

# **AGENDA:**

Meeting of the  
**FINANCE, RISK and AUDIT COMMITTEE**

**Wednesday 11 September 2019**  
Commencing at 5:00pm

Clocktower Chambers  
Palmerston Street, Westport

# INDEX

ITEM:	PAGE:
<b>Apologies</b>	
1. Members Interest.....	1
2. Confirmation of Minutes.....	2
3. Action Point List.....	15
4. Financial Performance - 31 July 2019.....	16
5. Investment and Borrowings Report.....	20
6. Monthly report - Westport Airport Infrastructure Resilience Project.....	26
7. Harbour Spill Update.....	29
8. Audit Management Actions Points.....	31
9. Finance Work Plan.....	33
10. Strategic Risk Register.....	35
11. Public Excluded.....	40
11.1 Governance Structure West Coast Ports.....	41

# FINANCE RISK AND AUDIT COMMITTEE

11 SEPTEMBER 2019

Agenda Item No 1

Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services

## MEMBERS INTEREST

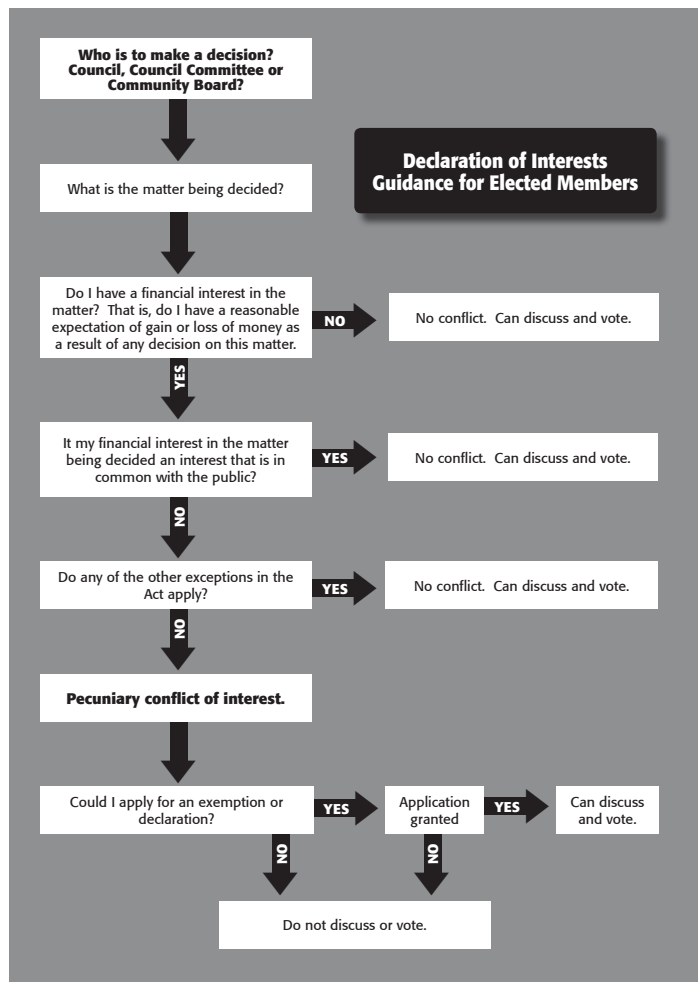
Councillors are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

Councillors are encouraged to advise the Executive Assistant, Commercial and Corporate Services, of any changes required to their declared Members Interest Register.

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

## DRAFT RECOMMENDATION

**That the Finance Risk and Audit Committee members disclose any financial or non-financial interest in any of the agenda items.**



**FINANCE RISK AND AUDIT COMMITTEE**

**11 SEPTEMBER 2019**

**Agenda Item No 2**

**Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services**

**CONFIRMATION OF MINUTES**

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**1. DRAFT RECOMMENDATION**

**That the Finance Risk and Audit Committee receive and confirm meeting minutes from 14 August 2019.**

**MEETING OF THE BULLER DISTRICT COUNCIL, COMMENCED AT 5:00PM 14 AUGUST 2019, AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.**

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**PRESENT:** Mayor G Howard, Councillors J Cleine, D Hawes, G Neylon, P Rutherford, R Nahr and R Sampson

**IN ATTENDANCE:** Chief Executive Officer (S Mason), Group Manager Commercial and Corporate Services (D Phibbs), Group Manager Regulatory Services (S Judd), Governance Assistant (C Dorey)

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**APOLOGIES:**

Apologies were received from Councillors S Barry and E Miazga, and Ngati Waewae representative F Tumahai.

**RESOLVED that the Finance Risk and Audit Committee accept the above apologies.**

**S Roche/R Nahr  
CARRIED UNANIMOUSLY**

**1. MEMBER'S INTEREST**

Cr J Cleine declared an interest in Item 14.1 (BHL Monthly update), item 6 (Correspondence) and item 10. (Airport Rock wall) as Cr Cleine is a Director of Buller Holdings Limited. He will not enter the discussion or vote on the items.

Cr R Nahr declared an interest in Item 6 as a WestReef as she is a member of staff. She will not enter the discussion or vote on the item.

**J Cleine/G Howard  
CARRIED UNANIMOUSLY**

*5.02pm – Councillor Dave Hawes joined the meeting.*

**2. CONFIRMATION OF MINUTES**

**Discussion:**

Note that the confirmation of minutes from previous meeting at the 17 July Meeting, should read as Finance and Audit as it had not had a name change at this stage.

**RESOLVED that Finance Risk and Audit Committee received and confirmed meeting minutes from 17 July 2019.**

**J Cleine/G Howard  
CARRIED UNANIMOUSLY**

### 3. ACTION POINT LIST

#### Discussion:

Cr S Roche felt that now that the abandoned land report has moved to full council action list for the August meeting, she would like to see it removed from the FRAC action list.

Mayor G Howard queried that we currently have the significant projects report & also an action point list, do we need them both? Is there a real difference? Given what's on the action point list shouldn't they be on the significant project list as we are duplicating.

Cr S Roche stated that we had some specific actions to come out of the Finance and Audit from the previous meetings that we were targeting so that we didn't lose sight of them coming through to full council. Now that both points are coming through to full council, they will be removed.

Cr P Rutherford doesn't entirely agree as some action points that arise would not make it onto a significant project list.

Cr J Cleine queried that with the rates review going to council does the Productivity commission report impact or influence our progress on that?

Dean Phibbs spoke to the report. S Mason (CEO) felt it doesn't preclude us from continuing the progress we are on.

152. Completed, remove

159. Completed, remove

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**S Roche/J Cleine  
CARRIED UNANIMOUSLY**

### 4. INVESTMENTS AND BORROWINGS – July 2019

#### Discussion:

Mayor G Howard felt the Official cash rate at 1% should be favourable, changed the game in the annual plan. Should have an impact on the 19/20 financials?

D Phibbs spoke in response to the question. Currently there is \$28.8 million worth of debt which \$18 million are fixed which means we have \$10 million that is at risk of interest rate movements. A change in the OCR means it will have an impact on debt and will increase over the time as debt funded projects are completed. Currently there is \$17 million on term deposit. Which means there is a funding overhang of \$6.3 million – The negative impact of \$6.3 million with a 1% movement is about \$60-100k for a full year. There's a lot of uncertainty therefore the best case is \$40-70K if there's no other OCR movement. Currently there are investments on fixed term up to 18 months which helps mitigate the overall effect.

Therefore, the potential liability depends on draw down of debt.

D Phibbs response matching to the life of the debt Council has tax deductible debt around \$18m Some of that debt should remain because the benefit this has on the distribution from BHL.

S Mason (CEO) suggested a commentary on the report perhaps quarterly and if necessary, bring it to FRAC to discuss. Operational report is monthly.

Cr D Hawes voiced that this is where we should be growing our understanding of how we might be changing our business funding. Which may be benefited by lower interest rates.

Cr G Neylon shared that other places are trading in cash for gold. If the trend is down, we should wait and see.

Cr S Roche report gives us options going forward.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**A Basher/D Hawes  
CARRIED UNANIMOUSLY**

## **5. SIGNIFICANT PROJECTS REPORT**

### **Discussion:**

Mayor G Howard spoke around the update to special purpose roads. A draft letter was composed a draft letter for Minister Twyford, but first giving the NZTA the heads up that we will elevate the cause as we aren't getting the right answer from them, wellbeing disregarded along with the local government act.

