a joint (Request for Information) RFI were received in 2018 with Information Leadership (IL) as the preferred supplier.

In 2019, the decision was made to delay the project until additional funding could be approved for staff resources. A budget of \$647,000 was incorporated into the 2021-2031 Long Term Plan and an Information Manager hired in 2022. The recruitment of a fixed-term project manager was unsuccessful, and the IL contract was expanded to include a project plan and coordination resource.

The ECMS implementation is well underway. A staggered rollout of SharePoint was decided upon to allow adequate time to design and build workspaces, migrate files, and provide new users with training and support. The staff intranet went live in October 2022 and eight teams are now working successfully in SharePoint. \$226,292 of the \$451,545 allocated budget has been spent.

BDC's property files have been sent offsite to be stored and scanned on request. To date, 962 of the 9,578 files and 131 oversize plans have been digitised at a cost of \$84,640. Some work has been done to sort and dispose of physical and digital information and records but there is still a huge amount to be done. The lack of suitable storage for protected records is of particular concern.

Summary

It has taken several years to get the IM Project to the implementation phase. This phase is being carefully managed by the Manager Information Management using the contractor and her own time on a priority basis. Progress would be quicker if there were more resources available but in the list of priorities for funding, this project is down the order. The progress to date can be seen in this report and Attachment 1.

4. CONSIDERATIONS

4.1 Strategic Impact

In the 2021-2031 Long Term Plan, Council chose 'a full approach to Information Management' including the development of an IM strategy and protocols, the implementation of an ECMS, a fixed-term project manager and a permanent staff resource, and the digitisation of all paper data and records (see attachment 2).

4.2 Significance Assessment

The 2020-2021 Annual Plan describes the significance of the project. Council recently had a practice review around official information provision to the community and other Local Government Official Information and Meetings Act 1987 (LGOIMA) functions. This identified, as is the case with many local authorities, that information management was of vital importance to the organisation and is one of the key risks that an organisation, particularly a public organisation faces. (p. 50)

4.3 Risk Management Implications

BDC's physical stores do not comply with the Archives New Zealand information and records management standard and the district's high-value records are at risk of damage and loss.

4.4 Values

Community Driven – effective information management will make a difference in the community by improving Council services and preserving public knowledge for discovery and reuse.

One Team – the SharePoint platform promotes shared direction and effort by enabling greater collaboration and communication among staff.

Future Focused – the SharePoint solution is fit for the future. It supports legislative requirements for the creation, maintenance, access, and disposal of files and is easy to adapt to meet changing needs.

Integrity – the public provision of information and records enables Council to be held accountable and enhances public confidence in its decisions and actions.

4.5 Policy / Legal Considerations

Council does not fully comply with the Public Records Act, the Privacy Act or the Archives New Zealand information and records management standard.

4.6 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.

4.7 Views of Those Affected

This decision does not require consultation with the community or stakeholders.

4.8 Costs

There is no financial implication relevant to this decision.

4.9 Benefits

Managing information and records appropriately will increase business efficiency, improve service delivery, help preserve knowledge, and mitigate risk.

4.10 Media / Publicity

Interest may be limited but a media release will be sent out once the project is complete.

INFORMATION MANAGEMENT PROJECT

Progress report October 2023



PROJECT GOALS

Information and records are key strategic assets. These assets need to be actively managed to maintain and improve value, enable good business practices, ensure accountability, and mitigate risk.

The Information Management Project aims to improve BDC's information management and enable BDC to better meet local authority information management requirements.

Goals include:

- Reduce the risk of single paper records being lost, misappropriated or destroyed in a disaster.
- Reduce staff time lost in trying to find information across multiple data stores.
- Enable BDC to better meet its discovery obligations under the Local Government Official Information and Meetings Act (LGOIMA).
- Ensure that all staff are aware of organisational policies and procedures about recordkeeping legislation, official information and privacy legislation.
- Assign recordkeeping responsibilities and make sure staff know who is responsible for records and where to go for help.
- Ensure that recordkeeping practices meet the standards set under the Public Records Act 2005 and can stand up to external scrutiny.



KEY LEGISLATION

The [Public Records Act 2005](#) establishes a regulatory framework for information management across the public sector. The purpose of the PRA is to promote the accountability of government through reliable information management, enhanced public confidence in the integrity of government information and records, and the protection of New Zealand's documentary heritage.

The [Archives New Zealand information and records management standard 2016](#) is mandatory for local authorities. It establishes how to manage information and records systematically and sets out the minimum level of compliance that must be met.

The [Local Government Official Information and Meetings Act 1987](#) allows people to request official information held by local government agencies.

The [Privacy Act 2020](#) aims to promote and protect individual privacy with principles that govern the collection, use, storage, access, correction and disclosure of personal information.

PROJECT PHASES

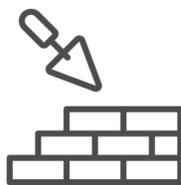


2013-2014

DISCOVERY

Investigation of current state (information audit) at BDC, including:

- ✓ Identification and overview of current information stores.
- ✓ Analysis of current record keeping practices.
- ✓ Analysis of current file classification scheme/s.
- ✓ Analysis of existing information governance structure and relevant policies.
- ✓ Report (gap analysis) of current state vs requirements as stated in the Public Records Act and Local Government Act.



2016-2019

FOUNDATION

Development of the underlying infrastructure to ensure robust information management practices, including:

- ✓ Records management policy.
- ✓ Retention and disposal schedules.
- ✓ An overarching information management strategy.
- ✓ Development of Council wide file plan / taxonomy.
- ✓ Email archive
- General tidy-up of physical material and shared drives.



2017-2019

SYSTEMS

Evaluation and selection of a technology solution to support information management practice at the BDC, including:

- ✓ Development of requirements document for a Request for Information.
- ✓ Evaluation of systems against requirements.
- ✓ Pilot of preferred system.



2022-

IMPLEMENTATION

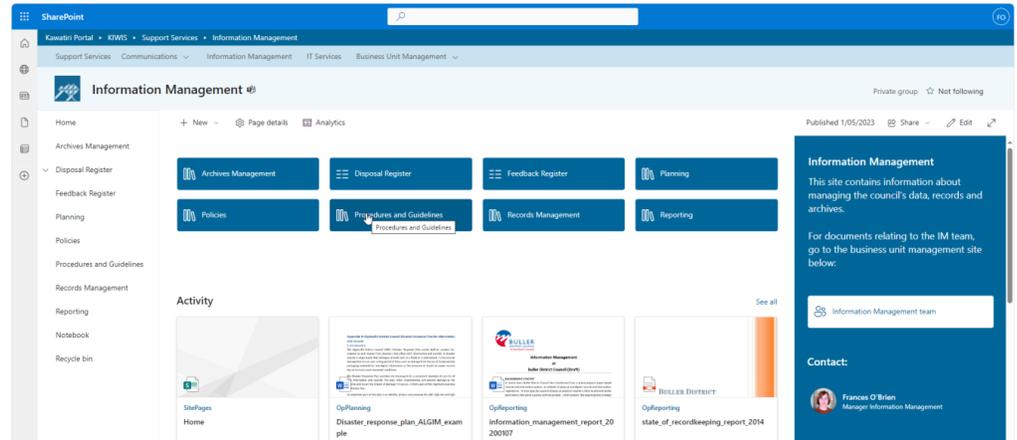
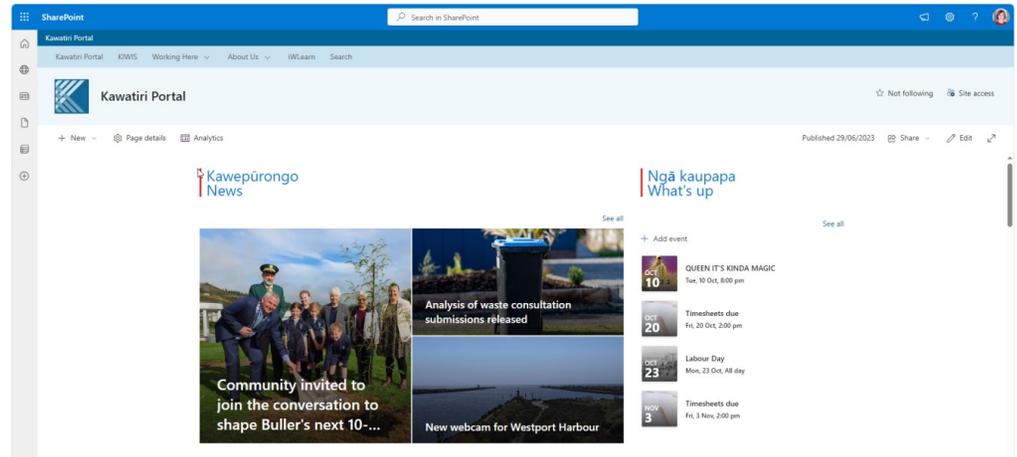
Where everything comes together, including:

- Implementation of preferred solution.
- Migration of existing active records.
- Implementation of new workflow processes and responsibilities.
- Development and delivery of training and guidelines.

ECMS IMPLEMENTATION

WORKSTREAM	STATUS
Project Management - initiation	✓ Complete
Taxonomy and Metadata	✓ Complete
Systems Architecture and App Installs	✓ Complete
Search Configuration	✓ Complete
Working Here and Template Central	✓ Complete
Digital Workspaces Foundation	✓ Complete
Intranet design/build	✓ Complete
Change and Governance	✓ Complete
Training Base & Plan - iWorkplace Learn	✓ Complete
Teams Framework design/build	🕒 In progress
Project Management	🕒 In progress
ECM Workspaces design/build	🕒 In progress
Training Base and Plan - training and support	🕒 In progress
MAGIQ Integration	🕒 In progress
Smart Storage	○ Not started

ATTACHMENT 1



Kawatiri Portal, BDC's staff intranet (above), and the IM workspace in SharePoint

FINANCIAL SUMMARY

WORKSTREAM	FORECAST	ACTUAL	REMAINING
Historic costs (2015-2021)	63,098	63,098	0
ECMS implementation (IL)	355,067	195,793	202,705
ECMS project coordination (IL)	27,043	27,043	0
MAGIQ integration (IL/MAGIQ)	86,545	3,456	83,089
Unallocated	115,247	84,759	30,488
TOTAL	647,000	374,149	272,851

RISKS

- Non-compliance with legislation and standards for the physical storage of information and records (see appendix for more information).
- Most of the project budget has been allocated to the ECMS implementation with little remaining for the digitisation and storage of physical records.
- Information management is the responsibility of all BDC staff but most teams are stretched to capacity and don't have the time or energy to focus on recordkeeping.
- The IM project must be driven 'from the top down' for it to be a success. SLT and team leaders/managers need to prioritise information management and set a good example for the rest of the staff.



A brief appraisal of Buller District Council's current [2014] archival storage with Archives NZ Standards

Commentary

Records and file storage improvements would be of immediate benefit to the Council and its workers. The Council building and outbuildings are overflowing with paper. Many are official BDC records but many are 'working' files, i.e. printouts, photocopies of original documents, that are stored in boxes in the garage, and within the Council building itself.

Council staff prefer to have files they're working on around them and not housed away from the area in a central filing area.

A detailed information audit was outside the scope of this project, but an overview estimated a conservative 20% of duplicate material housed in the garage, in staff offices and on desks.

The current 'Garage' storage area does not meet Archives New Zealand's storage standard. Within the Council building, boxes are on floors and against walls creating a safety and hazard issue.

Digitisation of Files

Digitisation of records is often proposed as a physical storage solution. And within local authorities property files are the most often scanned records.

The cost of digitising a property file (with an average of 7 document types) is in the range of \$20-\$35 per file.

One local authority recently undertook the digitisation of its 22,000 property files at a cost of \$750,000.

Another approach is to digitise property files on an 'as accessed' basis.

With dedicated resources and current technologies, scanning of property files can be achieved in-house. If property files are to be scanned on demand the physical files still need to be housed, either at the Council, or with a 3rd party provider – one who can provide on demand digitisation.

There are other pockets of records that would benefit from being digitised. Staff have identified areas of often requested material, for example baches on reserve land, which could be used as a pilot digitisation project.

An added benefit of digitisation is mitigation in a disaster situation where physical files are lost through, for example, fire or flood.

Offsite Storage of Physical Files

Using a 3rd party provider may be a cost effective method for long term, rarely accessed inactive records. Because of Westport's geographic location it is recommended that only records scheduled for destruction be held with the provider (excluding property records for reasons above) who may be located in either Greymouth or Christchurch. This is to minimise the amount of handling of material and transport costs should the records be required back at the office.

Using an appropriate provider has the added benefit of secure destruction available onsite. If a 3rd party provider is selected for this it is *very important* that these records are actively managed, so as not to incur unnecessary cost by retaining records past their scheduled destruction date.

Possible offsite providers include:

Online Security; Recall; Crown Records and Total Records Management, and there are others.

Physical, semi-active files could then be located at a secure storage site closer to the Council's building. e.g. Coal Town Museum building, or another existing building within the Westport CBD.

Going Forward

An estimated 80-90% of new Council information is born digital. However, work habits, and lack of appropriate systems and processes, drive the continuation of print and file practices.

It is estimated that the growth in demand for physical storage will start to decline 3-5 years after the successful implementation and uptake of a council-wide content/document management solution, or similar.

Records stored with a 3rd party provider would have a finite life of 10-15 years, depending on the retention period.

The corollary of this will be the increased demand on technology and online storage demands either on in-house servers or offsite providers. Note: some current providers of physical storage solutions also offer offsite digital solutions.

Recommendations:

1. A detailed appraisal and listing be undertaken of existing physical records (approx. 80 hours work).
2. Active files, relevant to the department, are stored in appropriate shelving within the local work area.
3. General active files are housed within the Council building in a purpose-built filing room. For space saving purposes mobile shelving could be used, though the upfront cost is more expensive than static shelving.
4. All archives to be stored appropriately within the Library environment thereby making them readily accessible as per the Public Records Act.
5. A requirements document and cost benefit analysis be undertaken for:
 - a) Semi-active material to continue to be stored within or near the Council building in the CBD.
 - b) Inactive and *non-archival* material to be stored offsite with an appropriate provider.

