

# AGENDA

Meeting of the  
Finance, Risk and Audit Committee

**Wednesday 20 July 2022**  
commencing at 3.00pm

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

# Finance Risk & Audit Committee

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

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## **Purpose**

The Finance Risk & Audit Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
3. Guiding and monitoring Council's interests in its Council Controlled Organisations (CCOs),
4. Providing objective advice and recommendations to the governing body on the adequacy and functioning of the Council's risk management, control and governance frameworks and processes.
5. Monitoring Council's compliance with legislation.
6. Monitoring the Council's external and internal audit process.
7. Ensuring the independence and effectiveness of Council's Internal Audit processes.
8. Monitoring existing corporate policies and recommending new or amended policies to prevent and prohibit unethical, questionable or illegal activities.
9. Providing a communication link between management, internal auditors/external auditors and Council.
10. Supporting measures to improve management performance and internal controls.
11. Monitor the Council's approach to risk identification and management, access the steps undertaken to control and treat the identifiable risks.
12. Review the Chief Executive Office's performance, remuneration and other matters relating to the employment.
13. Such other Matters referred to it by Council.

***In addition to the common delegations on page 9 the Finance Risk & Audit Committee is delegated the following Terms of Reference and powers:***

### **Terms of Reference**

1. To monitor Council's financial strategy, and performance against that strategy.
2. To monitor Council's financial and non-financial performance against the Council's 10 Year Plan.
3. To approve deferred capital expenditure.
4. 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
5. To monitor the probity of processes relating to policies developed by the Finance Risk & Audit Committee.
6. To provide clear direction to Council's CCOs on Council's expectations, including feedback on draft statements of intent.
7. To receive Quarterly reports of Council's CCOs, including on board performance.
8. To undertake any reviews of CCOs and agree CCO-proposed changes to their governance arrangements, except where reserved for Council's approval by Council.
9. To monitor Council's investments External Audit.
10. Engage with Council's external auditors (includes Mayor & CEO) regarding the external audit work programme and agree the proposed terms and arrangements of the external audit.
11. Recommend to Council the terms and arrangements for the external audit programme.
12. Review the effectiveness of the Annual Plan audit and 10 Year Plan audit.
13. Assess management response to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.
14. The committee must make recommendations to Council on all matters relating to the employment of the Chief Executive Officer, include performance measures and remuneration.

### **Internal Audit**

15. In conjunction with the Chief Executive Officer, agree the scope of the annual internal audit work programme.
16. Monitor the delivery of the internal audit work programme to ensure the effectiveness of the Council's internal control framework.
17. Assess whether Internal Audit's recommendations have been properly implemented by management.
18. Review the annual Internal Audit Plans to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.

### **Other Matters**

19. 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 and report 6 monthly to Council.

20. Review the effectiveness of the systems for monitoring the Council's compliance against legislation, regulation, policy and guidelines (including health and safety).
21. Engage with internal and external auditors on any specific one-off audit assignments.
22. 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.
23. Provide an annual review of Council's risk management framework and amend as required.
24. Review and monitor integrity of interim and annual reports and recommend to Council for adoption.
25. Review and monitor business continuity planning.

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

- Approval of:
  - Appointments to and remove from, CCO Boards; and
  - A mandate on Council's position in respect of remuneration proposals for CCO board members to be presented at Annual General Meetings.
- Approval of letters of expectation for each CCO
- Approval of statements of intent for each CCO
- Approval of proposed major transactions of CCOs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO.
- Approval of operating and/or capital expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
  - contravenes the Council's Financial Strategy; or
  - significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
  - impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which:
  - exceed the Chief Executive's delegations, but
  - Approval of contractual and other arrangements for supply and services, and revenue generating contracts.

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

- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

**Special Notes:**

- In fulfilling their role on the committee, members shall be impartial and independent at all times.
- The Committee may request expert advice through an independent advisor when necessary for the Chief Executive Officer performance and remuneration review.
- 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 Group Manager Commercial and Corporate Services 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 shall review the travel and other reimbursed expenses of the Chief Executive Officer and confirm compliance with Council policies. 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 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.
- Written updates may be requested to be provided to Council meetings from the FRAC Chair & Group Manager Commercial & Corporate from time to time.