Cr G Neylon wanted to see a council resolution stating that we weren't happy with the roading on offer. Mayor G Howard stated that council can say we won't accept and that we can make those comments.

Cr R Sampson sought clarification about the resolution with the water about consultation. Bringing plan forward that we would plan an outline that would include community consultation being brought to council.

Cr S Roche sought clarification around the regulatory services. Commentary said that it will be going to the risk and policy around this responsible camping fund.

Cr R Nahr clarified about community boards. Letters sent should it be included here. New council would be deciding which councillor should sit on the domain board.

Cr J Cleine felt unhappy that the Kawatiri cycle trail be still in there as green.

S Mason (CEO) felt it was a good presentation from the Kawawtiri cycle trail. Happy with the info provided which should be enabled to stay green.

Cr P Rutherford stated we know that there are high risk options and activity, and the significant risk operationally. Commentary needs updating in terms of activity.

Cr S Roche verbal updates given, and risk register is right up to date.

S Mason (CEO) felt happy for action points at FRAC to come to the SLT meeting. The commentary is out of kilt with financial. 2 months behind for financial. Will update in public excluded.

Cr S Roche sought the clarification for abandoned land, also rates review and Domain boards.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**J Cleine/R Nahr  
CARRIED UNANIMOUSLY**

## **6. CORRESPONDENCE**

### **Discussion:**

Cr J Cleine operational matter at WestReef happy to offer response.

Cr R Nahr happy to talk to the responses.

Cr S Roche had a discussion with S Mason & D Phibbs but would like a view from all the council.

CR G Neylon gave background. Looking for agenda items for ICB. Formally request BHL staff number send service levels.

Cr D Hawes: Snow levels recently versus staff levels, people trapped in their homes due to snow fall. Time lag pertaining to service around roading. Repair left in a very hazardous state on the main road. Only one person on duty in Reefton and had to address the issues on his own on a main road. Rang WestReef as the motorway was a worry if a motorbike had hit the pothole concerned about the cost around a fine due to the nature of leaving the road as it was. Tip of the ice berg around low staffing number, brought to the council attention previously but not changing or addressing issues. Staffing and performance issues not addressed and felt they were hoping it will go away. Makes it hard to staff an area when issues occurring.

Cr J Cleine queried the service delivery model? What's the level? Is it a lack of staff or is it not that the job is getting efficiently and completed?

Cr R Nahr now felt that she does not want to reply as sees her answers as a conflict.

Craig Scanlon gave a reply to ICB, staffing number has not changed but there tends to be a lack of reporting items in the correct and efficient way. Asked community to use the service by making requests via centre. C Scanlon meet with Reefton centre on a quarterly basis, emphasis of you as councillors. Letter to community to monitor quarterly. Currently they phone thru to WestReef team as there's no process in place.

Cr D Hawes states some community members had reported problems being in place for a few months and still not addressed.

S Mason (CEO) felt need to address how we respond to service requests, key points. Quality improvement process. Commit to monitoring. especially a good governance process.



Cr S Roche felt it important that community understands the process around reporting issues.

Cr R Nahr confirms that we had 2 staff on not only 1 as spoken about. Perception of facts.

Cr R Nahr spoke around how the process of how a complaint is dealt with. No evidence around Reefton not getting a good level of service. Going forward how best to deal with it.

Clarification that if the complaint is regarding a state highway you call a 0800 number.

S Mason (CEO) states relevant numbers in clarion and comms going forward. Quality improvement initiative.

Cr G Neylon the new board in place could someone come to speak around service levels. Feeling that they aren't getting good service delivery.

S Mason (CEO) felt it beneficial that a visit from Craig Scanlon in conjunction with one from Sharon would be appropriate. Assist when a request is put in, and processes and education with our staff.

Cr R Sampson gave her views around the reporting centre not being particularly good.

**RESOLVED that the Finance Risk and Audit Committee received the inwards and outwards correspondence for information and discussion, with a response to go back to the Inangahua Community Board.**

**S Roche/A Basher**

**CARRIED**

**J Cleine & R Nahr abstained**

## **7. 2018/2019 ANNUAL REPORT TIMELINE**

### **Discussion:**

Internal timeline for information purposes.

Cr P Rutherford was curious about the last line of the summary report and where it is published.

D Phibbs stated that it is statutory that it's published in a well-read newspaper/publication.

S Mason (CEO) felt it should be published in the most appropriate media setting in the future.

Mayor G Howard sought clarification around which Mayor was creating the piece of work featuring in the annual report.

D Phibbs was of the understanding it may be the new mayor.

Cr S Roche determined it should be the Mayor of day on the 30<sup>th</sup> of June.

D Phibbs to follow up and clarify.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**G Howard/G Neylon  
CARRIED UNANIMOUSLY**

**8. PRODUCTIVITY COMMISSION - LOCAL GOVERNMENT FUNDING AND DRAFT SUBMISSION**

**RESOLVED that Council discuss and agree on a final submission to be lodged with the Productivity Commission before the 29<sup>th</sup> August 2019**

**R Sampson/J Cleine  
CARRIED UNANIMOUSLY**

**DISCUSSION:**

CR G Neylon felt it had been addressed here as a financial tool, interesting already available. Need to take licence of what this report is saying. In terms of the rates review leaning away from user pay benefit received and more towards the land tax end of things. Maybe a hybrid of both?

Cr J Cleine received call from a concerned ratepayer who monitors all things rates related, so sought clarification around point 1 under Funding Policy.

D Phibbs responded that what he puts together is what he has been supplied by the councillors, not himself and he only received 2 submissions, from J Cleine & S Barry and paraphrased what each had said. The Productivity Commissioner report states that they believe that the tools each council have are enough to do the job, Was basically their conclusion. Shayne's comments were around that for bigger councils that was fine but for smaller councils there was an issue of affordability.

Cr J Cleine felt that it was saying we have less tools not just different tools page 22 of the report states that they should all be abolished and only have targeted rates. Struggle to identify who the people are that we are targeting. Doesn't ring true from what's in the actual report and would strongly argue against it.

Cr D Hawes felt that the high OGC was a problem and that if you went back to a user tax it would be beneficial.

Response by Mayor G Howard about what they are proposing is that if they target rates, there's also aggregation of water which is the same as the universal charge Point 1 Underfunding policy.

S Mason (CEO) stated there was a productivity commission workshop in January which all councillors were invited too. Doesn't mean that it was based on feedback.

Cr D Hawes spoke that rating from conservation land pours in a huge amount of dollars in comparison to rated land. Buller district is penalized compared to other councils. Commonality around the Buller District Council and other smaller councils are being penalized.

Mayor G Howard proposed circulating a clause to be sent to D Phibbs

Cr J Cleine to send through wording to Dean Phibbs.

Cr J Cleine is there an opportunity to cover guidelines for remuneration.

Comments to be included.

**RESOLVED that the Finance Risk and Audit Committee received the draft submission for information and discussion.**

**P Rutherford/R Sampson  
CARRIED UNANIMOUSLY**

**9. BRIBERY AND CORRUPTION POLICY**

**RESOLVED that the report was open to discussion**

**S Roche/A Basher  
CARRIED UNANIMOUSLY**

**Discussion:**

Dean spoke to the policy- Focus by Audit NZ, reactive to what's happened in the previous year.

Auditors require Policy system and education. To go to full council for adoption. Define the policy and then how are you going to then deal with. To then share with BHL.

Cr R Sampson would like to view a gift policy for council.

D Phibbs clarified that they want a standardize policy with consistency.

S Mason (CEO) clarified that there where a list of policies that need to be reviewed going forward. A letter has been sent to request that council staff not receive gifts.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**G Howard/J Cleine  
CARRIED UNANIMOUSLY**

**10. MONTHLY REPORT - WESTPORT AIRPORT INFRASTRUCTURE RESILIENCE REPORT**

**Discussion:**

Cr J Cleine will abstain from the vote due to the conflict of interest as WestReef (BHL) as tendered.

Wording of tendered policy needs to adhere to the procurement policy.