Current Storage Areas

The following storage areas were considered:

Archive Storage	Location	Area (m ²)
Library	Westport Library	tbc
Garage Archive	Brougham Garages	36
Garage Administration Store	Brougham Garages	18
Old plans	Brougham Garage Offices - South-End	40

Working Storage	Location	Area (m ²)
Property File Store	Brougham Ground Floor	35
Plan Table Area	Brougham Ground Floor Regulatory	10
Planning Files	Brougham Ground Floor Planning	10
Finance Area	Brougham First Floor	10
Operations Drawing cabinets	Brougham First Floor Corridor	2
File Room	Brougham First Floor	15
Xerox room	Brougham First Floor	2

Current Storage vs Archives NZ standards

Identification and Control

- Archives must be identified and registered in a system which controls them and allows efficient retrieval.
Partially compliant. The library storage system is a manual one which is not very efficient. Similarly, the garage archival storage. Many lists and spreadsheets cover access to the material. Access is quite often person dependent.
- Archives must be arranged in an orderly manner and be well managed so that order is maintained.
Partially compliant. For example, the library archives comply but the garage archives do not.
- Procedures must be in place for retrieving, handling and reshelving archives.
Not sighted.
- Inactive records of archival value must be identified so that they can be stored appropriately.
Non-compliant.

Security

- Archives which contain sensitive or classified information must be identified and protected.
To be confirmed.
- Access to archives storage areas must be controlled and restricted to authorised staff.
Compliant.
- Dedicated storage areas for archives must be intruder resistant and have an intruder alarm system.
Non-compliant.

Facilities

- Archives must be stored in a dedicated storage area.
Non-compliant.
- Storage areas must allow ongoing access to archives by authorised users.
Partially compliant.
- Archives must be stored in locations which reflect the characteristics of their format and their retention period.
Partially compliant.
- The building in which archives are stored must comply with the New Zealand Building Code that applied at the time of construction and associated codes and standards and be appropriate for use in storing archives.
Non-compliant.
- The building in which archives are stored must have adequate drainage systems to prevent flooding.
Non-compliant.
- Dedicated storage areas for archives must be insulated from the climate outside.
Partially compliant. The library is but the garage area is not.
- Dedicated storage areas for archives must be protected against internal hazards.
Non-compliant.
- A building maintenance programme must be in place.
Not sighted.

Protection against Disaster

- Archives are located as far as possible from natural and man-made hazards.
Partially compliant.
- A disaster management plan and procedures must be in place, kept current, and known to staff.
Non-compliant.
- Staff responsible for archives must be trained in emergency procedures to protect and salvage the records.
Non-compliant.
- There must be a comprehensive fire protection system and equipment for the building, in compliance with the New Zealand Building Code that applied at the time of construction.
Not sighted.

Environmental Control

- Archives must be stored away from sunlight and artificial light.
Compliant.
- Magnetic media must be stored away from magnetic fields.
Partially compliant.
- Dedicated storage areas for archives must be kept clean.
Partially compliant. (The library is but the garage is not).
- Archives must be stored in conditions where the relative humidity is never above 60% or below 30%.
Partially compliant. The garage area is certainly not.
- Archives must be stored in conditions where the temperature is never above 25 degrees centigrade.
Unconfirmed but as not temperature controls exist in places like the garage this is unlikely to be compliant.

Shelving and Packaging

- Archives must be stored using shelving or equipment appropriate to the format and size of the items.
Partially compliant.
- Archives must be packaged in containers which are clean, in good condition and appropriate to the format of the archives.
Partially compliant.

■ Information Management

Building and capacity

In recent years Council has transitioned from a purely physical paper-based records and information management system to a hybrid model of physical and digital records and information repositories. Unfortunately, an appropriate management system has not been put in place for our digital records, and information is largely unmanaged. This situation creates a risk for the organisation and as a result is identified as a strategic risk for Council.

The Ombudsman’s Office completed a review of Council’s Local Government Official Information and Meetings Act (LGOIMA) practices in 2020. Council was delighted not to receive any formal recommendations out of the review. However, the Ombudsman has been clear that our information management system requires updating and modernising. This is because our current system does not necessarily capture and store information in a way which meets legislative requirements.

Updating these systems will also mean that we can be more responsive when you ask for information from us. Having well managed and easily accessible digital information will mean that we can respond to requests for information faster and with greater accuracy, making us more efficient and improving the level of service we provide.

In our LTP pre-engagement you told us it is important that our community is supported by quality infrastructure and services that are efficient and fit for purpose to meet current and future needs. We have responded in the LTP by prioritising investment in a modern, fit for purpose information management system that will address our legal compliance risk and better enable us to meet the information needs of our community.



‘You told us you want quality infrastructure, facilities, and services that meet current and future needs’

THE OPTIONS

To be legally compliant, and to provide a service that meets current needs and expectations, we have to:

- Develop an information strategy and protocols which meet legislative standards and requirements, and
- Install and implement information management software which interfaces with our current MagiQ enterprise system.

Our preferred option was to complete the above and digitise our existing paper records. This option will reduce the current strategic risk and provide a greater level of service than the alternative. To complete this work additional staff resource will be required, both permanent and for project implementation. The initial cost outlay over 18-months will be \$188,000 in year one, increasing to \$234,000 for outgoing years. The capital has been funded by depreciation costs to reduce the impact of the project on the ratepayer.

The alternative is to complete the above but to not digitise our existing paper records, and to use a part time resource to manage the project and process. The concern with this approach is the project and ongoing processes will be under-resourced, and the implementation of the software could be fraught and problematic leaving our information management in a worse position. The strategic risk will remain high with this approach and there will be limited or no improvement in our level of service. The initial cost and outlay for this option will be approximately \$115,000.

Our Values: Community Driven | One Team | Future Focused | Integrity | We Care



There were two options to consider. Council has chosen **Option 1 - a full approach to Information Management**. This has been included in the Long Term Plan document.

OPTION 1

Full approach to information management including digitising all paper data and records

Advantages

- Transitioning to an information management system and digitising the paper records benefits democracy, because information is easier to access and share.
- More timely search and release of information, such as LGOIMA requests.
- Reduces time searching manual records, increases productivity of staff.

Disadvantages

- Slightly higher cost to implement due to costs required to digitise physical records.
- It may take significant time to digitise all of the backlog of records.

Impact on Council’s level of debt

- Council would not need to raise a loan to pay for the capital cost of this project, instead term deposits are used (this is a transfer from Depreciation reserves).

Impact on Council’s level of service

- This project will improve Council’s level of service because of more timely searches and release of information.

Costs

Full implementation	\$000s
Total implementation cost	542
Ongoing operational costs	2,125
*Total rates impact (year 1) - increase	1.25%
*Total rates impact (10-years) - increase	14.14%

**based on 2020/2021 rate base*

OPTION 2

Implement a partial information management system and not digitise the paper records

Advantages

- Transitioning to an information management system benefits democracy, because information is easier to access and share.
- More timely search and release of information, such as LGOIMA requests for those records held in the system.
- Reduces time searching manual records, increases productivity of staff.

Disadvantages

- Continuing with manual systems means some data may be missed from searches, or incomplete.
- Difficulty meeting legislative requirements to release information, efficiencies for staff time would not be as great.

Impact on Council’s level of debt

- Council would not need to raise a loan to pay for the capital cost of this project, instead term deposits are used (this is a transfer from Depreciation reserves).

Impact on Council’s level of service

- This project will give some improvements to Council’s level of service because of more timely searches and release of information, but historical records would still require more time to be accessed.

Costs

Complete year-1	\$000s
Total implementation cost	542
Ongoing operational costs	1,845
*Total rates impact (year 1) - increase	1.08%
*Total rates impact (10-years) - increase	12.28%

**based on 2020/2021 rate base*

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 7

Prepared by Julia Gear
Management Accountant

Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

Attachment 1 Buller District Council Multi -Year Projects Funding Schedule

BULLER DISTRICT COUNCIL MULTI-YEAR PROJECTS FUNDING REPORT

1. REPORT SUMMARY

Council budgets for annual operating and capital expenditure are prepared and approved during the Annual Plan or Long Term Plan process each year.

At the end of each financial year capital budgets planned for scheduled projects may not be spent in full as forecast.

Some capital projects may be re-budgeted in the following year Annual Plan or Long Term Plan if they are not started by the end of the financial year.

Capital works which are underway at balance date, but not yet completed require the budget to be carried over to subsequent years.

This report provides Council with details of the business-as-usual Capital Budgets required to be carried over from the 2022-2023 Financial Year to the 2023-2024 year. The flood recovery capital works and carry over is not included in the Multi-Year Projects Funding Schedule as this work is budgeted to be mainly funded by external funders and is subject to monthly Projects in Partnership management reporting regime.

2. DRAFT RECOMMENDATION

That Risk and Audit Committee recommend to the Council that the Multi-Year Projects Funding Schedule (marked as Attachment 1) as at 1 July 2023 be adopted.

3. ISSUES & DISCUSSION

The schedule attached to this report (marked as Attachment 1) sets out the capital budgets required to be carried over from the 2022-2023 year which are required to complete the Council projects that are underway.

The Capital budget required to be carried over is the unspent portion of a prior year budget which is still required to be spent in order to complete a capital project.

If a project is not started at year end, a budget carry over is not permitted for the following year. Instead, the budget required would need to be re-budgeted in the 2024-2025 year or a later financial year.

Net remaining budgets from prior years may be required to be transferred to the next financial year due to:

- Capacity constraints. When unexpected events occur projects must be re-prioritised and the resources available to continue with planned capital programs is reduced; or
- External factors beyond the control of management (such as Covid-19 or a flooding event); or
- Engagement with other parties extends project planning and decision making stages (such as shared services with other West Coast Councils); or
- Projects contingent on strategic review or reconfiguration of the initial concept extend the project timeline.

Of the \$7.132m remainder budget required to be carried forward for use in the 2023-2024 financial year, this includes the following larger projects:

1. **Brougham House Upgrade** – this project is to be reported to Council pre-Christmas, 2023. The envisaged project is well in excess of the available budget of \$1.587m and is deemed not appropriate to undertake. An allowance of \$346,036 will be carried into the 2023/2024 financial year to do the key work related to heating and cooling of staff spaces and cover the cost of the electrical switchboard work which has occurred in 2023-2024 year, but the balance of the work is proposed to be ceased. This will reduce forecast borrowings by \$1.2 million.
2. **Westport Wastewater Projects** - \$1.728m net required for Wastewater Consent Renewal projects including pump station screens, modelling and separation investigations, and \$660k for mains renewals in progress.
3. **Westport Trunk Main** - \$956k net required to complete the project scope within the original \$1.65m budget. This project is expected to be completed late 2023.

4. **Waimangaroa Water Supply Upgrade** - \$542k to complete the project to improve water supply resilience. This project is expected to be completed late 2023 within budget.

A total budget of \$1.047m was carried into 2022-2023 for the Carnegie Library. That budget was for earthquake strengthening and upgrades. \$500k of this budget has carried forward to 2023-2024 as the remaining \$500k is contingent upon achieving external funding.

It is noted that Schedule A does not include any roading and transport activity items. The reason is because 2022-2023 was the second year in the three-year Waka Kotahi roading programme. Council accounts for the roading programme on a one-third division of the budget for each of the three years, however in reality the spending often is not equal over each year as cost efficiencies can be gained by completing work at a different schedule. All unspent budget is available to be spent in 2023/2024 and there is no carry forward budget for roading and transport activity required.

The remainder of the carry over for Infrastructure Assets, Property, Plant and Equipment is for other smaller projects where the project timeframe has been extended for various reasons. Full details are included in Attachment 1.

4. **CONSIDERATIONS**

4.1. **Strategic Impact**

The delivery of Capital Projects is important to meet the expectations of our community and complete the commitments made in our Long Term Plans and Annual Plans.

Carrying over budgets to subsequent financial years enables the work on capital projects to continue seamlessly across balance dates for all departments of Council.

4.2. **Significance Assessment**

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA. This part of the Act sets the general approach to determine if a proposal or decision is significant requiring the Council to make judgements about the likely impact of that proposal or decision on:

- a. The district;
- b. The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- c. The financial impact of the proposal or decision on the Council's overall resources; and

- d. The capacity of the Council to perform its role and carry out its activities, now and in the future.

The content included in this report has been consulted on with the community through prior Long Term Plan and Annual Plan processes.

The capital projects detailed in the carry over schedule have been included in previous Long Term or Annual Plan processes including public consultation. Some projects including the Punakaiki Community Building and Reefton Swimming Pool have included targeted consultation with the affected communities.

4.3. Risk Analysis

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

Capital projects are perceived to have some greater than usual potential to place Council at risk as the costs involved can be significant, or the project may have greater technical and legal issues. This risk is mitigated by engaging suitably qualified staff to monitor and regularly report on the projects, therefore acting on any issues that arise early on, and to ensure the project progress is well understood by staff and governance.

Approving the capital budget carry overs extends project timelines to enable projects to be completed. Alternatively, capital projects would need to be re-budgeted during the next annual plan creating a twelve month delay before work could recommence or continue.

4.4. Policy / Legal Considerations

The Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement for consulting on the annual plan and long term plan to agree the budget and provision of services with the community.

This report assists with two key purposes of that Act (located at section 3) stating the purpose of the act is to promote the accountability of local authorities to their communities and provide for local authorities providing local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

4.5. Values

The Buller District Council values are as follows: we care, integrity, one team, community driven and future focussed. This report aligns with those values as it presents information about the capital projects for our community.

4.6 Tangata Whenua Consultation Considerations

The contents of the report are not a matter requiring consultation with tangata whenua.

4.7 Views of Those Affected

Council's capital projects are consulted on with the community during Long Term and Annual Plan processes.

4.8 Costs

There are no extraordinary costs for the capital projects predicted at this stage of the financial year. The amounts which may need to be carried forward to the next financial year are identified so they can be included in the next annual plan budget.

4.9 Benefits

Monitoring capital projects including the budget carry overs provides a snapshot of the position of Council, providing a decision-making tool and information for Councillors.

4.10 Media / Publicity

There are no media or publicity opportunities with this report.