**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*

# Finance, Risk and Audit Committee

Clocktower Chambers,  
Palmerston Street, Westport



20 July 2022 03:00 PM - 05:00 PM

<b>Agenda Topic</b>	<b>Page</b>
1. Apologies	8
2. Members Interests	9
3. Confirmation of Previous Minutes	10
3.1 Previous Minutes - 22 June 2022	11
4. Action Points Report	19
4.1 Attachment 1: Action Points	20
5. Water Services Entity Bill Report	21
5.1 Attachment A - Water Services Bill BDC Submission	25
5.2 Attachment B - Published Commentaries and Draft LGNZ Submission	29
5.3 Attachment C - FAQs	44
6. Projects in Partnership Three Waters Reform Programme Update	53
6.1 Attachment 1 - Projects in Partnership Three Waters Reform	54
7. Financial Performance Report May 2022 - July 2022	109
7.1 Attachment 1 - Financial Statements May 2022	113
8. Investments and Borrowings Report June 2022	114
9. Debt Management Report April to June 2022	123
9.1 Attachment 1 - Sundry Debtors Report	128
9.2 Attachment 2 - Rates Debt Management	129
10. FRAC Workplan	130

10.1	FRAC Workplan	131
11.	Health and Safety Quarterly Update	132
12.	Strategic Risk Register - July 2022	134
12.1	Attachment 1 - Strategic Risk Register	138
13.	Public Excluded	145
14.	PE: BHL Director Appointments and Remuneration	146

## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 1**

**Prepared by** Rod Fox  
Group Manager Commercial and Corporate Services

#### **APOLOGIES**

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

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

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

**That the Community, Environment and Services Committee receives apologies from (insert councillor name) and accepts councillor *Cr J Howard's* request for leave of absence.**

## FINANCE, RISK AND AUDIT COMMITTEE

20 JULY 2022

### AGENDA ITEM 2

**Prepared by** Rod Fox  
Group Manager Commercial and Corporate Services

#### MEMBERS INTEREST

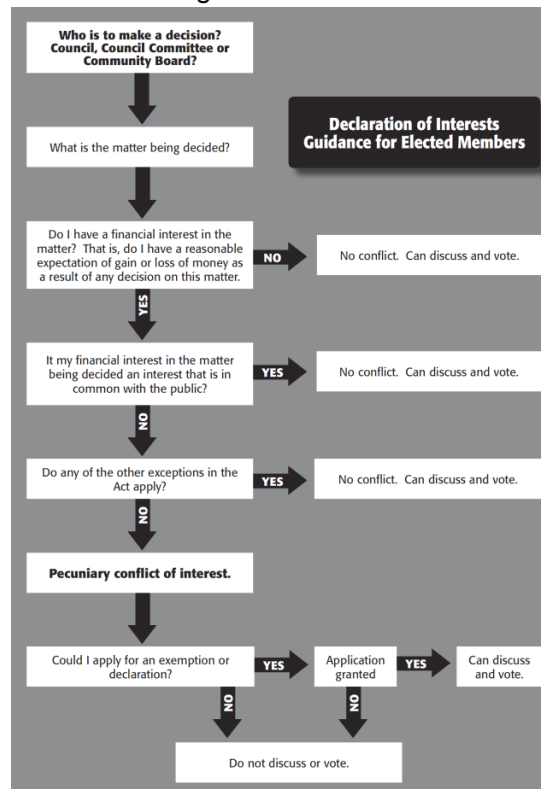
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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).

#### RECOMMENDATION:

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



**FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

**AGENDA ITEM 3**

**Prepared by** Rod Fox  
Group Manager Commercial and Corporate Services

**CONFIRMATION OF MINUTES**

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**1. RECOMMENDATION**

**That the Finance, Risk and Audit Committee receive and confirm minutes from the meeting of 22 June 2022.**



**MEETING OF THE FINANCE, RISK AND AUDIT COMMITTEE, HELD AT 3.00PM ON WEDNESDAY 22 JUNE 2022 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.**

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**PRESENT:** Deputy Mayor S Roche (Chair), Mayor J Cleine, Councillors J Bougen, D Hawes, J Howard, Cr M Montgomery, R Nahr, P Rutherford, R Sampson, G Weston