S Mason (CEO) asked them to request that management goes back and clarifies the wording of the document. Will then come back to committee with feedback.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**P Rutherford/G Howard  
CARRIED UNANIMOUSLY**

## **11. AUDIT MANAGEMENT ACTION POINTS**

**Discussion:**

**2016/2017:**

4. Completed, remove

**2017/2018:**

1. No change.

5. Completed, remove

6. Completed, remove

**RESOLVED that the finance Risk and Audit Committee received the report for information and discussion.**

**G Neylon/D Hawes  
CARRIED UNANIMOUSLY**

## **12. FINANCE WORK PLAN**

**Discussion:**

D Phibbs bringing to the August meeting.

**RESOLVED that the Finance Risk and Audit Committee received the report for information and discussion.**

**S Roche/A Basher  
CARRIED UNANIMOUSLY**

## **13. STRATEGIC RISK REGISTER**

**Discussion:**

Open for discussion.

Cr R Sampson spoke round the old dumps that we are to be monitoring at Birchfield. (Commentary to be updated)

S Mason (CEO) Piece of Work nationally to establish a national report around the dump sites. Also acknowledge Glenda and the team on onboarding new placements to BDC, great staff coming onboard.

**RESOLVED** that the finance Risk and Audit Committee received the report for information and discussion.

**G Howard/A Basher  
CARRIED UNANIMOUSLY**

**14. PUBLIC EXCLUDED**

**Discussion:**

NIL

**RESOLVED** that the public be excluded from the following parts of the proceedings of this meeting.

**S Roche/G Howard  
CARRIED UNANIMOUSLY**

<b>Item No</b>	<b>Minutes/Report of:</b>	<b>General Subject</b>	<b>Reason for Passing Resolution Section 7 LGOIMA 1987</b>
1.	Group Manager Commercial & Corporate Services	Monthly Update on Buller Holdings Limited	<p>Section 2(b)(ii) - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>Section 7(2)(i) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations.</p>
2.	Group Manager Regulatory	Audit Report Action Update - Accreditation of Building Consent Authorities.	<p>Section 2(b)(ii) - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>Section 7(2)(i) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations.</p>

**RESOLVED** that Council revert to open meeting and the resolutions and disclosures made whilst the public were excluded remain confidential.

**D Hawes/G Neylon  
CARRIED UNANIMOUSLY**

- 
- There being no further business the meeting concluded at 6:53
  - **Next meeting:** 5:00pm, Wednesday 11 September 2019, Clocktower, Palmerston Street, Westport.
- 

**Confirmed:** ..... **Date:** .....

**RESOLVED that Council revert to open meeting and the resolutions and disclosures made whilst the public were excluded remain confidential.**

**D Hawes/G Neylon  
CARRIED UNANIMOUSLY**

- 
- There being no further business the meeting concluded at 6:53
  - **Next meeting:** 5:00pm, Wednesday 11 September 2019, Clocktower, Palmerston Street, Westport.
- 

**Confirmed:** .....**Date:** .....

**FINANCE RISK AND AUDIT COMMITTEE**

**11 SEPTEMBER 2019**

**Agenda Item No 3**

**Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services**

**ACTION POINT LIST**

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No current Action Points outstanding.



**FINANCE AND AUDIT COMMITTEE**

**11 SEPTEMBER 2019**

**Agenda Item No 4**

**Prepared by - Wendy Thompson**  
**- Financial Accountant**

**Reviewed by - Dean Phibbs**  
**- Group Manager Commercial & Corporate Services**

**FINANCIAL PERFORMANCE: JULY 2019**

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**1. REPORT SUMMARY**

To provide the Committee with an update on the operational performance to 31 July 2019.

**2. RECOMMENDATION/DRAFT RESOLUTION:**

That this report be received for information and discussion.

**3. OPERATIONAL FINANCIAL PERFORMANCE**

**3.1 Operational Performance Report - Summary of Results April 2019**

	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Projected Full Year</b>	<b>Budget Full Year</b>	<b>Projected Variance Full Year</b>
Income	\$4,293,000	\$4,291,000	\$25,983,000	\$22,190,000	\$0
Expenditure	\$1,824,000	\$1,812,000	\$27,222,000	\$25,502,000	\$0
					\$0

### 3.2 Dashboard – Operational Financial Performance Indicators

Activity	Revenue	Expenditure	Comment
Democracy	●	●	
Property Amenities & Reserves	●	●	
Economic Development, Tourism & Museum Support	●	●	Overbudget due to timing of grant payments
Community Services	●	●	
Regulatory	●	●	
Roothing & Urban Development	●	●	
Professional Services	●	●	
Solid Waste	●	●	
Support	●	●	
Wastewater	●	●	
Water	●	●	
Airport	●	●	
Harbour	●	●	

## Operational Financial Report for the period ending 31 July 2019

	Year to Date								Temporary or Permanent Variance	Explanation of Variances of \$50,000 or greater
	Actual	Budget	YTD Variance	U/F	Full Year Prediction	Annual Budget	Variance Full Year Prediction	U/F		
<b>INCOME</b>										
Community Services	42,662	42,413	249	F	399,529	399,529	0			
Westport Harbour	55,822	37,083	18,739	F	624,654	624,654	0			
Democracy	0	0	0	F	30,000	30,000	0			
Tourism & Promotion	0	0	0	F	0	0	0			
Water Supply	707,939	710,930	(2,991)	U	4,572,550	4,572,550	0			
Airport	13,863	15,416	(1,553)	U	231,992	231,992	0			
Amenities & Reserves	49,846	65,105	(15,259)	U	781,108	781,108	0			
Roading & Urban Development	149,539	167,775	(18,236)	U	3,451,772	3,451,772	0			
Regulatory	200,830	207,591	(6,761)	U	845,980	845,980	0			
Solid Waste	158,796	159,356	(560)	U	730,592	730,592	0			
Support Services	5,975	5,633	342	F	67,596	67,596	0			
Council (General Rates & Investments)	2,252,901	2,224,483	28,418	F	11,598,044	11,598,044	0			
Wastewater	654,548	654,867	(319)	U	2,649,112	2,649,112	0			
<b>Total Income</b>	<b>4,292,721</b>	<b>4,290,652</b>	<b>2,069</b>	<b>F</b>	<b>25,982,929</b>	<b>25,982,929</b>	<b>0</b>			

	Year to Date								Temporary or Permanent Variance	Explanation of Variances of \$50,000 or greater
	Actual	Budget	YTD Variance	U/F	Full Year Prediction	Annual Budget	Variance Full Year Prediction	U/F		
<b>EXPENDITURE</b>										
Community Services	138,960	201,036	62,076	F	3,330,027	3,330,027	0		Temporary	Timing of the Library Kotui software licence \$26,000 underbudget
Westport Harbour	50,635	20,760	(29,875)	U	813,145	813,145	0			
Democracy	30,367	36,799	6,432	F	535,738	535,738	0			
Tourism & Promotion	83,561	4,405	(79,156)	U	488,887	488,887	0		Temporary	Timing of grants paid earlier than budgeted \$82,000
Water Supply	168,557	164,832	(3,725)	U	2,526,102	2,526,102	0			
Airport	23,702	27,705	4,003	F	364,060	364,060	0			
Amenities & Reserves	171,428	171,912	484	F	2,471,290	2,471,290	0			
Roading & Urban Development	444,495	480,899	36,404	F	6,962,920	6,962,920	0			
Professional Services Business Unit	62,476	49,616	(12,859)	U	633,330	633,330	0			
Regulatory	84,707	95,500	10,793	F	1,445,465	1,445,465	0			
Solid Waste	65,692	73,996	8,304	F	966,563	966,563	0			
Support Services	336,845	313,533	(23,312)	U	4,007,220	4,007,220	0			
Wastewater	162,502	170,742	8,240	F	2,677,274	2,677,274	0			
<b>Total Expenditure</b>	<b>1,823,927</b>	<b>1,811,735</b>	<b>(12,192)</b>	<b>U</b>	<b>27,222,021</b>	<b>27,222,021</b>	<b>0</b>			
<b>Net Variance</b>			<b>(10,122)</b>	<b>U</b>						<b>\$0</b>

# FINANCE, RISK AND AUDIT COMMITTEE

11 SEPTEMBER 2019

Agenda Item No 5

Prepared by - Wendy Thompson  
- Financial Accountant

Reviewed by - Dean Phibbs  
- Group Manager Commercial and Corporate Services

## INVESTMENTS AND BORROWINGS – August 2019

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### 1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month ended August 2019, interest earned for the period from 1 July 2019 to 31 August 2019, and compliance with Council policy.