Attachment 1: Multi-Year Projects Budgets

Project	2022/23 Total Approved Budget	Total finished project costs as at 30 June 2023	Net Budget Available	Net Budget required to complete the project as at 30 June 2023	Total unfinished project costs incurred up to 30 June 2023	Net Remaining Budget available to complete unfinished project for the year to 30 June 2024	Comments
	16,443,992	3,503,684	12,404,901	10,150,587	3,553,639	7,132,356	
NCS Magiq	108,120	86,293	21,827	21,827	8,725	13,102	Timesheets and customer portal
Aerial Photography	41,617	0	41,617	41,617	20,000	21,617	Ongoing imaging
Information Management	547,691	0	216,416	216,416	331,275	216,416	A report is included in the Risk and Audit Agenda of 15 November 2023 on project progress
Reefton landfill Ratepayer funded portion flood recovery	250,000	0	250,000	250,000	250,000	0	Core portion of project funded by NEMA. \$250k is the BDC share only if required
Council Led District Wide Revitalisation/ Toki Trail/ Westport Plaza Revitalisation	229,461	69,545	159,916	158,004	5,816	152,188	In prior years this project was called District Revitalisation and included the Westport Riverbank Project and Westport Town Precinct and Toki Trail. Phase 2 Westport Town Precinct is now called Plaza Revitalisation from 1 July 2023 and the carry over is for Phase 2.
Punakaiki Community Facility	102,000	0	102,000	102,000	35,971	66,029	Community working on option to acquire a building. Council will carry over budget in accordance with agreement in response to community submissions received
Punakaiki Camp Effluent System	205,632	0	205,632	205,632	17,143	188,489	Ongoing project part of the recent TIF supplementary external funding
Carnegie Library	1,047,157	0	1,047,157	547,157	32,629	514,528	Only loan funded portion of project carried over. Remainder \$500k dependent on external funding
Victoria Square Civil Defence HQ, EQ Strengthening	168,000	0	168,000	6,053	6,053	0	Revised down. Refer to Brougham House Upgrade/ Council administrative centre comments
Brougham House Upgrade	1,932,562	0	1,932,562	669,000	322,964	346,036	This project will not be completed as forecast due to budget not being adequate/reasonable for the expected outcome. An alternate project needs to be scoped with a lower cost but in a manner that the council can provide funding for an appropriately scoped council administration centre that supports the town centre in the future. Net remaining carry over is: budget allowed for heating and cooling, and work incurred in the 2023-2024 year for the switchboard upgrade
Westport Library EQ Strengthening	504,500	0	504,500	504,500	8,263	496,238	Required for safety, may be factored into Brougham House Upgrade and Victoria Square works
Community Led District Wide Revitalisation	279,987	0	75,855	75,855	204,132	75,855	Remaining budget carried over for all active projects as they are all multi year
Westport Wastewater Treatment Plant Projects	362,923	190,356	172,566	103,522	19,752	83,770	Treatment plant grit removal, water recycling, maintenance manual
Westport Wastewater Treatment Renewal Project	2,240,000	198,877	2,041,123	2,041,123	312,628	1,728,495	Pump station screens, resource consent renewal, modelling and separation

Project	2022/23 Total Approved Budget	Total finished project costs as at 30 June 2023	Net Budget Available	Net Budget required to complete the project as at 30 June 2023	Total unfinished project costs incurred up to 30 June 2023	Net Remaining Budget available to complete unfinished project for the year to 30 June 2024	Comments
Westport Wastewater Pump Station	201,017	63,883	137,135	2,422	0	2,422	Orowaiti Replacement flow tubes
Westport Wastewater Mains replacements	1,214,594	2,300	1,212,294	1,313,090	652,961	660,128	Queen St, Peel St, Romilly St mains replacement
Reefton Treatment Plant	249,352	62,489	186,863	89,093	21,123	67,970	Aerator, Maintenance & operation manuals
Reefton Wastewater Mains	82,620	0	82,620	82,620	69,123	13,497	Brennan St Main renewal
Stormwater projects	605,438	268,137	337,302	215,649	145,785	69,864	Various mains renewals
Westport & Reefton Transfer Station Upgrade	222,264	189,223	33,041	33,041	25,320	7,721	Westport & Reefton Transfer Station Upgrade
Karamea Landfill & Recycling Centre	145,000	60,858	84,142	84,142	69,792	14,350	Karamea Landfill & Recycling Centre Upgrade Project
Westport Water Mains Renewals	301,138	251,850	49,289	49,289	1,900	47,389	Disraeli St, Domett St, Fonblanque St, Russell St
Westport Water Backflow Prevention	356,813	0	356,813	356,813	48,167	308,646	Backflow prevention
Westport Water Reconnection	110,228	29,894	80,334	80,334	1	80,333	North branch flume reconnection
Westport Water Modelling	237,153	39,430	197,724	197,724	8,499	189,225	Flow meter project
Westport Water Trunk Main – Stage 1b	1,634,954	556,522	1,078,432	1,078,432	121,766	956,667	Stage 1b section of Westport trunk main
Reefton Water mains	35,010	1,942	33,068	33,068	29,108	3,960	North-East main replacement
Reefton Water Whole of Supply Upgrade	419,828	1,959	417,869	417,869	336,233	81,636	Chlorination project
Reefton Water Assessments, Strategies & Modelling	44,976	33,938	11,039	6,531	2,509	4,022	Firefighting compliance
Mohikinui Water Supply	18,390	6,268	12,122	12,122	1	12,121	Easement
Waimangaroa Water Supply Upgrade	2,313,173	1,333,257	979,916	979,916	437,162	542,754	Waimangaroa Water Supply Upgrade
Cape Foulwind Water Supply	171,231	30,759	140,472	140,472	8,540	131,932	Easement, intake and flow meter. Minor Capital is not usually carried over but in this case it is as the work is being completed under this budget line
Punakaiki Water Supply	37,263	0	37,263	37,263	100	37,163	Chlorination
Punakaiki Water Backflow prevention	14,054	0	14,054	14,054	200	13,854	Backflow prevention
Inangahua Water Supply	9,846	25,906	(16,060)	(16,060)	1	(16,060)	Capital budget overspent in 22/23
	16,443,992	3,503,684	12,404,901	10,150,587	3,553,639	7,132,356	

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 8

Prepared by: Domonic Venz
Harbourmaster

Reviewed by: Douglas Marshall
Chief Financial Officer

PORT & DREDGE – SEPTEMBER 2023 OPERATIONS REPORT

1. REPORT SUMMARY

This report updates the Committee on a number of matters relating to the operations of the Westport Port and the dredge Kawatiri as at September 2023.

2. DRAFT RECOMMENDATION

That the Port & dredge operations report as at September 2023 be received for information

3. ISSUES AND DISCUSSION

3.1 Pilotage

Following the pilot exemption certificate (PEC) training programme approval for Westport, three crew of the Kawatiri have been approved by Maritime New Zealand (MNZ) to hold a PEC allowing them to be in charge of the dredge within the Westport Harbour pilotage limits.

Work was started earlier this year around developing a Pilot Training and Proficiency Plan. Aimed initially at supporting the Westland Mineral Sands (WMZ) work, once in place however, pilotage can be offered to other potential users of the Port in future.

Initiated by Steve Christieson, BDC engaged a consultant Pilot, Matt Conyers (a current Pilot from Nelson/Marlborough) to develop the plans which required approval by MNZ. This project was then led by Domonic Venz when he came in as new Harbourmaster in late July 2023.

This was a challenging project and would not have been possible without the assistance of Matt Conyers and the understanding of MNZ.

I am pleased to note that Buller District Council was issued with an approval certificate on 12 October 2023.

This approval represents as a step into the future for BDC and the Port. However, we still have work to complete regarding approvals for examiners and trainers as well as ongoing administration of the programme, applications and discussions are ongoing with MNZ in this space.

Lastly, but by no means the simplest, is the need to contract a Pilot to undertake the training and then commit to being available as and when required, initially focussing on Sands work from February 2024. We have had in principle, discussions with a pilotage supplier who have indicated at this stage that they are willing to provide a Pilot.

Ongoing discussions are required and will require a financial outlay by BDC to ensure we have a trained Pilot in place as soon as possible.

3.2 Wharf and Harbour Structures

The NEMA funded flood wharf repairs proposal is currently undergoing a peer review before a tender can be issued.

Work has been completed at the main wharf near the Port office to fix slumping issues.

Work is being scoped to understand the Holcim wharf bollards and their condition before being used again commercially.

3.3 Harbour Boat

Regional and District Council harbour teams across New Zealand need to be able to respond and engage appropriately to a wide range of situations in their areas. Many of these activities require an appropriate vessel for a Harbourmaster to use.

Council made the decision approximately four years ago to sell its harbour vessel due to the significantly reduced workload for that vessel in Westport. The requirement for a vessel for Harbourmaster activities in Westport was not a problem as the former Harbourmaster made his own vessel available when needed.

The proposed purchase paper was tabled with Council on 25 October, and they resolved to purchase. Work is now underway to take over the vessels ownership and bring it into the BDC safety management system.

3.4 Dredge Activities

The dredge has recently completed (October) a 28-day swing in Nelson, removing approximately 25,000 tonnes of material.

The dredge returned to Westport early November and continues the dredging work as funded via the Tranche 2 of Central Government funding approved by Cabinet and administered via National Emergency Management Agency (NEMA).

Council staff continue to follow up several out-port dredging opportunities as part of a future dredging programme.

Staff have received an updated condition assessment for the dredge and are working through a proposed programme that will allow the dredge to have its life extended. This work will be reported to the Council as part of Long Term Plan discussions.

3.5 Port Systems Review

The safety management system (SMS) which forms part of the membership of the Port and Harbour Marine Safety Code has had a review and refresh. The new Pilot training plan has been added along with being updated. Work is currently underway in conjunction with Police SAR to update and develop a solid emergency plan particularly centred around a catastrophic maritime event on the bar.

The Maritime Transport Operators Plan is being updated (currently in poor condition) and will have Domonic Venz added as an additional responsible person along with adding the harbour vessel into the system. Maritime New Zealand have indicated they will be auditing the system in January 2024.

Navigation and Safety Bylaw review is underway with a local review completed and feedback being sought from the Harbourmasters working group before progressing.

A fees review is also underway in conjunction with the bylaws review. The aim is to remove the fees set in the bylaws and have them folded into the Annual Plan and fees schedule for the wider BDC.

The invoicing process has been under scrutiny to ensure that all leases and the Licence to Occupy (LTO) holders are being invoiced correctly and in a timely manner.

3.6 Financial Activities

Introduction

The table below summarises the financial position of the Port and dredge by reporting:

- Actual financial results for the 2023 financial year
- the 3 months actual results to 30 September 2023 and total year 30 June 2024 budget

- The running total of both accounts which are “closed” meaning that no rates income is provided to support them financially as activities.

	2023	2024			Account
	Actuals	Sept actuals	Total budget		Total
Port					
Income	198,923	78,572	177,155	44%	1,205,049
Port operating costs (inc loan int)	651,927	223,363	565,210	40%	3,505,287
Depreciation	98,400	-	160,692	0%	420,750
Overheads	86,436	22,389	89,556	25%	313,908
Net Surplus/(Deficit)	(637,840)	(167,180)	(638,303)	26%	(3,034,897)
Dredge					
Income	2,312,682	693,000	3,680,505	19%	8,062,162
Dredge operating costs	1,653,781	687,900	2,004,060	34%	6,501,495
Dredge rehabilitation/renewal	1,579,849	-	-		2,301,337
Depreciation	12,659	-	7,392	0%	25,273
Overheads	127,787	37,353	149,412	25%	327,417
Direct Costs	-	-	-		-
Net Surplus/(Deficit)	(1,061,394)	(32,253)	1,519,641	-2%	(1,093,360)
Total Net Surplus/(Deficit)	(1,699,234)	(199,433)	881,338		(4,128,257)
Capital					
Port	13,659	26,438	10,505		1,170,409
Dredge	45,785	0	-		261,312
Total capital	59,445	26,438	10,505		1,431,721
Borrowings					
Loans raised					1,340,000
Sale of Bob Gower					150,000
Net borrowings	-	-	-		1,490,000
Net Activity Surplus/(Deficit)	(1,758,679)	(225,871)	870,833		(4,069,978)
Opening balance for year	(2,085,428)	(3,844,107)	(3,844,107)		-
Closing balance for year	(3,844,107)	(4,069,978)	(2,973,274)		(4,069,978)

Port Activities – Three Months to 30 September 2023

The Port surplus/deficit position in on budget at 24% (Sept is 25% of the year). Staff are diligently working through checking that all income possible is being charged.

The Port deficits will continue for a number of years until the lease income from the Minerals Sands activities lifts to a point that the accumulated deficits are recovered.

This forecast deficit position will be further analysed/reviewed as part of the 2024-2934 LTP preparation.

Dredge Financial Activities

The dredge account is in deficit as at 30 September of \$32,253. A surplus would have been expected at 30 September but due to the engine rebuild in July and poor weather not allowing normal dredging levels in September, income is down on budget.

Costs are also up due to the engine rebuild.

The forecast dredging programme to March/April 2024 will bring the closed account portion of the dredge into surplus at that time.

In the coming months, arrangements will need to be reached with WMS as to their dredging requirements and how their dredge requirements in the Port are funded.

4. CONSIDERATIONS

4.1 Significance Assessment

The Significance and Engagement Policy sets out the criteria and framework for a matter or a transaction to be deemed significant. The Significance and Engagement Policy is written in accordance with The Local Government Act 2002 (LGA 2002) section 76AA.

In a financial context the content included in this report is not considered significant because the matters disclosed are of a routine nature, and not greater than 5% of the total assets or total annual operations of Council.

4.2 Values Assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed.

This report presents the significant projects which are important for the community and the future of the district. Reporting on the significant projects provides an opportunity to review if the areas of focus align with our values.

4.3 Policy/Legal Considerations

The Local Government Act 2002 governs the activities of Council and sets out the requirement for consultation on the Annual Plan and Long Term Plan to agree the budgets and activities to be funded.

This report assists with two key purposes of that Act (refer to section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities; and provide for local authorities to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

4.4 Strategic Impact

Council's key strategies, to achieve the vision of Council are:

Resilient - Building and promoting resilience in a community, services and infrastructure;

Growing - Facilitating growth and a transition to a diversified, resilient and sustainable economy;

Quality Infrastructure - providing reliable and sustainable infrastructure that meets the needs of current and future generations;

Liveable - investing in our towns to ensure we are an attractive district to live work invest and play;

Affordable - Growing our non-rates income so rates are affordable to all residents

The dredge and Port activities have a limited strategic impact on the day to day Council activities although they have the potential for activities that use their services to be significant in the future for the district.

4.5 Risk Analysis

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

Undertaking harbour and dredge activities have risk but staff implement practices to minimise risk.

4.6 Policy / Legal Considerations

The Local Government Act (2002) Sections 140 and 141 stipulate the restrictions on the sale of endowment land. The Act stipulates that a local authority must include in its LTP the intention to sell and the use to which the proceeds will be put. Council last included these conditions in the 2021-2031 LTP by including a statement to this effect.

4.7 Tangata whenua

The contents of the report are not a matter requiring consultation with tangata whenua.

4.8 Views of Those Affected

The users of the Port and the dredge receive services charged at commercial rates. As such this is a business like activity and should be managed as such.

4.10 Media / Publicity

There is good interest from the public and the media about the dredge and Port activities which staff respond to as required.