**IN ATTENDANCE:** S Mason (Chief Executive Officer), R Townrow (Deputy CEO), (R Fox (Group Manager Commercial & Corporate Services), Eric de Boer (Manager Infrastructure Delivery), G Barrell (Governance Secretary)

**MEDIA:** Ellen Curnow (Westport News)

**PUBLIC FORUM**

**MEETING DECLARED OPEN AT: 3.00pm**

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**1. APOLOGIES (Page 7)**

**Discussion:**

N Tauwhare

**RESOLVED:** that the Finance, Risk and Audit Committee receive apologies from N Tauwhare.

**DM S Roche/Cr G Weston**

**10/10**

**CARRIED UNANIMOUSLY**

DM S Roche noted the absence of the Performance Report and CCO Statements of Intent reports in this meeting. These will be included in the Council meeting on 29 June 2022.

**2. MEMBERS INTEREST (Page 8)**

**Discussion:**

Mayor J Cleine declared and interest in Projects in Partnership, Westport Trunk Main. Mr Mayor will sit out the discussion and abstain from voting.

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

**Cr M Montgomery/Cr J Howard**

**10/10**

**CARRIED UNANIMOUSLY**

**3. CONFIRMATION OF MINUTES (Page 9)**

**Discussion:**

Cr J Howard noted to clarify on Page 18 of the agenda:

*“Several NGOs submitted to last year’s AP regarding need for a community hub. Resolution was that a councillor be appointed to their committee to support the project. As that representative Cr Howard is happy to answer any questions and noted that the recent flooding events raised additional opportunities.”*

Cr J Bougen clarified his comment in Item 11.

*“He now no longer feels this is necessary”.* Removing the rest of this comment.

**RESOLVED** that the Finance, Risk and Audit Committee receive and confirm minutes from the meeting of 18 May 2022 with the above amendments having been made.

**Cr P Rutherford/Cr J Bougen**

**10/10**

**CARRIED UNANIMOUSLY**

**4. ACTION POINTS (Page 21)**

**Discussion:**

**Item 185:** Will be pushed through to July.

**Item 189:** Will be added to Risk Register in July’s FRAC Agenda.

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

**Cr D Hawes/Mayor J Cleine**

**10/10**

**CARRIED UNANIMOUSLY**

**5. WESTPORT WATER SUPPLY OUTAGE RISK (Page 23)**  
**Discussion:**

E de Boer spoke regarding the current status of supply.

Cr J Bougen asked Mr de Boer regarding the current status on page 28 of the report, how the reservoir drops if 10mls of rain a day and no abstraction (taking out) from source.

Mr de Boer replied that is because there is abstraction from the raw reservoir supplying the township, but there is no abstraction from the Giles Creek intake to replenish reservoir.

Cr P Rutherford asked what the maximum number of days was that we have had no abstraction from source?

Mr de Boer replied currently it is 16-18 days. Directly after the February flooding it got below 50%.

Mr de Boer continued that the maximum number of days without replenishing from Giles reservoir that it would perform for, would be around 26-27 days.

CEO noted this paper is to pre-inform of upcoming paper for options and what those options mean for the plan going forward in next meeting. We need a plan ready to go to ensure water supply for the community.

Cr D Hawes noted clarifying for the community. With modern treatment plants, you cannot process silt-laden water. The problem is this water cannot be put through treatment system. You would destroy the filtration plant.

DM S Roche confirmed that people will see there is rain but no water and requested clarification from Ms Mason.

S Mason noted they are ensuring contact via social media and Westport News to keep the community informed and said they may look to do a hard copy newsletter that will be dropped in mailboxes.

Cr G Weston spoke regarding the catchment area being compromised. He said there will always be silt laden water. This means we can't get clear water in the near future.

Mayor J Cleine has no doubt the creek is performing very poorly and that this is a very real problem.

DM S Roche do we agree to put this on Risk Register?

Cr D Hawes felt it needs to be identified, for public clarification, that silt loading is our problem, not a lack of water. The first sentence needs altering.

E de Boer noted that the risk description was for the risk of running out of water in Westport. A risk and consequence.

Mayor J Cleine noted the significant effort from WestReef to keep things going.

Mr de Boer mentioned that the foul weather risk can manifest itself in many ways. For example, flooding, slips etc. Turbidity is the most prominent issue but not the only issue.