### 2. RECOMMENDATION/DRAFT RESOLUTION

That the report be received for information.

### 3. ISSUES AND DISCUSSION

#### Investments

Investments have increased by \$1.8 million in total from the last report circulated to the end of June 2019. This is due to the cyclical effect of quarterly rates billing and monthly creditor payment obligations; especially around some of Council's large capital projects. The trading account closing balance is \$568,000.

#### Interest Revenue

Interest revenue to the end of July 2019 is \$92,000 compared to a budget of \$120,000.

Council will continue to reinvest term investment funds at the most favourable interest rate when deposits are up for renewal. There are often opportunities to take advantage of bank pricing differences to maximise returns even in time of low interest rates.

#### Borrowings and Net Debt Position

Total borrowings are unchanged from July 2019, with a current balance of \$28,770,000. Net debt (borrowings less term investments and call account balance) has decreased to \$9,857,000 from the \$11,657,000 balance in July 2019 due to the movements in short term investments.

### 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 are able to 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.

#### **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**

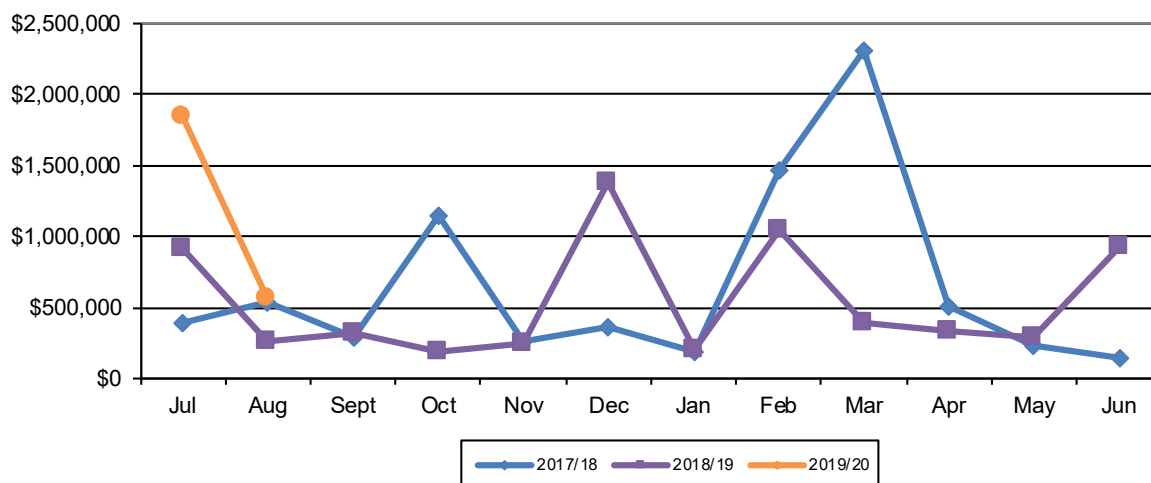
None identified

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 31 Aug 2019	Last Month 31 Jul 2019	Last Year 30 Jun 2019
Council	568,118	1,850,603	935,962

### 2. MONTH END BANK BALANCE



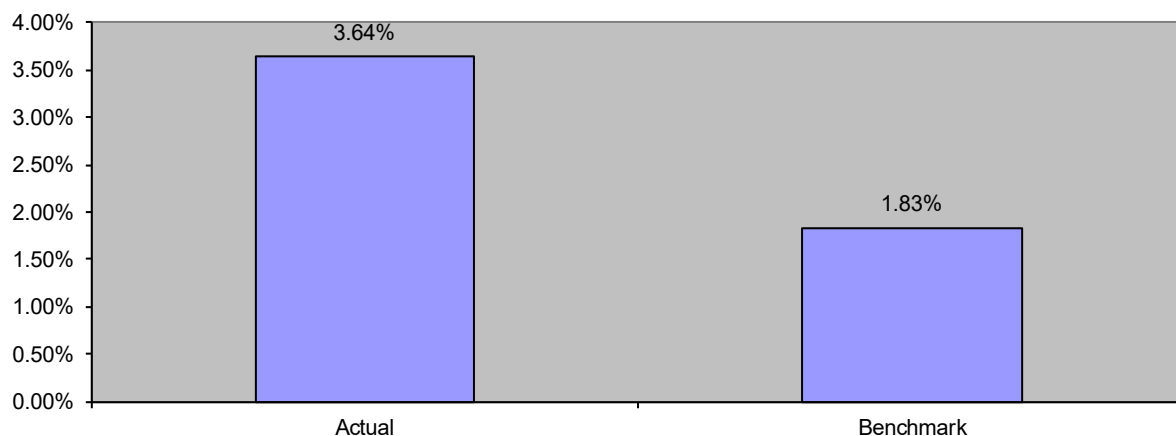
### 3. SUMMARY OF INVESTMENTS

	This Month 31 Aug 2019	Last Month 31 Jul 2019	Last Year 30 Jun 2019
Term deposits (includes Call Account)	18,917,292	17,117,292	16,317,292
Other loans (includes loan to Holding Company)	1,640,495	1,566,780	1,568,030
<b>Total Investments</b>	<b>20,557,787</b>	<b>18,684,071</b>	<b>17,885,321</b>

### 4. SOURCE OF FUNDS

	This Month 31 Aug 2019	Last Month 31 Jul 2019	Last Year 30 Jun 2019
Depreciation Funds	1,000,000	1,000,000	1,000,000
West Coast Package (Govt subsidy for halt to logging)	3,220,145	2,831,785	2,831,785
Harbour (profit from past harbour operations)	2,290,732	1,979,092	1,979,092
Freeholding Proceeds (sale of leasehold land)	2,840,838	2,840,838	2,840,838
Capital Sponsorship (deposits from V2010 sponsors)	5,034,038	5,034,038	5,034,038
Reserves Contribution Funds	1,331,540	1,331,540	1,331,540
Short Term Funds (rates income plus term deposits pending debt reduction)	3,900,000	1,300,000	1,300,000
	<b>19,617,292</b>	<b>16,317,292</b>	<b>16,317,292</b>

## 5. INVESTMENTS PORTFOLIO PERFORMANCE (12 Month Average)



## 6. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	91,889	120,368	1,342,208

## 7. COMPLIANCE WITH INVESTMENT POLICY

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 NBS which sees us in breach of the Treasury Management Policy. This breach will continue as investments mature and are rolled over.

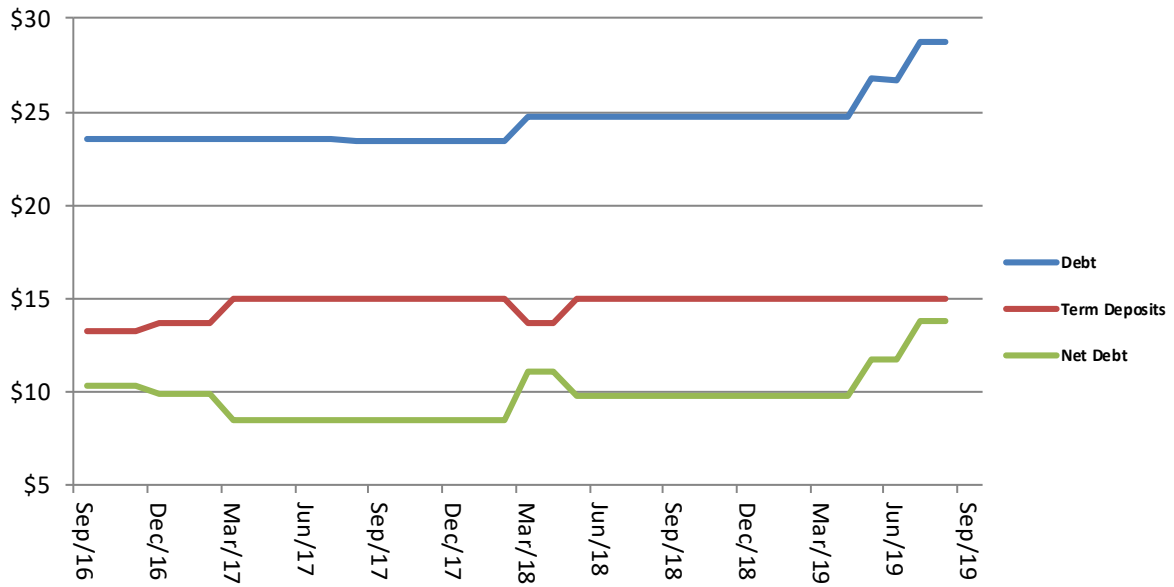
## 8. SUMMARY OF BORROWINGS

	This Month 31 Aug 2019	Last Month 31 Jul 2019	Last Year 30 Jun 2019
<b>External Debt:</b>			
Westpac Loan Facility	8,773,860	8,773,860	6,773,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	<b>28,773,860</b>	<b>28,773,860</b>	<b>26,773,860</b>
Weighted Average Interest Cost	4.00%	4.00%	4.60%
<b>Net Debt:</b>			
Total Borrowings	28,773,860	28,773,860	26,773,860
Less: Term deposits (including Call Account)	18,917,292	17,117,292	16,317,292
	<b>9,856,568</b>	<b>11,656,568</b>	<b>10,456,568</b>