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 9

Prepared by Neil Engelbrecht
Financial Accountant

Lynn Brooks
Manager Finance

Reviewed by Douglas Marshall
Chief Financial Officer

Attachment 1 Buller Holdings Limited Quarterly Report September 2023

BULLER HOLDINGS LTD - FINANCIAL REPORT TO 30 SEPTEMBER 2023

1. REPORT SUMMARY

This report presents the quarterly (unaudited) financial statements for the three-month period ended 30 September 2023 including the budget for this period. The report also presents results against the Statement of Intent targets which are non-financial measures.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receives the quarterly Financial Report for the period ending September 2023 for information.

3. ISSUES AND DISCUSSION

This report is presented to Council to monitor the Buller Holdings Limited (BHL) financial results.

The Council owns 100% of the shares in BHL, therefore BHL is deemed to be a Council Controlled Organisation.

Commentary on the results of each area of BHL operations which are WestReef Services Limited and Buller Recreation Limited (trading as the Pulse Energy Recreation Centre) are set out in the accompanying report.

This information should be read in conjunction with the financial statements to provide detail about the overall group results.

The Group posted a surplus of \$141K for the three months to 30 September 2023 against a budgeted surplus of \$164K. The year on year surplus has decreased by \$248k from a reported surplus of \$389k as at 30 September 2022 to \$141k as at 30 September 2023.

4. CONSIDERATIONS

4.1 Strategic Impact

BHL is a holding company that was set up to provide a commercial focus in the governance and management of the Council's commercial assets. The aim of the group is to operate as a successful company and provide a competitive rate of return on the investments of the company.

4.2 Significance Assessment

The significance and engagement 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 by nature.

4.3 Values

The Council values are Future Focussed, Community Driven, One Team, Integrity and We Care. Monitoring the performance of BHL is important. The strong performance of BHL is integral to ensuring Council can fund current and future services for the community.

4.4 Risk Analysis

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

This report provides oversight of the financial operations of BHL but does not elaborate on other risks which may be present with those operations.

Risk is mitigated by engaging suitably qualified Directors to oversee the operations of the group.

Financial risk is mitigated when the results of operations are reported on and understood by staff and governance, and provision of the interim report to the Risk and Audit Committee.

4.5 Policy / Legal Considerations

BHL is required to provide quarterly financial results to Council as stipulated in Council's Long-Term Plan or Annual Plan.

4.6 Tangata Whenua Consultation Considerations

The contents of the report are not a matter requiring consultation with tangata whenua.

4.7 Views of Those Affected

The provision of services through the holdings company model and the type and nature of those services are consulted upon annually as part of the Annual Plan of Council.

4.8 Costs

There are no extraordinary costs included in the attached reports, nor are there any additional costs raised due to the submission of this report.

4.9 Benefits

The benefits of reviewing a quarterly report is the financial results are monitored at on a regular basis.

4.10 Media / Publicity

There are no media or publicity opportunities with this report.

Financial Report (unaudited)

For

Buller Holdings Ltd

For the Period Ending 30 September 2023

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Directors Report to the shareholders of Buller Holdings Ltd on the financial performance for the three months to 30 September 2023

Commentary:

The result for the first 3 months of the financial year for the Group is currently tracking just under budget. The revenue for the first quarter is down on the same period for the previous year.

WestReef Services Ltd (WSL) has had a good financial start to the new year. Work volumes are satisfactory in the immediate future. However, there is some uncertainty with some future work streams from Council.

Operationally, the company have implemented a new staff structure which places WSL in a stronger position moving forward. The IT project has now been completed and which allows us to implement an up-to-date and fit for purpose IT system. There are the usual teething problems with any new system but the company expects to work through any issues successfully. The land purchase aspect of the depot project is expected to be fully settled in November.

Overall, the business remains in a good position having delivered all maintenance contracts successfully during the quarter. WSL clients appear pleased with performance and relationships with clients such as DOC, Kawatiri Cycle Trail and Fulton Hogan/Waka Kotahi remains very strong. As always WSL continue to look for new opportunities to maximise commercial returns.

Buller Recreation Ltd has had an excellent start to the financial year. Income across most areas is up for the quarter. BRL is focused on ensuring expenses, which have increased over the last few years with high inflation, have been kept under control.

At the end of the quarter the number of active members is the highest that has ever been recorded in the history of the facility.

BRL is currently fully staffed across all areas, which is unusual for the Centre. It is satisfying to see the pool fully staffed, which is a challenging environment to attract and recruit staff.

Coastal Construction have advised that they will start work, as budgeted for, in the 2023/24 Asset Management Plan early in the 2024 calendar year. Substantial roof renovations are planned.

The Group continues to look for new opportunities for the individual companies and any other opportunities that present themselves. The group now employs approximately 135 staff and is one of the biggest employers within the district, providing social and economic well-being spread throughout the district.

A commentary against key indicators is contained in the next section of the report.

On behalf of the Board

Steve Grave

Chair

Statement of Intent Targets:

The targets as set out in the individual statements of intent for each subsidiary are shown below with an update of progress:

Buller Holdings Limited

	Key Performance Measure	Target	Achieved
Health & Safety	Medical Treatment Injury	Nil	Nil
	Serious harm accidents	Nil	Nil
	LTI Target	Nil	Nil
Operational	The board of directors will meet with the BDC, CCTO Committee on a formal basis: (per/year)	3 times per year	1
	The Buller Holdings Ltd Chief Executive will provide a formal and or informal report to Council as requested.	As requested	1 Report
	The Chief Executive of Buller Holdings Ltd will meet with the Chief Executive of Buller District Council when requested.	As requested	3
PARENT Financial (\$000)	Revenue	\$691	\$163
	Expenditure	\$688	\$167
	Net Operating Surplus	\$3	(\$4)
	Provision for Capex	\$0	\$0
	Capital Carryover from 2022	\$1m	\$1m
	Ratio of Shareholders Funds to Total Assets	45%	70%
GROUP Financial (000's)	Group Revenue	\$17,745	\$5,769
	Group Expenditure	\$16,983	\$5,628
	Group Operating Surplus (EBIT)	\$1,112	\$141
	Provision for capex	\$1.255m	\$116
	Forecasted distribution to Shareholders	\$1.3m	On Track
	Ratio of Shareholders Funds to Total Assets	45%	74%
Environmental	Business Environmental Footprint	Establish 2024 business footprint as baseline	On track

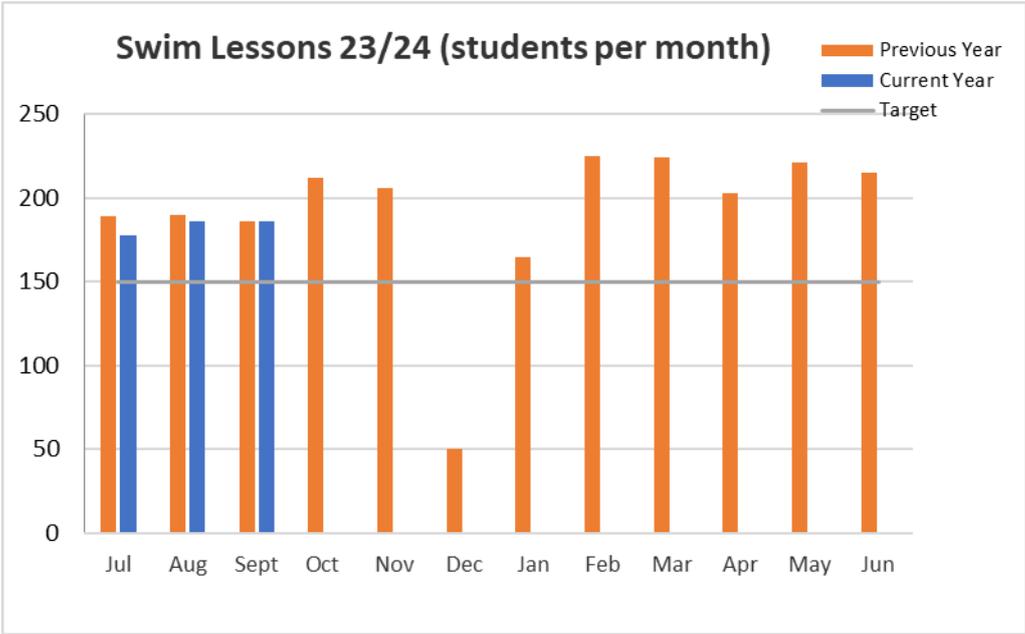
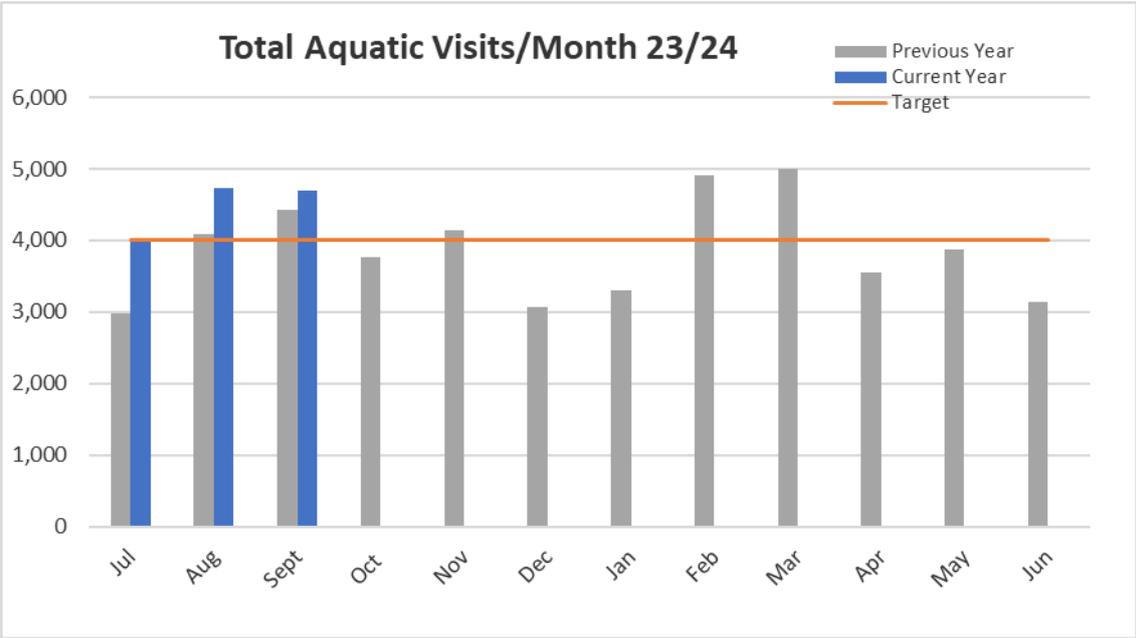
WestReef Services Ltd

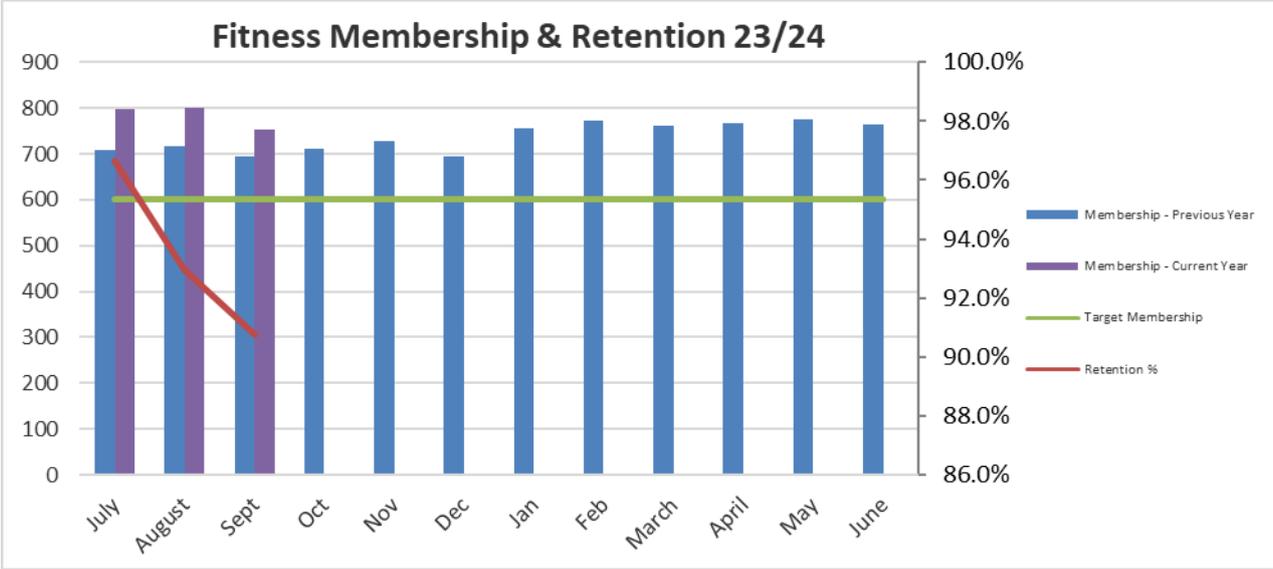
OBJECTIVE	KEY PERFORMANCE INDICATOR	Target	Achieve
HEALTH & SAFETY	Medical Treatment Injuries	Nil	2
	Notifiable Incident ICAM (investigated with recommendations actioned)	100%	0
	Total Safety Audits Completed	>100	56
	ISO 45001 Accreditation	Maintain	Achieved
OPERATIONAL	Employee Satisfaction – Staff turnover excluding retirement, redundancy and internal transfers	Within the range of +/- 5% of the national benchmark	Achieved
	Client Satisfaction – Min 12 meetings per year	12	4
	Renewal of TQS1 certification	Achieve	Achieved April 23
EMPLOYEE DEVELOPMENT & SATISFACTION	Undertake staff satisfaction survey (2 yearly)	Not required (2024)	not required 2024
	Weekly department staff meetings	Achieve	Achieved
FINANCIAL (\$ 000)	Revenue (\$ 000)	\$16,124	\$5,363
	Expenditure	\$ 14,516	\$5,064
	Net Operating Surplus (EBIT)	\$1,608	\$ 299
	Provision for Capex	\$900	\$110
	Competitively Procured Revenue	45%	94%
	Ratio of Shareholders Funds to Total Assets	45%	79%
ENVIRONMENTAL	Number of Enforcement notices	Nil	Achieved
	Business Environmental Footprint	Establish 2024 business footprint as	On track

COMMUNITY		baseline	
	Support Minimum community activities	25	9

Buller Recreation Ltd

Performance Measure	Key Performance Indicator	Target	As at 30 September 23
Fitness membership	Average membership over 12-month period.	700	756
	Average retention rate over 12-month period	>75%	95%
Aquatic centre usage	Average visits per month over 12 months	3,750	4,019
	Achieve number of students over 4 swimming terms	140	189
Safety	MTI	Nil	Achieved
	Serious Harm Accidents	Nil	Achieved
	LTI	Nil	Achieved
Work Environment	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months.	Achieve	Achieved. Weekly meetings held with management and quarterly meetings with each department
	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Achieve	Achieved. Consideration given at Management meeting to skills and training if personnel in key positions leave.
	Complete annual review process with all staff	Achieve	To be completed by 30 June 2024
	Undertake staff satisfaction survey every second year	Achieve by 30 June 2024	To be completed by June 2024
	Undertake client satisfaction survey every second year.	Not required in 2024	Not required
Asset Management	Review of the Asset Replacement Schedule annually	Achieve	Comprehensive asset management Plan in place
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieve	Ongoing
	Revenue	\$735	\$219
Financial Forecasts \$000's	BDC Service level fee	\$851	\$213
	Expenditure	\$2,435	\$586
	Net operating surplus (deficit)(EBIT)	(\$849)	\$(154)
	Cash Surplus/(deficit) (after adding back depreciation)	(\$129)	\$27
	Provision for Capex	\$355	\$6
Environmental	Ratio of Shareholders Funds to Total Assets	45%	97%
	Business Environment Footprint	Establish 2024 Business Footprint as Baseline	On track





July, August, September			
	2021	2022	2023
Pool	8,158	11,505	13,468
Gym	4,854	6,227	9,251

STATEMENT OF FINANCIAL PERFORMANCE

For the period ending 30 September 2023

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	5,769	4,325	163	173
Expenses	5,628	4,161	167	172
OPERATING SURPLUS/(DEFICIT) before taxation	141	164	(4)	1

STATEMENT OF FINANCIAL PERFORMANCE

For the period ending 30 September 2022

	ACTUAL	BUDGET	ACTUAL	BUDGET
	GROUP	GROUP	PARENT	PARENT
	\$000	\$000	\$000	\$000
Revenue	6,051	3,873	150	147
Expenses	5,662	3,739	165	146
OPERATING SURPLUS/(DEFICIT) before taxation	389	134	(15)	1

STATEMENT OF CHANGES IN EQUITY

For the period ending 30 September 2023	Actual			Actual		
	Group			Parent		
	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2023	20,117	(7,822)	12,295	20,117	(13,930)	6,187
Profit for the period	-	141	141	-	(4)	(4)
	20,117	(7,681)	12,436	20,117	(13,934)	6,183
Transactions with owners, recorded directly in equity						
Issued capital	-	-	-	-	-	-
Closing balance 30 September 2023	20,117	(7,681)	12,436	20,117	(13,934)	6,183

For the period ending 30 September 2022	Actual			Actual		
	Group			Parent		
	Share Capital	Retained Earnings	Total Equity	Share Capital	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance 01 July 2022	19,934	(9,184)	10,750	19,934	(13,938)	5,996
Profit for the period	-	389	389	-	(15)	(15)
	19,934	(8,795)	11,139	19,934	(13,953)	5,981
Transactions with owners, recorded directly in equity						
Issued capital	-	-	-	-	-	-
Closing balance 30 September 2022	19,934	(8,795)	11,139	19,934	(13,953)	5,981

STATEMENT OF CASH FLOWS
For the period ending 30 September 2023

	GROUP	PARENT	GROUP	PARENT
	\$000	\$000	\$000	\$000
	2023	2023	2022	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Management fees	213	155	212	139
Receipts from Customers	5,547	8	7,002	11
Interest received	21	0	1	0
	<u>5,781</u>	<u>163</u>	<u>7,215</u>	<u>150</u>
Cash was applied to:				
Payments to suppliers and employees	<u>5,233</u>	<u>163</u>	<u>7,128</u>	<u>154</u>
	<u>5,233</u>	<u>163</u>	<u>7,128</u>	<u>154</u>
Net cash inflow/(outflow) from operating activities	<u>548</u>	<u>0</u>	<u>87</u>	<u>(4)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Realisation of term investments	2,593	130	4,077	123
Proceeds from sale of fixed assets	26	-	23	-
	<u>2,619</u>	<u>130</u>	<u>4,100</u>	<u>123</u>
Cash was applied to:				
Term investments	2,596	130	2,868	123
Purchase of fixed assets	116	-	472	-
	<u>2,712</u>	<u>130</u>	<u>3,340</u>	<u>123</u>
Net cash inflow/(outflow) from investment activities	<u>(93)</u>	<u>-</u>	<u>760</u>	<u>0</u>

	GROUP	PARENT	GROUP	PARENT
	\$000	\$000	\$000	\$000
	2023	2023	2022	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Dividends received	-	-	-	-
Share Issue	-	-	-	-
	-	-	-	-
Cash was applied to:				
Share Issue	-	-	-	-
Subvention payment made	-	-	-	-
	-	-	-	-
Net cash inflow/(outflow) from financing activities	-	-	-	-
Net increase in cash held	455	(0)	847	(4)
Add opening cash as at 1 July 2023	1,009	125	959	140
Closing cash balance	1,464	125	1,806	136
Made up of:				
Bank	1,464	125	1,806	136
Closing cash balance	1,464	125	1,806	136

STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Group	Parent	Group	Parent
	\$000	\$000	\$000	\$000
	2023	2023	2022	2022
ASSETS				
Current Assets				
Cash and short-term deposits	1,464	125	1,806	136
Receivable and prepayments	1,931	62	2,755	56
Inventories	264	0	288	0
Other Current Assets	1,000	1,000	0	0
Short Term Investments	2,596	130	3,278	123
Total current assets	7,255	1,317	8,127	315
Non-current assets				
Deferred tax	286	15	220	12
Fixed assets	8,872	403	8,186	406
Goodwill	389	0	389	0
Investment in Subsidiaries	0	7,075	0	6,892
Total non-current assets	9,547	7,493	8,795	7,310
Total Assets	16,802	8,810	16,922	7,625
LIABILITIES				
Current liabilities				
Payables and accruals	1,132	69	1,692	90
Employee entitlements	597	58	706	54
Provision for Subvention	1,137	0	1,300	0
Total current liabilities	2,866	127	3,698	144

Non current liabilities

Deferred Tax	0	0	585	0
Loans	1,500	2,500	1,500	1,500
Total non-current liabilities	1,500	2,500	2,085	1,500
Total liabilities	4,366	2,627	5,783	1,644

EQUITY

Share capital	20,117	20,117	19,934	19,934
Accumulated Funds	141	(4)	389	(15)
Retained earnings	(7,822)	(13,930)	(9,184)	(13,938)
	12,436	6,183	11,139	5,981
Total Liabilities and Equity	16,802	8,810	16,922	7,625

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 10

Prepared by: Neil Engelbrecht
Financial Accountant

Lynn Brooks
Manager Finance

Reviewed by: Douglas Marshall
Chief Financial Officer

Attachment 1 Quarterly Financial Statement to 30 September 2023

Attachment 2 Non-Financial Performance September 2023

QUARTERLY REPORT: 30 SEPTEMBER 2023

1. REPORT SUMMARY

To provide Council with a financial performance update for the three-month period ending 30 September 2023.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the quarterly report for the three months ended 30 September 2023 for information.

3. ANALYSIS & DISCUSSION

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a deficit of \$0.626m as at 30 September 2023. The actual result is a deficit of \$0.500m which is a favourable difference of \$0.126m.

Please refer to the explanation for major variances section on pages 7 – 8 of the Quarterly Financial Statements for an analysis between major variances to budget.

3.2 Non-Financial Key Performance Indicators

A well-balanced reporting system includes both financial and non-financial reporting measures. Ideally non-performance reporting measures should provide information on key risk areas for Council to enable it to manage those risks more effectively.

The table of non-performance measures has been collated from the key performance indicators (KPIs) which were revised in each activity section of the 2021-2031 Long Term Plan.

Just the vital key performance indicators have been included in the table, not all of the KPIs that are included in the Long Term Plan. The rationale being that these selected KPIs highlight key risk areas of Council, and to help monitor organisational efficiency within Council. Refer to the Performance section of the attached quarterly report for details.

4. CONSIDERATIONS

4.1 Strategic Impact

The quarterly financial reports provide an overview of Council's financial performance and position during the financial year. This allows Council to monitor trends and evaluate progress against the strategies, financial budgets and service delivery adopted in the 2021-2031 Long Term Plan.

4.2 Significance Assessment

The Significance and Engagement 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 for the purpose of public consultation but is an important component of monitoring progress against the 2021-2031 Long Term Plan.

4.3 Values Assessment

The Buller District Council's values are: One Team; Community Driven; We Care; Future Focussed; and Integrity.

A performance reporting system aligns most strongly with Integrity.

Public reporting of Council's performance against budgets and key performance indicators encourages open and honest discussion and decision making.

4.4 Risk Analysis

Risk is assessed by considering the likelihood of an event occurring and the result of that event.

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time, but subsequent financial performance will be affected by events outside Council's control during the year. Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early and mitigating actions can be put in place as required.

4.5 Policy / Legal Considerations

The Local Government Act (2002) and associated regulation govern the activities of Buller Council including preparation of Long Term and Annual Plans, financial prudence requirements and annual financial reporting.

The terms of reference of the Risk and Audit Committee include monitoring financial performance to budgets.

4.6 Tangata Whenua Considerations

Not applicable.

4.7 Views of Those Affected

Council's financial budgets are consulted on with the community during Long Term and Annual Plan processes.

4.8 Costs

Because this report is for information purposes it does not generate activity or any associated costs.

4.9 Benefits

The benefits of a quarterly financial reporting regime include early identification of budget variances and intervention measures at a Council wide level.

4.10 Media / Publicity

There are no media or publicity opportunities with this report.

BULLER DISTRICT COUNCIL

Financial Report (unaudited)

For the Period Ending 30 September 2023

Contents	Page 1
Statement of Financial Position	Pages 2-3
Statement of Comprehensive Revenue & Expenses	Page 4
Statement of Changes in Equity	Page 5
Statement of Cashflows	Page 6
Explanation of Major Variances	Pages 7-8

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Notes	Parent Sep-23 Actual \$000	Parent Full Year Budget \$000
CURRENT ASSETS			
Cash and Cash Equivalents		936	808
Trade and Other Receivables	1	4,253	9,934
Derivative Financial Instruments		0	0
Inventories		12	16
Other Current Assets		21	259
Short Term Investments	2	14,296	12,323
Assets Held for Sale		5	5
Total Current Assets		19,523	23,345
NON CURRENT ASSETS			
Investment in Council Controlled Organisations		19,538	19,894
Other Investments		758	719
Investment Property		11,578	11,302
Infrastructural Assets	3	417,549	467,533
Other Non-Current Assets	4	28,684	57,413
Derivative Financial Instruments		1,462	1,497
Deferred Tax		615	0
Intangible Assets		497	390
Total Non-Current Assets		480,681	558,748
Total Assets		500,204	582,093
CURRENT LIABILITIES			
Cash and Cash Equivalents		0	0
Trade and Other Payables	5	4,264	11,200
Derivative Financial Instruments		0	0
Tax Payable		0	0
Employee Benefits		673	998
Provisions		36	37
Current Portion of Borrowings	6	8,435	130
Total Current Liabilities		13,409	12,365
NON CURRENT LIABILITIES			
Derivative Financial Instruments		0	0
Provisions		1,253	1,716
Bond Deposits		157	208
Employee Entitlements		0	161
Deferred Tax		0	0
Borrowings	6	28,214	41,555
Total Non-Current Liabilities		29,624	43,640

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION (Page 2)
AS AT 30 SEPTEMBER 2023**

	Parent Sep-23 Actual \$000	Parent Full Year Budget \$000
EQUITY		
Accumulated Funds	187,255	256,411
Reserves	5,414	4,185
Asset Revaluation Reserve	264,504	265,492
Total Equity	457,172	526,088
Total Liabilities & Equity	500,204	582,093

**BULLER DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Notes	Parent Sep-23 Actual \$000	Parent Sep-23 Budget \$000	Parent Full Year Budget \$000
<u>CONTINUING OPERATIONS</u>				
OPERATING REVENUE				
General Rates		2,819	2,817	11,418
Targeted Rates (excluding Metered Water)		1,881	1,872	7,487
Metered Water Charges		36	59	235
Rate Penalties		67	38	0
Subsidies and Grants	7	3,929	1,346	25,522
Investment Income		166	177	2,008
Other Income		0	0	5,908
Development and Financial Contributions		39	12	55
Fees & Charges		1,534	1,495	1,594
Gain on Sale of Investment Property		0	0	222
Vested Assets		0	0	0
Total Operating Revenue		10,471	7,815	54,449
OPERATING EXPENDITURE				
Employment Costs		1,854	1,933	8,263
Depreciation & Amortisation		2,195	2,195	8,733
Finance Costs	13	429	500	1,991
Other Expenses	8	6,493	3,812	16,689
Assets Written Off		0	0	476
Total Operating Expenditure		10,971	8,440	36,152
Net Surplus (Deficit) from continuing operations		(500)	(626)	18,297
Net Surplus (Deficit) before Taxation		(500)	(626)	18,297
Income Tax Expense		0	0	0
Net Surplus (Deficit) after Taxation		(500)	(626)	18,297
Other Comprehensive Revenue & Expense				
Gain on Revaluations of Assets Held for Sale		0	0	0
Increase/(decrease) in Infrastructure Revaluation Reserves		0	0	0
Gain/(Loss) on Investment Recognised in Asset Revaluation Reserve		0	0	0
Total Comprehensive Revenue & Expense		(500)	(626)	18,297

**BULLER DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Parent Sep-23 Actual \$000	Parent Full Year Budget \$000
Equity as of 1 July	457,671	507,791
Total Comprehensive Income	(500)	
Transactions with Owners recorded directly in Equity	0	18,297
		0
Total Equity at End of Year	457,172	526,088
Components of Equity		
Accumulated Funds	187,255	256,411
Reserves	5,414	4,185
Asset Revaluation Reserve	264,504	265,492
Total Equity at End of Period	457,172	526,088

**BULLER DISTRICT COUNCIL
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Notes	Parent Sep-23 Actual \$000	Parent 2023/2024 Budget \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Rates		5,221	18,999
Other Income		6,929	25,932
Interest Received		105	708
Tax Received		0	0
Dividends & Subvention Payments Received		0	1,300
		12,255	46,939
<i>Cash was applied to:</i>			
Payments to Suppliers and Employers	9	9,627	21,439
Interest Paid		429	2,003
Income Tax Paid		0	0
Net GST Movement		(220)	0
		9,836	23,442
<i>Net Cash From Operating Activities</i>	10	2,419	23,497
CASHFLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Disposal of Fixed Assets		0	562
Investment Realised		3,808	13,103
		3,808	13,665
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		4,426	27,601
Purchase of Investments		3,808	12,678
Purchase of Intangibles		0	0
		8,234	40,279
<i>Net Cash from Investing Activities</i>	11	(4,425)	(26,614)
CASHFLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Loans Raised		2,405	2,280
<i>Cash was applied to:</i>			
(Drawdown)/repayment of loans		0	0
		2,405	2,280
<i>Net Cash from Financing Activities</i>		2,405	2,280
NET INCREASE (DECREASE) IN CASH		399	(837)
OPENING CASH AS AT 1 JULY	12	537	1,645
CLOSING CASH AS AT 30 SEPTEMBER		936	808