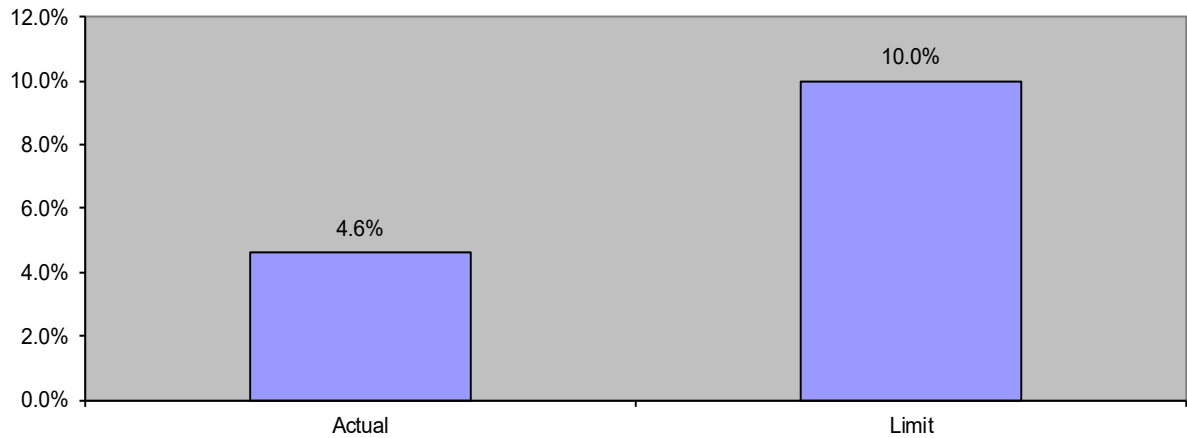
## 9. DEBT AND INVESTMENTS 3-YEAR TREND

\$ Millions

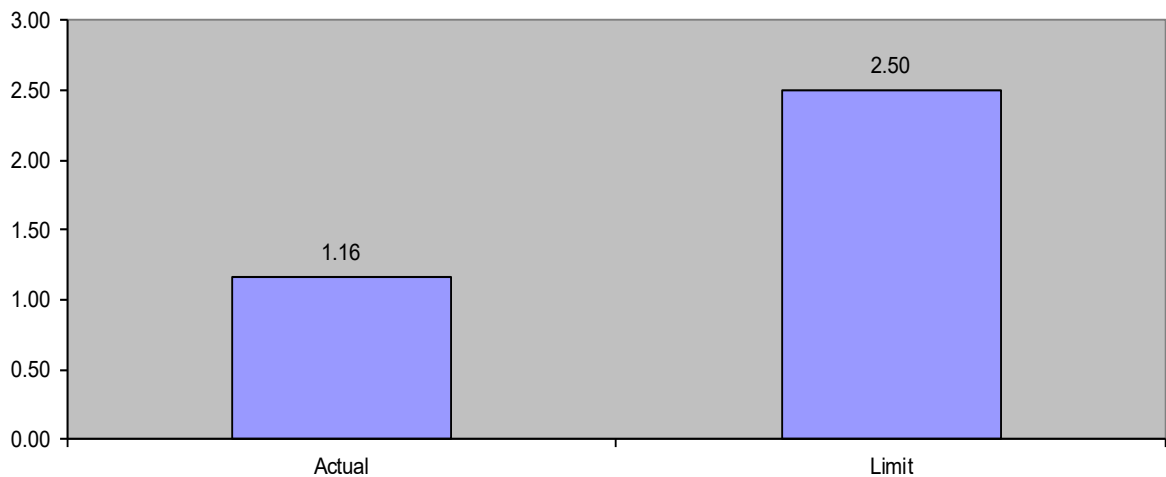


## 10. COMPLIANCE WITH TREASURY POLICY

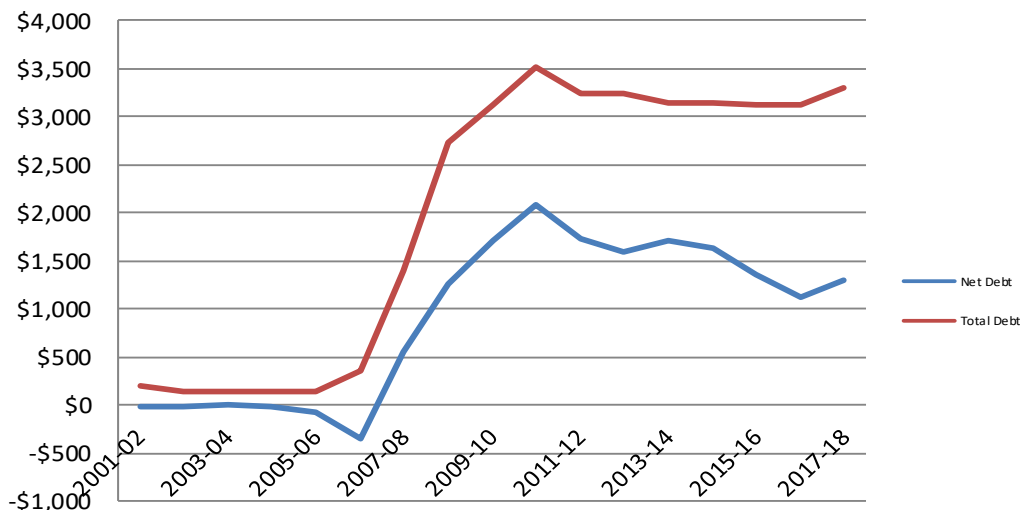
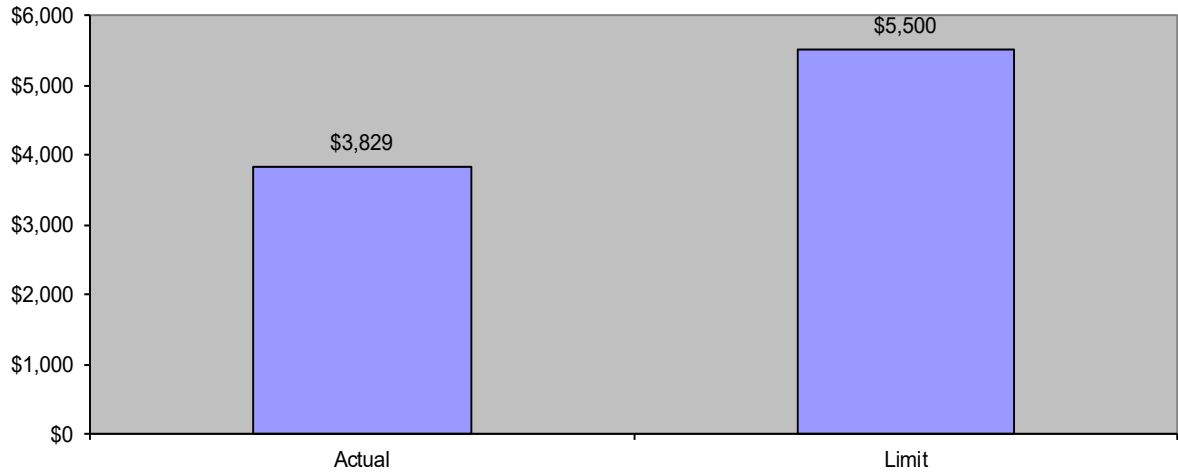
### 10.1 Interest Expense / Total Income