**BULLER DISTRICT COUNCIL
EXPLANATION OF SIGNIFICANT VARIANCES
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

1. Trade and other receivables of \$4.3m is less than the annual year budget of \$9.9m by \$5.7m. This is due to the timing of budget/phasing including grants receivable for projects and rates received in advance.
2. Short term investments consist of term deposits held with banks by Council and reserve subcommittee term deposits. Some term deposits have been broken subsequent to this reporting period. Refer to the October 2023 investment and borrowings report for more detail.
3. Infrastructural assets to date of \$418m is less than the annual budget of \$468m by \$50m. The variance is due to council assumed the 30th of June 2023 asset balance would be \$449m which incorporated flood recovery work, however the actual balance as at 30 June was \$414m. As a result of the budget misstatement, Council will not achieve the budgeted level of capital spending per the Statement of Financial Position. This only affects the opening equity budget and does not affect the Statement of Comprehensive Revenue and Expenses reported. More detailed information about capital expenditure to date is available in the quarterly capital report.
4. Other non-current assets to date of \$28m is less than the annual budget of \$57m by \$29m. The variance is due to council assumed the 30th of June 2023 asset balance would be \$57m which incorporated flood recovery work, however the actual balance as at 30 June was \$30m. As a result of the budget misstatement, Council will not achieve the budgeted level of capital spending per the Statement of Financial Position. This only affects the opening equity budget and does not affect the Statement of Comprehensive Revenue and Expenses reported. More detailed information about capital expenditure to date is available in the quarterly capital report.
5. Trade and other payables of \$4.3m is less than the annual year budget of \$11.2m by \$6.9m. This is due to the timing of budget/phasing of projects and utilisation of grants received.
6. Current and non-current borrowings of \$36.6m is less than the annual budget of \$41.7m by \$5.1m. This is due to the timing of capital projects which influences the timing of the loan drawdown. Refer to note 3 and 4 above.
7. Subsidies and grants of \$3.9m have exceeded the year-to-date budget of \$1.3m by \$2.6m. This is mainly due to the timing of grants received for Flood recovery work, Waka Kotahi roading and better off funding projects.
8. Other expenses of \$6.5m have exceeded the year-to-date budget of \$3.8m by \$2.7m. This is due to flood recovery expenditure, the timing of dredge repairs performed and budget phasing differences on software maintenance and overhead recoveries.

9. Payments to suppliers and employees is tracking ahead of the full year budget. This is due to a reduction in creditors as at 30 September 2023 of \$1.8m since 30 June 2023, resulting in outward cashflows in this quarter that relate to the prior year. This is also due to the timing of cash outflows of flood recovery expenditure, the timing of dredge repairs performed and budget phasing differences on software maintenance and overhead recoveries.
10. Cashflows from operating activities actual to date \$2.4m is reported against a full year budget of \$23.5m. The negative result is due to the timing of the report, where only a portion of the annual income has been received, compared to a full year budget and also due to the items noted in note 9 above.
11. Cashflows from investing activities actual to date (\$4.4m) is less than the full year budget of (\$26.6m). The result is due to timing differences on the purchases of fixed assets being and investments realised as these will still occur throughout the year.
12. Opening cash at 1 July 2023 excludes short-term investments maturing within 3 months, and only consists of Council's trading bank balances held. This differs for the annual report which includes short-term investments maturing within 3 months of balance date.
13. The variance between the finance costs above and the interest expense reported in the investments and borrowings report is related to internal interest charges. These net off against internal interest income in the above report, however, does not get netted off in the investment and borrowings report presented.

KPI met	●
KPI not met	■

Segment	Key performance indicator	Target	Achieved	September 2023 Result
Regulatory services	Quality assurance requirements for building consent are met.	≥ 100% of building consents are technically correct and granted within statutory timeframes.	●	Jul, Aug and Sept 100%.
		≥ Continue to retain accreditation by passing the biennial IANZ Audits.	●	Biennial IANZ Audit Passed Dec 2021. Passed accreditation despite the flood and and COVID relates setbacks.
Roading & transport	Maintaining safety quality of the road network	No changes or reduction in the safety quality of the roading network from the previous financial year.	●	New asset management contract for roading and Bridges. No extra grading required. Recently completed reseal programme has improved vehicle traction.
Water supplies	Maintain safe drinking water standards.	≥ Full compliance (100%) with the Drinking Water Quality Assurance (bacteria compliance criteria)	■	<p>Large water supplies: Wesport and Reefton Water - Achieved ≥ Full compliance (100%) with the T3 Drinking Water Quality Assurance (bacteria compliance criteria) - achieved.</p> <p>Medium water supplies: Punakaiki, Little Wanganui and Waimangaroa Water - Not achieved ≥ Full compliance (100%) with the T2 Drinking Water Quality Assurance – not achieved, Punakaiki UV non-compliance, other supplies non-treated.</p> <p>Small water supplies: Inangahua and Mokihinui Water - Not achieved ≥ Full compliance (100%) with the T1 Drinking Water Quality Assurance – Inangahua achieved, Mokihinui not achieved</p>
		≥ Full compliance (100%) the with Drinking Water Quality Assurance rules (protozoa compliance criteria)	■	<p>Large water supplies: Wesport and Reefton Water - Achieved ≥ Full compliance (100%) with the T3 Drinking Water Quality Assurance (protozoa compliance criteria) - achieved.</p> <p>N/A to medium and small water supplies.</p>
Wastewater	Wastewater and sewerage systems provide adequate capacity in relation to dry weather overflows.	Less than five sewerage overflows per 1,000 connections.	●	Three Wastewater Over-flow events captured by WestReef Services monthly Claim and BDC Service Requests (refer to attached worksheets)

Segment	Key performance indicator	Target	Achieved	September 2023 Result
Stormwater	The number of flooding events in the stormwater systems is managed to a target level of service set in the performance measure.	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected Councils stormwater system) is not more than five houses flooded for each event.	●	One stormwater ingress into garage during the quarter, Zero instances of ingress of Storm Water into any dwellings reported
Solid waste	Ensure ethical, economical, and efficient waste management service	100% compliance with regulations set in the RMA, and the resource consents and environmental national regulations.	■	Not achieved. The non compliance issues relate to the former Birchfield Landfill site. It is challenging to achieve compliance currently.
	Concepts of sustainability and social responsibility are equally valued alongside cost.	Undertake two community engagement events, and two community education events to encourage the reduction of waste generated and increase of diversion from landfill.	●	A waste management consultation was carried out in August 2023, the consultation included two community meetings. A Recycling week campaign was carried out second week of October.
Community services	The community feels informed, included, and empowered to access Council services and resources.	A biennial customer satisfaction survey will be carried out, and will ask how satisfied the community is with the information they receive from Council and their opportunities to engage with Council.	●	Achieved. The 2023 Customer Satisfaction was completed as required but did have a reduced number of respondents (244). It was noticed after the closure of the survey that multiple entries had been submitted by individuals, giving false response numbers prior to final processing. Overall, Customer Satisfaction was 71%, down from 89% in 2021. The report was presented to Council on 28 June 2023.
Governance, representation	Provide annual budgeting and financial planning processes.	≥ Meet statutory deadlines for councils LTP, AP before 30th June in each respective year.	●	Achieved
		≥ Meet statutory obligations for requests for information under LGOIMA, greater than or equal to 90% of the time.	●	90% Target achieved.
		≥ To meet legislative requirements for strategic planning workshop held with Councillors.	●	Achieved
Support Services	High functioning Health and Safety committee that empowers employees, contractors, and visitors.	100% compliance with health and Safety Work Act 2015 (HSWA 2015).	■	Not achieved. 11 overdue incidents. Safety reps will be attending health and safety training from Safety n Action at the end of November.

ATTACHMENT 2

Segment	Key performance indicator	Target	Achieved	September 2023 Result
Property	The district's parks, reserves, cemeteries and other amenities are maintained to ensure we are providing compliant, safe and vibrant social spaces for the Community and visitors.	Receive and review monthly reports from the Reserves and Public Amenities Contractor. An up-to-date register of Council owned and operated buildings and associated infrastructure is maintained.	●	Service requests continue to be monitored and reviewed for trends. Buildings and fleet register is regularly updated and assets reviewed in line with policy. Contractor reports are checked each month and quarterly meetings held to monitor obligation.
Commercial infrastructure- airport	An airport facility that is safe, compliant and available for use. Providing a high level of customer service and community opportunity.	Complete an annual customer survey. Retain CAA certification 100% of the time. Judged against projected income and expenses	●	CAA approval of SMS as being Present and Suitable (next 12 months to show SMS is operating and effective.) Continued positive customer feedback. The customer survey has not been undertaken yet in this financial year.
Buller Holdings Limited	Achieving budget revenue and expenditure.	Operate within budget	TBC	Awaiting report at time of finalising this agenda item.
	Delivery of unaudited quarterly reports by due date.	Provision of quarterly reports to Council by due dates.	TBC	Awaiting report at time of finalising this agenda item.

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 11

Prepared by Julia Gear
Management Accountant

Lynn Brooks
Manager - Finance

Reviewed by Douglas Marshall
Chief Financial Officer

Appendix A Monthly Capex Report (2023-09 Capital Income and Expenditure)
Appendix B CEO KPI's

CAPITAL RECEIPTS AND EXPENDITURE REPORT TO SEPTEMBER 2023

1. REPORT SUMMARY

This report presents an overview of the capital receipts and expenditure results compared to the annual budget for the three months ending 30 September 2023. Any variances forecast for the following nine months to 30 June 2024 are highlighted.

The attached information also reports on the Chief Executive Key Performance Indicators.

Where variations to the budget are identified, Council approval is requested. Any such variations are due to extraordinary events or unforeseen matters arising throughout the year.

2. RECOMMENDATION

That the Risk and Audit Committee receive the capital receipts and expenditure report to 30 September 2023 for information.

3. ISSUES & DISCUSSION

There are no variances to budget identified which requires an approval from Council as at 30 September. The expected total capital expenditure is estimated to be 111% of this year's Annual Plan budget and prior year carryover budgets, primarily due to the timing of the three-year roading programme. This work is funded by Waka Kotahi which means the expected total capital funding is higher than budget also.

3.1 Total Results

Total results for the year to date are set out in the table below:

	YTD Actual	YTD Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget
BAU Capital Funding, Subsidies & Grants	597,200	514,254	82,946	●	10,764,175	8,457,874	127%
BAU Capital Expenditure	5,987,817	11,555,503	5,567,686	●	26,347,106	23,776,438	111%
Flood Recovery Capital Funding	916,144	0	916,144	●	19,150,096	0	N/A
Flood Recovery Expenditure	4,792,203	250,000	(4,792,203)	■	19,465,309	250,000	N/A
Better Off Capital Funding	263,467	0	263,467	■	10,414,300	0	N/A
Better Off Capital Expenditure	324,234	0	(324,234)	■	10,414,300	0	N/A

Flood recovery, IAF and Better Off projects are not part of the Council's adopted Annual Plan process and therefore do not appear within it.

A detailed schedule of capital receipts and expenditure with corresponding budgets is attached in Appendix A.

3.2 Variations

There are no significant variations to the Business as Usual budgets set in the Annual Plan. Further detail is included in Appendix A. The report is broken into three sections to firstly show Business as usual, followed by flood recovery and the new tranches of “Better Off” and IAF funding.

In addition to the funding and expenditure planned for in the Annual Plan, Council will continue to receive funding from NEMA, MBIE, Waka Kotahi, IAF and the Better Off package to fund capital projects this year.

\$3.5m of Better Off funding has been allocated to Council via the three waters reform support package. \$2.85m has been allocated to projects approved by DIA and the remaining projects are pending DIA approval.

\$6.9m granted from the Infrastructure Acceleration Fund (IAF) will fund the transport and infrastructure connections between Alma Rd and town. This project is in the initial stages and will be continued over the next three years.

Funding from NEMA and Waka Kotahi will be used to deliver the capital projects within the flood recovery programme agreed with the funding parties.

The budgets for the flood recovery roading projects are an allocation of the overall roading programme. The projects have been grouped into bundles and the funding may be reallocated within those bundles.

4. Chief Executive KPIs

This report also includes details about the Chief Executive Key Performance Indicators (KPIs) which relate to capital expenditure.

The Chief Executive KPIs are in place to ensure significant capital expenditure is diligently managed.

The KPIs are:

- 1 Capital expenditure projects over \$750,000 must be achieved within +/- five percent.
- 2 Changes which are +/- five percent of a project must be approved by Council; and
- 3 The total capital expenditure budget must be achieved within +/- five percent.

KPI's 1-2 are detailed in Appendix B in Tables 1-2. KPI 3 is presented in 3.1 Total Results.

4. CONSIDERATIONS

4.1. Strategic Impact

The capital income & capital expenditure report provides an overview on the provision of capital expenditure projects and helps readers to understand if the position taken in the long-term plan (where the strategic overview is to build a strong economy with resilience, growth, providing quality infrastructure and investing to make our towns liveable and affordable) is apparent.

The provision of capital projects within timeframes and approved budgets provides a measure against this core strategic priority and its probable long-term impact on our community.

4.2. Significance Assessment

The significance and engagement 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 by nature as value as Council's capital program is integral to service provision.

4.3. Risk Analysis

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

Capital projects are perceived to have some greater than usual potential to place Council at risk as the funds involved are usually significant. The project may be an irregular or unusual kind; therefore, the costings may need to be revised as the work progresses. The scale of capital projects may result in project delays which result in Council not delivering the assets or services as envisioned in Long Term or Annual Plans.

This risk is mitigated by the Senior Management Team receiving regular reports on the projects, therefore acting on any issues that arise early on to ensure project progress is well understood by staff and governance.

There is a much higher work programme this year due to the external funding that has been received. All the budgets for the projects have included provision for external assistance and support from qualified project managers to reduce the risk of delays due to capacity constraints.

4.4. Policy / Legal Considerations

The Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement for consulting on the annual plan and long-term plan to agree the budget and the key performance indicators with the community.

This report assists with two key purposes of that Act (located at section 3) stating the purpose of the Act is to promote the accountability of local authorities to their communities and provides for local authorities to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

4.5. Values

The Buller District Council values are: We Care, Integrity, One Team, Community Driven and Future Focussed. This report aligns with those values as it presents information about the capital projects for our community.

4.6 Tangata Whenua Consultation Considerations

The contents of the report are not a matter requiring consultation with tangata whenua.

4.7 Views of Those Affected

Council's capital projects are consulted on with the community during Long Term and Annual Plan processes.

4.8 Costs

There are no known extraordinary costs for the capital projects predicted at this stage of the financial year other than what has been included above.

4.9 Benefits

The benefits of reviewing the capital income and expenditure periodically are the capital projects and their funding are monitored at a Council wide level.

4.10 Media / Publicity

There are no media or publicity opportunities with this report.

Appendix A

	YTD Actual	Net Available Budget as at 30 June 2023	YTD Annual Plan Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget	Explanation of Variances of \$50,000 or greater
Capital Funding										
Community Services	0		0	0	0	▲	0	0	0	
Westport Harbour	0		0	0	0	▲	0	0	0	
Water Supplies	0		78,932	78,932	(78,932)	■	1,320,001	1,740,001	(420,000)	Full year forecast variance: \$650k budgeted for Westport Water critical needs from Better Off Funding however only \$100k approved for this project to date. Council has applied to allocate another \$80k towards installing the tanks purchased, and another \$50k towards investigating water supply source options at Little Wanganui and Mohikiniui Other funding is \$890k loan for Westport Water capital, \$60k loan for Reefton Water Capital, \$140k for Punakaiki Water chlorination. All funding and loans not drawn down yet
Airport	0		0	0	0	▲	0	0	0	
Community Facilities	0		188,718	188,718	(188,718)	■	853,228	855,001	(1,773)	Full Year Budget: TIF funding for upgrade of effluent systems at Punakaiki and Mohikiniui Campgrounds, reinstatement of Tauranga Bay Public Toilets, extension of carpark at Carters Beach reserve. Forecast variance is difference between budget and approved TIF application amount
Roading & Urban Development	549,838		148,364	148,364	401,474	●	5,592,206	2,964,132	2,628,074	Full Year Budget: Waka Kotahi funding & \$259k Loan Funding for District Revitalisation. Full Year forecast variance includes \$2.4m funding for capital works originally budgeted for earlier in the three year roading programme, and \$200k TIF funding for the connection between the Kawatiri river trail and town
Infrastructure Delivery	0		0	0	0	▲	0	0	0	
Regulatory Services	0		0	0	0	▲	0	0	0	
Solid Waste	47,363		98,240	98,240	(50,878)	■	968,740	868,740	100,000	YTD Actuals: \$50k MFE grant for the weighbridge at Karamea Forecast variance: \$80k of budgeted \$809k MFE grant for C&D Waste project was received in 22/23 and contributed towards feasibility study (operational costs). \$100k MFE grant for Karamea weighbridge. Full Year Budget includes loan funding for Karamea Landfill & Recycling Centre upgrade
Support Services	0		0	0	0	▲	0	0	0	
Wastewater	0		0	0	0	▲	1,100,000	1,100,000	0	0 Loan funding for Westport Wastewater and Reefton Wastewater
Stormwater	0		0	0	0	▲	930,000	930,000	0	0 Loan funding for Districtwide Stormwater
Total Capital Income	597,200		514,254	514,254	82,946	●	10,764,175	8,457,874	2,306,301	
Capital Expenditure										
Community Services	23,118	0	108,210	108,210	85,092	●	891,121	891,121	0	Full Year Budget includes Reefton Pool upgrades, NBS Theatre stage flooring and heating/cooling
Westport Harbour	26,438	0	1,531	1,531	(24,907)	▲	31,039	12,606	(18,433)	YTD variance: Unbudgeted Harbourmaster vehicle purchase
Water Supplies	2,125,350	3,520,160	326,641	3,846,801	1,721,451	●	6,210,038	6,210,038	0	Majority of carryover relates to Westport Trunk Main and
Airport	7,769	0	14,096	14,096	6,327	▲	116,076	116,076	0	
Community Facilities	556,777	2,110,196	305,634	2,415,830	1,859,054	●	4,627,052	4,627,052	0	Half of the full year budget relates to projects started in previous years: Brougham House upgrades, Carnegie Library, Westport Library strengthening, Punakaiki Community Facility, Punakaiki Campground Effluent System, Community Led Revitalisation Projects. The \$500k budgeted for Carnegie Library improvements is dependent on achieving supplementary external funding. The majority of the capital budget provided for this year relates to the TIF funded projects: upgrade of effluent systems at Punakaiki campground (a multi year project) and Mohikiniui Campground, reinstatement of Tauranga Bay Public Toilets, extension of carpark at Carters Beach reserve.
Roading & Urban Development	1,177,107	158,004	226,633	384,637	(792,470)	■	6,457,621	3,869,386	(2,588,235)	Carryover budget is for Westport Plaza Revitalisation. Full year forecast variance relates to \$2.6m capital works to be completed this year being the final year of the three year roading programme
Infrastructure Delivery	0	0	112	112	112	▲	918	918	0	
Regulatory Services	0	0	0	0	0	▲	0	0	0	
Solid Waste	184,810	142,020	131,584	273,604	88,794	●	1,189,603	1,225,603	36,000	Carryover budget from 22/23 is for Karamea Landfill & Recycling Centre Upgrade and the Westport and Reefton Transfer Station Upgrades. Both projects have further budget allowed for in 23/24 to complete. Another \$860k was allowed for in 23/24 for the Construction & Demolition Waste Project. The capital portion of this project totals \$825k
Support Services	66,185	279,860	25,965	305,825	239,640	●	(6,325)	(6,325)	0	Carryover budget is for the Information Management project
Wastewater	1,622,041	3,626,371	209,344	3,835,715	2,213,674	●	5,350,306	5,350,306	0	Majority of carryover relates to the Westport Wastewater consent renewal project and some Westport Main renewals to be completed this year.
Stormwater	198,222	215,649	153,493	369,142	170,920	●	1,479,657	1,479,657	0	Carryover budget is for stormwater mains renewals to be completed this year.
Total Capital Expenditure	5,987,817	10,052,260	1,503,243	11,555,503	5,567,686	●	26,347,106	23,776,438	(2,570,668)	
Flood Recovery Funding, Subsidies & Grants										
Flood Recovery Funding, Subsidies & Grants	916,144		0	0	916,144	●	19,150,096	0	19,150,096	NEMA Tranche 2 projects, MBIE funded housing & Waka kotahi funded roading projects.
Total Flood Recovery Funding, Subsidies & Grants	916,144	0	0	0	916,144	●	19,150,096	0	19,150,096	
Flood Recovery Expenditure										
Flood Recovery Expenditure	4,792,203	250,000	0	250,000	(4,792,203)	■	19,465,309	250,000	(19,215,309)	NEMA Tranche 2 projects, MBIE funding & Waka Kotahi funded roading projects.
Total Flood Recovery Expenditure	4,792,203	250,000	0	250,000	(4,792,203)	■	19,465,309	250,000	(19,215,309)	

	YTD Actual	Net Available Budget as at 30 June 2023	YTD Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget	
Better Off & IAF Funding										
Better Off & IAF Funding	263,467		0		263,467	●	10,414,300	0	10,414,300	\$6.9m IAF Funded Alma Road Connection and \$3.5m Better Off Funding
Total Better Off Funding	263,467	0	0		263,467	●	10,414,300	0	10,414,300	
Better Off & IAF Capital Expenditure										
Better Off and IAF Expenditure	324,234		0		(324,234)	■	10,414,300	0	(10,414,300)	\$6.9m IAF Funded Alma Road Connection and \$3.5m Better Off Funding
Total Better Off Expenditure	324,234	0	0		(324,234)	■	10,414,300	0	(10,414,300)	

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

Appendix B

Table 1: KPI 1

Capital expenditure projects over \$750,000 must be achieved within +/- five percent						
Over \$750,000 Project	Original Budget	Current Budget	Project Expenditure to Date (September 2023)	Final Forecast Cost	Project Status or Percentage of Completion	Percentage of Budget Spent
Waimangaroa Water Upgrade	\$2,300,000	\$2,519,912	\$1,934,255	\$2,089,717	To upgrade critical elements of the raw water supply and implement next highest priorities of the raw water network. Project currently forecast to come in under budget by \$430k due to a reduction in the extent of pipe replacement, MOH funding subsidy contributing towards pipeline replacement, low risk of any contract variations and no requirement to use contingencies.	77%
Westport Trunkmain Town project - Stage 1b	\$1,650,000	\$1,634,954	\$836,706	\$1,432,773	Continuation of the Westport Trunkmain, construction of PE trunk main pipeline towards Westport. Expected to be completed under budget by \$202k.	51%
Carnegie Library Strengthening	\$1,020,000	\$1,020,000	\$32,629	\$1,020,000	Project continuing with engagement with working group. Concept design options being sought. 50% of budget is contingent upon external funding.	3%
Westport Wastewater consent renewal project separated into two bundles below:	\$2,440,000	\$2,240,000	\$579,683	\$903,862	The Resource Consent held by BDC for the discharge of untreated wastewater to the Buller river expires in 2023. BDC is in breach of the condition of the existing Resource Consent that limits the number and size of discharge of untreated sewage to the Buller river. \$2,241,000 was allowed for in the 2022/23 Annual Plan for projects to contribute to a compliant Wastewater system. Refer to project bundles below.	26%
1. Pump Station Screens, Resource Consent Renewal Application, and Westport WW/SW Separation Policy	\$837,000	\$705,000	\$415,334	\$705,000	The work associated with the Pump Screens and the Wastewater Policy is largely completed, and any remaining work will be reliant on inputs and outcomes from the Resource consenting, and modelling projects. The resource consenting is expected to take a further 6-10 months. Refer to separate project report for further details	59%
2. SW Modelling & WW/SW Separation Investigation	\$1,603,000	\$1,535,000	\$164,349	\$1,535,000	Investigate and separate wastewater and stormwater systems to reduce outfall and comply with resource consent. Undertake SW modeling for flood mitigation. Refer to separate project report for further details	11%
Construction & Demolition Waste Project	\$825,000	\$825,000	\$0	\$825,000	MFE funding and co-funding from the three other West Coast councils. The feasibility study has been completed and the design and construction phase is represented in this table. Three construction and demolition recovery facilities will be designed, and construction is expected to take place in 2024-2025.	0%
Temporary Village Alma Road	\$7,530,000	\$7,530,000	\$7,305,126	\$7,305,126	MBIE and NEMA funded accommodation village on BDC owned land, including infrastructure and roading upgrades. Project is complete and site has been handed over and occupied.	97%
Reefton Historic Landfill	\$1,074,000	\$1,324,000	\$978,446	\$1,096,620	Landfill sidewall reinstatement to return it to its pre-flood condition. \$1.074m funded by NEMA. Additional \$250k approved to construct WSP minimum recommended design. Final river training expected to be completed November 2023 with project completed for \$220k less than revised budget. Refer to project report for more details.	74%
Kawatiri Wharf Flood Repairs	\$5,920,000	\$5,920,000	\$251,068	\$5,920,000	NEMA funded project 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. Repair design completed. Current forecast for completion mid 2024. Independent cost-check suggests a total project estimate approximately 10% beyond available budget. Refer to separate project report for further details.	4%
Bluff Slump 27: Flood Recovery Roding Programme	\$481,555	\$751,278	\$352,099	\$986,683	NZTA funded flood recovery project. Refer to project reports for more information.	47%
Bluff Seven Sisters: Flood Recovery Roding Programme	\$1,777,504	\$1,807,018	\$493,205	\$1,807,017	NZTA funded flood recovery project. Refer to project reports for more information.	27%
Denniston Road 4 Underslip: Flood Recovery Roding Programme	\$1,008,236	\$1,024,130	\$125,541	\$1,104,500	NZTA funded flood recovery project. Refer to project reports for more information.	12%
Denniston Road 2: Flood Recovery Roding Programme	\$756,549	\$769,331	\$117,425	\$586,548	NZTA funded flood recovery project. Refer to project reports for more information.	15%
IAF Alma Rd transport and infrastructure connection total project	\$13,600,000	\$13,600,000	\$68,684	\$13,600,000	IAF funded project in initial stages.	1%

Table 2: KPI 2

Changes which are +/- five percent of a project must be approved by Council						
Project +/- five percent	Original Budget	Current Budget	Expenditure to Date	Final Forecast Cost	Project Status or Percentage of Completion to Date	Required Variation and Approval Status
Punakaiki Land	\$0	\$0	\$328,703	TBC	Unbudgeted legal cost on land acquisition. Not yet complete.	Costs require Council approval when resolution reached

RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM: 12

Prepared by Neil Engelbrecht
Financial Accountant

Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

INVESTMENTS AND BORROWINGS – As at 30 September 2023

1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month of September 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 30 September 2023 for information.

3. ISSUES AND DISCUSSION

3.1 Term Investments

Total term investments (Including call account and other loans) remained unchanged since last report to 31 August 2023 at \$16.208m.

3.2 Bank Balance

Council's main trading account closing balance was \$0.795m as at 30 September 2023. The balance increased by \$0.130m since the last report to 31 August 2023. All of Council trading account closing balances at the end of September was \$0.830m.

3.3 Interest Revenue

Interest revenue to the end of August is \$166k against a year to date budget of \$177k.

Council has renegotiated its bank charges and credit interest rates with Westpac. This resulted in a decrease in bank fees and an increase in interest rates received on all of Council's bank accounts. The renegotiated terms came into effect during August 2023. The resulting increase in interest received will result in a positive variance to budget throughout the year.

3.4 Borrowings and Net Debt Position

Total borrowings increased by \$1.35m since the last report to 31 August 2023. The total borrowings increased from \$35.3m at 31 August 2023 to \$36.6m at 30 September 2023. This was due to a short-term borrowing from Westpac which has increased by \$1.35m since last reported from \$2.09m to \$3.44m. The funds borrowed was used for additional flood recovery expenditure incurred, while council was waiting on the grant from external funders claims to be paid. This is a timing difference.

Net debt (borrowings less term investments and call account balance) has increased by \$1.35m since last reported from \$20.691m to \$22.041m due to the increase of \$1.35m in borrowings 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.

3.6 Compliance with Financial Strategy Net Debt Limit set in the Long Term Plan

The Financial Strategy of Council is that net debt is not more than \$25m at any given time. Currently Council's net debt is \$22.041m.

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 Councils 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. The following tables and graphs compare the monthly results to the parameters set out in the policy.