### 10.2 Gross Debt / Total Income

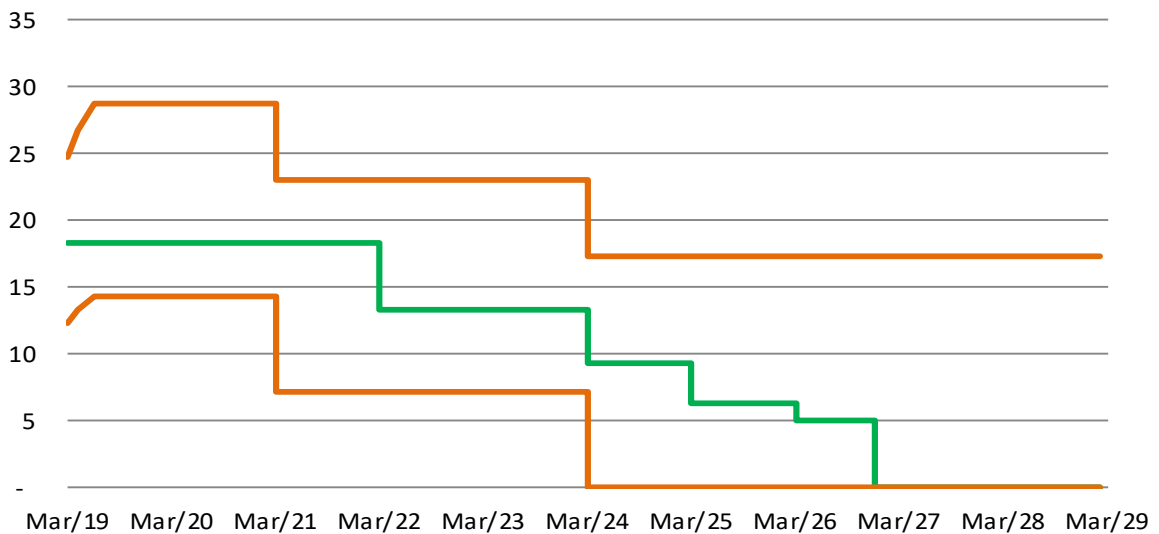


### 10.3 Gross Debt per Rateable Property



### 10.4 Fixed Rate Debt - Compliance with Treasury Policy

\$ Millions



Current borrowings are in compliance with the limits specified in Council's Treasury Policy.

Investments are in breach of Council's Treasury Management Policy in respect that there is more than 10% of the portfolio invested in a Building Society. Council ratified this breach via resolution to obtain ongoing sponsorship proceeds for the NBS Theatre.

## **FINANCE RISK AND AUDIT COMMITTEE**

**11 September 2019**

**Agenda Item No 6**

**Prepared by - Dean Phibbs  
- Group Manager Commercial & Corporate Services**

### **MONTHLY REPORT – WESTPORT AIRPORT INFRASTRUCTURE RESILIENCE PROJECT**

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#### **1 REPORT SUMMARY**

This report is the first report of regular status reports for Westport Airport Rock-wall construction project that will be provided to the Finance, Risk and Audit Committee on a regular basis. See attached for the progress report.

#### **2 DRAFT RECOMMENDATION**

**That the Committee receive the project for information.**

Westport Airport Critical Infrastructure Resilience Project - Status Report			
Reporting Period:	For the month ending 31 <sup>st</sup> August 2019		
Project Principal:	Buller District Council		
Project Partner:	Ministry of Transport		
Project Stakeholder:	Civil Aviation Authority of New Zealand		
Project Manager:	Phil Rossiter – Buller District Council (Westport)		
Project aspect	Last month	This month	Comments
Overall:			The project is in a stable state and is progressing through the supplier selection stage. A preferred supplier has been selected after considerable unplanned due diligence was required – work that has impacted the project schedule. This additional work and schedule delay were offset by the reduction in several key risks, the main one being confirmation that a solution and supplier will be available within the secured project budget. The overall state of the project has therefore improved from amber (July 2019) to green (August 2019).
Budget:			Funding has been secured from the Provincial Growth Fund, Buller District Council and Ministry of Transport to execute the project. Requests for tender have confirmed that three (3) suppliers could offer the services within the secured project budget and subsequent due diligence on the lowest conforming tender confirms that the project budget should be adequate. The financial status has therefore improved from last month.
Scope:			The scope of the project remains currently unchanged.
Resource:			Adequate resourcing is in place to deliver the project. Formalisation of the Engineer-to-Contract needs to occur to secure this input (the resource is identified and agreed in-principle).
Schedule:			<p>Several delays have hit the project and these include:</p> <ol style="list-style-type: none"> <li>1) A delay in the confirmation and announcement of the PGF funding (delayed start to envisaged project schedule by more than one month); and</li> <li>2) Considerable (unforeseen) due diligence required on the lowest-price conforming tender to establish sufficient confidence and certainty.</li> </ol> <p>The New Zealand Civil Aviation Authority has been kept informed and the preferred tenderer indicates an 80-day project duration that still supports potential project completion (or substantial completion) by the end of 2019 (as per the original schedule), with project closure into early 2020. The status of this item has been kept as amber until this is more clearly established.</p>
Risks / Issues:			Key project risks (available rock-quality and price) have reduced in the last month due to information gained via the tender and due diligence process. Schedule slippage has occurred; however, this has had a smaller impact than the overall risk reduction achieved.

## State of Play

Last Month	Next Month
<ul style="list-style-type: none"> <li>▪ Considerable due diligence undertaken in relation to lowest-price conforming tender. Main efforts focussed on rock quality, availability and statutory permissions required for supplier to access and supply rock.</li> <li>▪ Geological site inspection undertaken to supplier's rock source and geological report produced to inform rock quality.</li> <li>▪ Tender evaluation report produced.</li> <li>▪ Preferred supplier selected. Final remaining due-diligence (rock quality validation testing) initiated.</li> <li>▪ Stakeholder consultation on-going.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress tender award based on due diligence and final rock testing.</li> <li>• Revisit project communication plan to ensure next milestones are integrated.</li> <li>• Commission (subject to the above) and conclude contract negotiations with the chosen supplier.</li> <li>• Initiate site possession process.</li> </ul>

## Financials

Approved Budget	Spend to Date	Forecast cost to complete	Project Variance	Commentary
<i>What is the approved budget?</i>	<i>What is the project spend to date (as at Reporting date)?</i>	<i>How much will it cost to complete this project?</i>	<i>Approved budget – Forecast cost at completion</i>	<i>Explanation for variance and what is needed.</i>
\$2,474,000	\$96,247	\$2,377,753	\$0	No project variance forecast until tender evaluation process completed and supplier (and accompanying contract price) secured.

## Project Road Map/Schedule

Project task	July	August	September	October	November	December	January	Comments
Tender process (Jul '19 – Sep '19)								
Seawall repair (Sep '19 – Dec '19)								
Project close (Jan '20)								

## FINANCE AND AUDIT COMMITTEE

11 SEPTEMBER 2019

Agenda Item No 7

Prepared by - Jackie Mathers  
- Harbour Manager

Reviewed by - Dean Phibbs  
- Group Manager Commercial & Corporate Services

### HARBOUR OIL SPILL UPDATE

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#### 1 REPORT SUMMARY

This report provides a brief update on an oil/fuel spill in the Buller River on 4 September 2019. The incident was swiftly and well handled by Council with an appropriate outcome. The incident and resolution is set out in chronological order below.

#### 2 RECOMMENDATION

**That Finance Risk and Audit Committee receive this report for information and discussion.**

#### 3 ISSUES & DISCUSSION

##### **Friday 30 August**

There was a burst hydraulic hose on the dredge crane. This was well managed by the contractors working on the vessel and cleaned before any spillage went over the side of the vessel. The estimated quantity of hydraulic oil was 1-2 litres on the deck. Rags from the clean-up from the incident were contained on board the vessel in a drum.

##### **Monday 2 September**

Contractors arrived to start waterblasting and painting the crane and several other areas on the dredge. No oil was reported in the river during this time. Paint flakes were collected as work progressed and stored on board

##### **Wednesday 4 September**

**7:00am** - rain started - note, this was the first rain experienced at the site since demolition of the silos had commenced.

**9:42am** - a text was received from Karl Clementson of Holcim to say that there was diesel being dumped off the dredge into the river. Port Manager rang dredge contractors to find out what was going on. With the water blasting harbour staff were doing the initial thought was there might be some hydraulic oil from the previous week's incident entering the river but that it was likely be a very small amount. No engines or pumps were running and the dredge has an oily water separation system on board for diesel so the vessel could not cause a diesel spill.

**10:00am** - an oily sheen started becoming apparent alongside the end of the main wharf downriver from the dredge and demolition site. Harbourmaster contacted West Coast Regional Council advising of the harbour staff thoughts on the hydraulic oil incident and that it was expecting the sheen to dissipate quickly.

**10:15am** – sheen did not dissipate. Harbourmaster arranged for a local vessel to go out in to the river to dispense a dispersal agent and agitate the water to help disperse the slick.

**1:00pm** – the rain stopped. Port Manager was advised by the dredge contractors that there was oil coming out from under the wharves and towards the stern of the dredge. Port Manager attended site to investigate and discovers that there is oil running into the water coming from the Holcim site and down the side of the railway preservation society building and entering a drain beneath the building and entering the river. Photos were taken. Regional Council was advised. Nikau placed oil socks around the area and covered the drainage routes with gravel.

**3:00pm** - Water samples were taken from puddle at Holcim gate by the Harbourmaster. A press release was issued and copied to WCRC.

#### **Thursday 5 September**

**10:00am** - WCRC compliance officers visit the dredge and were provided with information on the incident of August 30th and the mitigations put in place at the time and how the water blasting was managed. The officers noted that the dredge had an very good record in terms of environmental controls.

Council Port staff were proactive with this incident both calling it in and managing in compliance with the Tier 1 response plan.

Harbour staff advised WCRC as soon as it was realised that there was an issue, mitigation was attempted, the cause was investigated and the secondary source was discovered. WCRC had not heard from the demolition site contractors at all.

A spill was reported by Nikau during the WCRC site visit and an incident report is being provided by them. It is likely that a compliance recommendation letter will be sent to Nikau regarding this incident which is likely to request better controls during plant refuelling currently done on the site.

In summary the outcome for Council and the Harbour was a positive one, particularly around notification of the appropriate authorities, the public and other stakeholder.

**FINANCE RISK AND AUDIT COMMITTEE**

**11 SEPTEMBER 2019**

**Agenda Item No 8**

**Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services**

**AUDIT MANAGEMENT ACTION POINTS**

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**1. DRAFT RECOMMENDATION**

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



## CURRENT AUDIT MANAGEMENT ACTION POINTS

2017/2018 Annual Report						
No.	Subject	Detail	Responsible	Status	Comments	Planned Completion Date
1	Asset management	Improve asset information data for infrastructure assets including roading assets and the RAMM data.	Group Manager Assets & Infrastructure		<p>Asset management plans will be implemented more efficiently through portfolio co-ordinators to own and drive their respective maintenance and renewal programs, as well as strategic alignment accountability by management.</p> <p>Council intends to review and update existing Asset Management Plans in the process of compiling the 2018-2028 Long Term Plan (on-going review for 2019/2020 AP).</p> <p>Asset Management Plan training to take place.</p> <p>Work in progress.</p> <p><b>Update from Mike Duff (GM Infrastructure Services)</b>  <b>Subject:</b> Asset Management and Long Term Strategies.  <b>Detail:</b> improve asset knowledge, information management and infrastructure planning.  <b>Responsible:</b> Group Management Infrastructure Services, Manager Infrastructure Planning.  <b>Comments:</b> Asset Information Management, Asset Management plans and the overarching infrastructure Strategy will be prioritised through the new Infrastructure Planning function, with governance oversight from the Infrastructure Strategy Committee. Work in progress.  Planned Completion Date: September 2019, quarterly thereafter.</p>	June 2019

**FINANCE RISK AND AUDIT COMMITTEE**

**11 SEPTEMBER 2019**

**Agenda Item No 9**

**Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services**

**FINANCE WORK PLAN**

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**1. DRAFT RECOMMENDATION**

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

**WORK PLAN**  
**- Commercial and Corporate Services**

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
<b>Internal Reporting</b>												
<b>F&amp;A Reports</b>												
- BDC Quarterly Financials		Full year			Quarterly			Half yearly			Three quarterly	
- BDC Operational												
- BDC Treasury												
- BDC Debtors												
- BDC Capital												
- BDC Significant Projects												
- BHL Quarterly Financials												
<b>Council Reports</b>												
- Budget Carry Overs				2019 Carryovers								
- CO Statements of Intent												
- Rates Resolution												
<b>2019/2020 Annual Plan</b>												
- Annual Plan					Timeline presented to Council meeting	Workshop	Workshop	Workshop	Workshop + Adopt Draft Annual Plan	Consultation & Roadshows	Hearings	Adopt Final Plan
<b>2018/2019 Annual Report</b>												
- BDC Annual Report			Audit	Adopt	Publish Summary & report				Systems Audit			
- BHL Annual Report		Audit	Group Figures	Annual Report								
<b>Rating Policy Review</b>												
- Rating Policy Review												
<b>2019 Elections</b>												
- BDC Pre-election report	Release 1 July											
- Tri-annual Election	Nominations open 19 July 2019	Nominations close 16 August 2019; date and candidates publicised; roll finalised	Voting documents delivered	Election Day: 12 October 2019; appointment & Induction								
<b>Other Operating Projects</b>												
- Insurance			Negotiations	Finalise								
- Abandoned Land		Lodge with the Court										
- Information Management												

## FINANCE RISK AND AUDIT COMMITTEE

11 SEPTEMBER 2019

Agenda Item No 10

Prepared by - Glenda Martyn  
- Human Resources Manager

Reviewed by - Dean Phibbs  
- Group Manager Commercial and Corporate Services

### STRATEGIC RISK REGISTER

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#### 1. REPORT SUMMARY

This report introduces the recently completed strategic risk register to the Finance Risk and Audit Committee. The strategic risks have been identified through two workshops with Councillors and the senior leadership team and take into consideration any previous strategic risks.

The register will be updated quarterly or when new strategic risks are identified or requires change. When this occurs FRAC will then make a recommendation to Council via a report to update the Risk Register.

#### 2. DRAFT RECOMMENDATION

That the Finance, Risk and Audit Committee:

1. Receive the Strategic Risk Register for information and discussion.
2. Approve the reduction of the residual risk rating of Human Resources from a six (6) to a three (3).

#### 3. ISSUES & DISCUSSION

The request for a reduction of the residual risk rating is driven by the unlikelihood of the loss of resources and skill set across the organisation in the next 3 to 5 years.

In the 2018/2019 financial year, council has successfully recruited 22 permanent and casual staff across the organisation. Newly created recruitment tools and process have been implemented, with the review of the recruitment policy currently scheduled for staff consultation in October 2019.