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

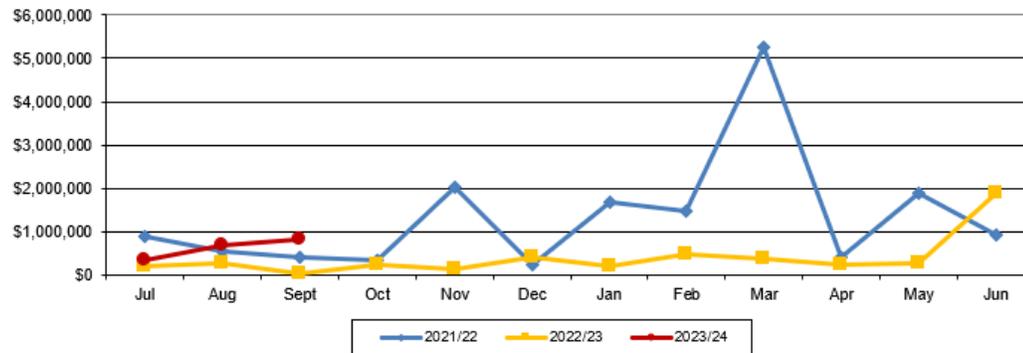
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 30-Sep-23	Last Report 31-Aug-23	Last Year 30-Jun-23
Trading Account Council	\$830,079	\$691,087	\$223,974

2. MONTH END BANK BALANCES



3. SUMMARY OF INVESTMENTS

	This Month 30-Sep-23	Last Report 31-Aug-23	Last Year 30-Jun-23
Term deposits	14,107,472	14,107,472	14,107,472
LGFA Borrower Notes	500,000	500,000	500,000
Call Account	-	-	-
Balance before other loans	14,607,472	14,607,472	14,607,472
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,600,982
Total Investments	\$16,208,454	\$16,208,454	\$16,208,454

3.1 Term Deposits

Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	BNZ	500,000	10-Apr-2023	7-Oct-2023	5.10%
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	1,000,000	10-Mar-2023	5-Nov-2023	4.70%
Term Deposit	BNZ	1,636,800	4-Mar-2023	29-Nov-2023	5.25%
Term Deposit	NBS	534,038	13-Jun-2023	13-Dec-2023	5.30%
Term Deposit	ASB	977,775	23-Jun-2023	23-Dec-2023	6.09%
Term Deposit	ANZ	1,000,000	4-May-2023	29-Jan-2024	5.50%
Term Deposit	ASB	1,325,000	13-Sep-2023	13-Mar-2023	5.85%
Term Deposit	ASB	1,000,000	26-Aug-2023	28-Mar-2024	5.75%
Term Deposit	NBS	400,000	07-May-2023	6-May-2024	5.75%
Term Deposit	BNZ	1,000,000	30-Jun-2023	30-Jun-2024	5.80%
Term Deposit	NBS	1,000,000	29-Jun-2023	01-Jul-2024	5.75%
Term Deposit	NBS	1,534,038	18-Jul-2023	18-Jul-2024	5.85%
Total Term Deposits		14,107,472			

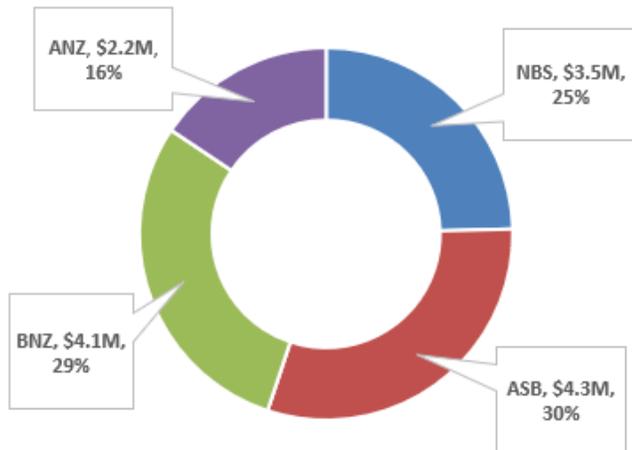
The objective of this table is to show a trend of rising interest rates over the past 12 months.

There were two term deposits maturing during October, which have not been reinvested:

- BNZ - \$500,000 and
- ASB - \$1,000,000.

These term deposits were used to fund the Waimangaroa Water Capital project, which has not yet had a debt draw down (\$1.9m spent to date).

3.2 Term Deposits Summary by Trading Bank

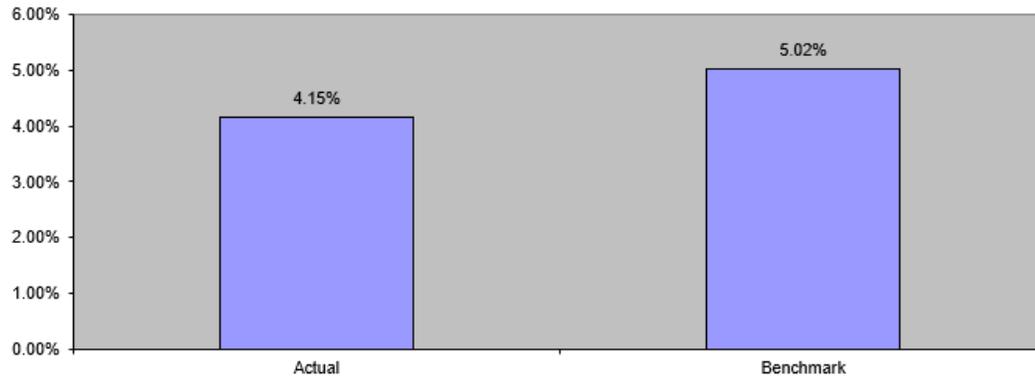


The maximum allowable investment per issuer is \$10m.

3.3 Local Government Funding Agency Borrower Notes

Investment Type	Counterparty	Amount	Maturity Date	Floating Interest Rate
LGFA Borrower Note	LGFA	125,000	1-Mar-2024	5.89%
LGFA Borrower Note	LGFA	125,000	1-Mar-2025	5.92%
LGFA Borrower Note	LGFA	125,000	1-May-2026	5.88%
LGFA Borrower Note	LGFA	125,000	1-Mar-2027	6.08%

4. INVESTMENTS PORTFOLIO PERFORMANCE (12-Month Average)



5. INTEREST REVENUE AND EXPENSE

	Actual YTD	Budget YTD	Full Year Budget
Interest Revenue	\$165,673	\$177,102	\$1,237,802

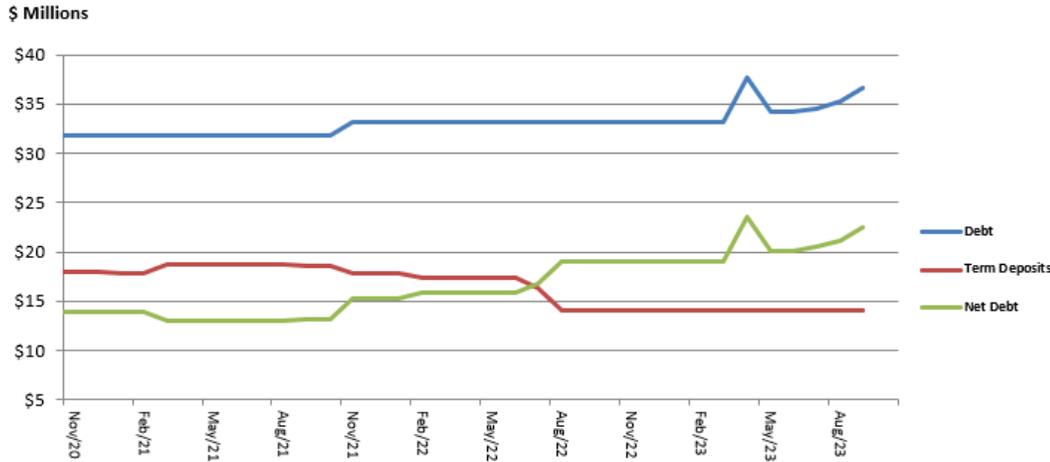
	Actual YTD	Budget YTD	Full Year Budget
Interest Expense	\$437,711	\$498,272	\$1,833,247

6. SUMMARY OF BORROWINGS

	This Month 30-Sep-23	Last Report 31-Aug-23	Last Year 30-Jun-23
External Debt			
Westpac Loan Facility	13,213,860	13,213,860	13,213,860
Westpac Loan Facility – Flood recovery	3,435,000	2,085,000	1,030,000
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	\$36,648,860	\$35,298,860	\$34,243,860
Weighted Average Interest Cost	5.25%	5.24%	5.13%

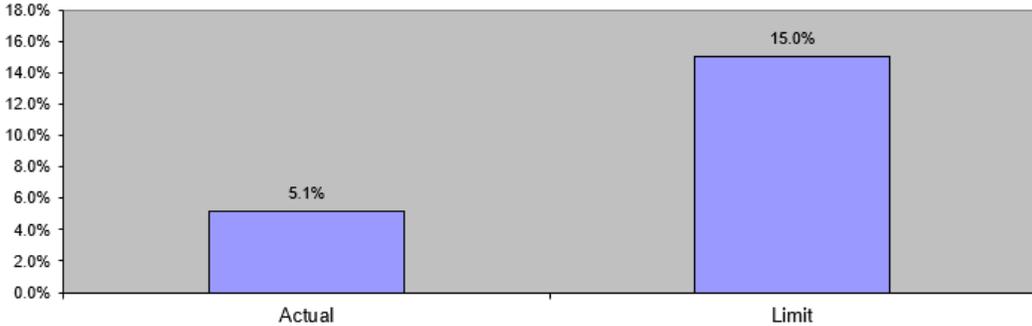
Net Debt			
Total Borrowings	36,648,860	35,298,860	34,243,860
Less: Term deposits (including Call Account)	14,607,472	14,607,472	14,607,472
	\$22,041,388	\$20,691,388	\$19,636,388

7. DEBT AND INVESTMENTS 3-YEAR TREND

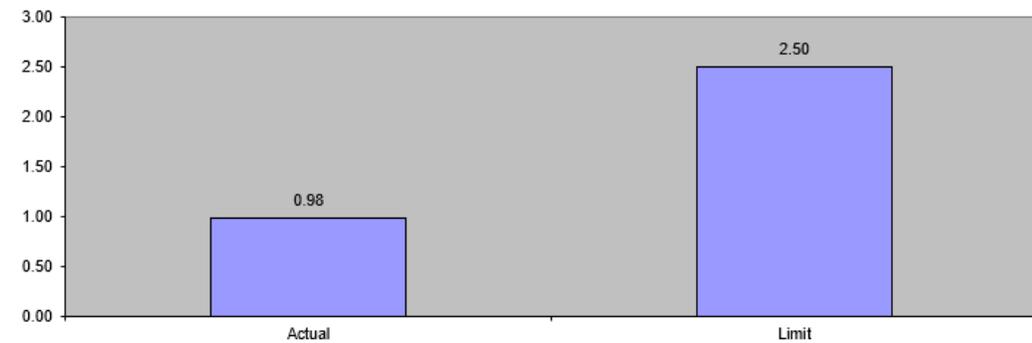


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council’s Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include the call account. The increase shown in the net and gross debt above for the month of April is due to the short-term borrowings of \$4.4m related to flood recovery costs. This loan was repaid during May 2023.

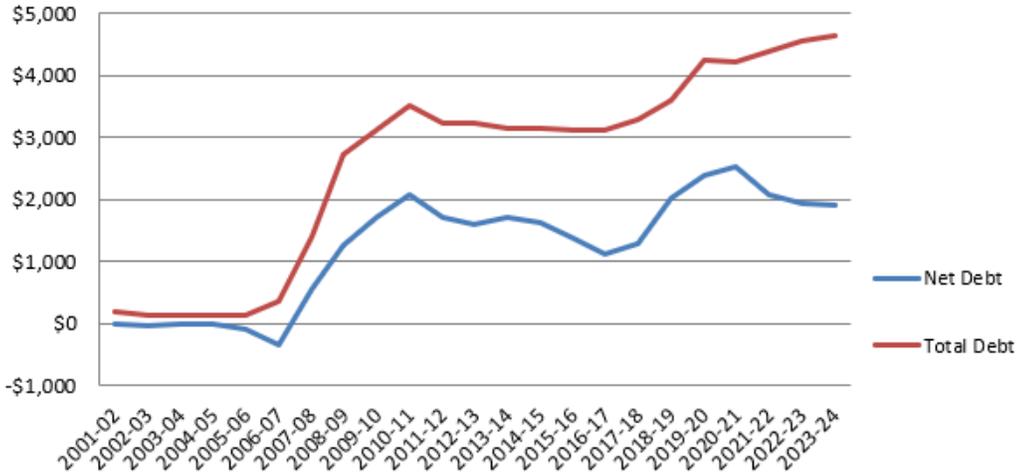
7.1 Interest Expense / Total Income



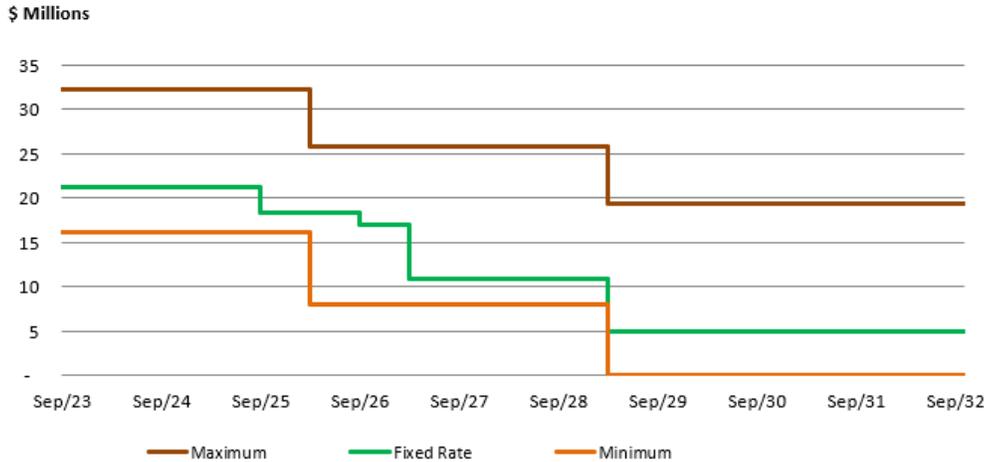
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



RISK AND AUDIT COMMITTEE

15 NOVEMBER 2023

AGENDA ITEM 13

Prepared by Douglas Marshall
Chief Financial

PUBLIC EXCLUDED

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
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	(s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or (s 7(2)(j)) - prevent the disclosure or use of official information for improper gain or improper advantage.