## Buller District Council Strategic Risk Register



Strategic Aspect	Risk Title	Risk Description & Impact	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating	Control Plan	Treatment date due	Escalation Pathway
Potential strategic matter	Brief and uncomplicated	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Based on the 8 risk categories in Table 6			Level of risk in the absence of controls	Description of existing controls	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner	Due date that treatment from control plan must be in place	To whom the Risk Owner / Control owner should escalate the risk should it exceed tolerance level
Natural Disaster	Coastal erosion and sea inundation of Westport Airport runway	IF the airport is not protected against coastal erosion, THEN erosion and inundation may continue to occur leading to the presence of Unsafe Conditions and revocation of the airport's Operating Certificate and ability to offer air services	Operations & service delivery	5	4	20	Debris exclusion fence constructed (February 2019) to prevent incursion of debris onto runway strip and runway	15	LTP project to invest in infrastructure resilience PGF application to support infrastructure resilience Engineering study and design undertaken to support seawall upgrade	Dec-19	CEO
Natural Disaster	Climate change and flooding impacts on Council assets and infrastructure (other than Airport)	IF Council does not protect its assets and infrastructure at risk from coastal erosion, sea inundation and flooding, THEN there may be significant loss and impact	Financial/Economic	5	3	15	Council assets at risk identified in LTP Actively managing known risks e.g. airport seawall	15	Employment of Strategic Asset Manager Business continuity plans to be developed and implemented Establish a Strategic Infrastructure Committee to ensure focus on asset resilience	Apr-20	CEO
Natural Disaster	Major flooding of Westport township	IF adequate flood mitigation planning and or protection works are not designed and undertaken, THEN a catastrophic flood of the township, resulting from increased high intensity storm events, may occur leading to potential loss of life and considerable financial loss and infrastructure damage	Financial/Economic	5	3	15	River stop banking in place Flood warning (telemetry) systems Property tags around flood levels and consideration in issuing of building consents	15	Consider further regulation through the District Plan re restricting building on flood prone areas 2100 group assembled (outputs to follow) Council to consider recommendations from 2100 working group to further reduce risk	Jun-20	Elected Members
Assets and Infrastructure	Central Government three-waters reform	IF Central Government water reforms are not fit-for-purpose, THEN there may be significant impact and/or uncertainty resulting in legal/regulatory risk	Reputational/stakeholders	3	4	12	Advocacy through LGNZ. Participation in DIA workshops to inform strategic approach. Regional collaboration to address Three Waters reforms.	12	Brief Councillors and devise further actions and controls based on that discussion 3 waters team provided an update to Councillors August 2019. Management will report quarterly through to FRAC on progression	Nov-19	CEO

Buller District Council Strategic Risk Register



Strategic Aspect	Risk Title	Risk Description & Impact	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating	Control Plan	Treatment date due	Escalation Pathway
Potential strategic matter	Brief and uncomplicated	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Based on the 8 risk categories in Table 6			Level of risk in the absence of controls	Description of existing controls	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner	Due date that treatment from control plan must be in place	To whom the Risk Owner / Control owner should escalate the risk should it exceed tolerance level
Natural Disaster	Climate change impacts on public safety	IF effective Civil Defence processes are not in place, THEN emergency response to an increasing number of civil defence events could be compromised, resulting in avoidable serious injury to, or loss of life of, a member or members of the public	Health & safety	5	3	15	Emergency Management Officer employed and working on 4 R's of emergency preparedness and response Staff training undertaken in emergency response (on-going) Public education and awareness Civil Defence exercises and simulations undertaken	10	2100 group formed to assess extreme weather scenarios, risks and mitigations	Jun-20	Elected Members
Council systems	Information management	IF a systematic approach to securing and accessing information is not established (including succession planning and staff retirements), THEN important information may be overlooked, undiscoverable or lost, leading to financial loss, lost opportunity, reputational impact or poor service delivery or service disruption	Operations & service delivery	5	2	10	Server back-ups	10	Information Management system development and implementation. Creation of Standard Operating Procedures to support information retention.	Jun-20	CEO
District Economic Vulnerability and Fragility	Failure to attract business and industry to the district	IF Council fails to identify and enable opportunities for economic growth in the district, THEN population decreases, job losses, and business closures may result, causing declines across various social indices and living standards	Reputational/stakeholders	3	3	9	Community and Economic Development Officer employed. Strengthened partnerships with PGF and DWC. Refresh of Economic Development Strategy. Ongoing advocacy.	9	Develop Strategic Business Advisory Group to support and advise Council	Dec-19	CEO
Assets and Infrastructure	Financial loss from depreciating assets and unrealised opportunities at Westport Port	IF commercial opportunities are not investigated and realised for the Westport Port, THEN it will continue to cost ratepayers and depreciate in value, resulting in significant financial loss	Financial/Economic	3	3	9	Plan in place to source outport dredging business. Regular financial reporting to monitor progress.	9	Undertake horizon scanning for additional income opportunities. Explore funding options and asset sales to fund appropriate asset upgrades.	Dec-20	GM CCS

## Buller District Council Strategic Risk Register



Strategic Aspect	Risk Title	Risk Description & Impact	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating	Control Plan	Treatment date due	Escalation Pathway
Potential strategic matter	Brief and uncomplicated	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Based on the 8 risk categories in Table 6			Level of risk in the absence of controls	Description of existing controls	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner	Due date that treatment from control plan must be in place	To whom the Risk Owner / Control owner should escalate the risk should it exceed tolerance level
Assets and Infrastructure	Lack of key infrastructure for growing tourism demands	IF Council does not accurately prepare for the forecast ongoing growth of the domestic and international tourism industry, THEN Council-provided infrastructure may be inadequate for demand and not fit-for-purpose resulting in infrastructure failures	Reputational/stakeholders	4	2	8	Close working relationship with other key agencies and community.	8	Pursue employment of a Strategic Asset Manager. Council to consider through the District Plan additional regulations. Other infrastructure options to be considered i.e. rain water collection systems. Utilise Strategic Infrastructure Committee and Strategic Asset Manager role to better focus and manage issues.	Apr-20	CEO
Council Financial Vulnerability	Heavy reliance on rates income with a low and aging population base	IF Council fails to explore and secure external income opportunities, THEN reliance on rates income will continue to increase towards Council's rates revenue 65% upper limit	Reputational/stakeholders	4	2	8	Commercial & Corporate portfolio established. Strengthened partnership with Iwi, PGF and DWC. Refreshed Economic Development strategy. Onainga advocacy.	8	Finalise recruitment of Community and Economic Development Officer and embed position.	Aug-19	CEO
Assets and Infrastructure	Business success of Buller Holdings Ltd	IF BHL is not commercially successful, THEN there could be a decrease in dividend available to Council that may result in an impact on ratepayers	Financial/Economic	4	2	8	Rigorous director appointment process to get the right focus and skillset. Regular review of strategic direction (input via SOL process) and financial performance. Regular two way updates, reporting and communication.	6	No further controls proposed at present	N/A	N/A
Assets and Infrastructure	Leaching from historic uncontained waste sites	IF Council fails to comprehensively map and remediate historic waste disposal sites, THEN environmental contamination, public health concerns, community dissatisfaction and financial loss may occur	Environmental	3	2	6	No systematic controls in place	6	Consider investigations/audit to identify other potentially discoverable sites/risks. Undertake review of known locations to determine risks of disturbance and any mitigating measures required.	Jun-20	CEO

Buller District Council Strategic Risk Register



Strategic Aspect	Risk Title	Risk Description & Impact	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating	Control Plan	Treatment date due	Escalation Pathway
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Assets and Infrastructure	Costs associated with Special Purpose Road (SPR) to Karamea	IF Council fails to secure agreement with NZTA for alternative long-term funding for the Mokihinui to Karamea SPR by 2021/22, THEN rates will exceed affordability levels (due to a required rates increase of >\$300,000), resulting in ratepayer impact and dissatisfaction	Reputational/stakeholders	3	2	6	Funding agreement in place that secures 100% contribution by NZTA until 2021 (future funding arrangements are being negotiated)	6	On-going negotiation and discussion occurring (BECA position paper drafted on behalf of NZTA) about arrangements post 2021	Jun-20	CEO
Human Resources	Failure to recruit key roles	IF Council does not develop an effective recruitment strategy, THEN key managerial or technical roles may not be filled resulting in significant operational disruption and/or stress to existing staff	Operations & service delivery	3	2	6	Appointment of an HR Manager Review underway of current recruitment policy	3	Complete and implement recruitment policy and new recruitment tools	Aug-19	CEO
Natural Disaster	Major earthquake impacts on employees and public health and safety	IF Council's buildings are not EQ code-compliant, THEN Council employees and public may be seriously injured or killed in the event of a major earthquake	Health & safety	5	1	5	Systematic assessment of key Council buildings undertaken Earthquake strengthening of key Council buildings where necessary	5	Complete review of all other (e.g. Domain board) buildings and structures to establish risks and compliance and determine forward plan and priorities	Jun-20	GM CS



# FINANCE RISK AND AUDIT COMMITTEE

11 SEPTEMBER 2019

Agenda Item No 11

Prepared by - Dean Phibbs  
- Group Manager Commercial and Corporate Services

## PUBLIC EXCLUDED

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### 1. REPORT SUMMARY

Subject to the Local Government Official Information and Meetings Act 1987 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 Section 7 LGOIMA 1987
1.	Group Manager Commercial & Corporate Services	Governance Structure West Coast Ports	Section 2(b)(ii) - Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.  Section 7(2)(i) - Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations, including commercial and industrial negotiations.