DM S Roche asked if the dates are correct, being December 2023. S Mason noted it should be December 2022.

Cr P Rutherford stated that if the ratings were correct, he noted his full support adding this to the Risk Register as this is a huge risk to community.

**RESOLVED**

- a. That the Finance Audit and Risk Committee receive the report for information
- b. That a new risk be added to the Strategic Risk Register, as per Appendix A. with the amendment to the Risk Description and Impact “to reflect the turbidity issue” (see E de Boer) and amending the treatment date to Dec 2022.

**Action Point – Add to Risk Register**

**Cr D Hawes/Cr R Nahr**  
**10/10**  
**CARRIED UNANIMOUSLY**

**6. PROJECTS IN PARTNERSHIP THREE WATERS REFORM PROGRAMME UPDATE (Page 32)**

**Discussion:**

**Westport Flood Recovery**

Cr P Rutherford asked if there had been an increase in hub attendance. Specifically with Snodgrass not included in the proposed hard structure flood protection.

R Townrow replied that yes, there has been an increase.

**Infrastructure Services Portfolio Report**

S Mason noted they have moved on to the next section which is funding for the cycleway bridge. Funding has been secured for this.

**Buller District Port Package**

Nil

**Planting Projects North Beach etc**

S Mason noted this project is coming to a close. The remaining funds can be translated into maintenance funds. She noted further that this has created a number of sustainable jobs, which is very positive.

**Waimangaroa Reserve Hall**

S Mason note the extension of time relating to trades person not available till August. This variation has been approved by Kanoa.

Cr R Sampson queried if \$20k enough to finish project to compliance.

Ms Mason replied they would be working within \$20k budget to meet compliance.

**Westport Water Supply Trunk Main Stage 2**

Mayor J Cleine abstained.

**Waimangaroa Water Supply Upgrade Update**

Mayor J Cleine returned to the discussion.

Cr R Sampson spoke regarding Heritage NZ (HNZ) pushing the Department of Conservation (DOC). She queried where we are at for approval.

E de Boer replied they have received authority from HNZ.

Cr R Sampson asked if DOC has said it is ok for Council to work on their road.

Mr de Boer replied that DOC had given permission for them to work on the first slip site in order to access slip site number two. Slip site number two needs to be repaired by DOC and they are waiting for funding to repair this.

Cr R Sampson asked when the last newsletter was distributed.

Mr de Boer replied there would be a new one out imminently. It is currently in the last stages of preparation. Noting it was approximately 10 months ago that the last one went out.

Mayor J Cleine noted that the progress on this project was awaiting a decision from Council. This information has been widely available to community and timely for new newsletter.

DM S Roche noted there had also been various other forms of communication with the community in between newsletters (10-month period).

Mr de Boer clarified that until slip site two is fixed, and council is strongly encouraging this work be undertaken, council cannot do any further work.

S Mason noted that the governance meeting had good conversations on the future of Projects in Partnership (PIP). Hoping to keep this going and reporting to councillors with the benefits of PIP.

DM S Roche noted the level of information in reports as being excellent.

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

**Cr R Nahr/Cr G Weston**  
**Mayor J Cleine abstained**  
**9/10**  
**CARRIED**

**7. INVESTMENTS AND BORROWINGS REPORT MAY 2022 (Page 89)**

**Discussion:**

Nil

**RESOLVED** that the Finance, Risk and Audit Committee receive the Investments and Borrowings Report for information

**Cr J Bougen/Cr J Howard**  
**10/10**  
**CARRIED UNANIMOUSLY**

**8. COMMERCIAL AND CORPORATE SERVICES WORK PLAN (Page 98)**

**Discussion:**

DM S Roche noted this is currently out of sync due to illnesses etc, but a reset is coming. Noting the hard work R Fox and his team are doing with the reports and an updated Workplan will come forward at the next FRAC meeting.

S Mason noted a change that FRAC update regarding the Rating Policy Review, this will be pushed back to August due to illness within the legal team.

**RESOLVED** that the Finance, Risk and Audit Committee receive the Commercial and Corporate Services Work Plan for information.

**DM S Roche/Cr M Montgomery**  
**10/10**  
**CARRIED UNANIMOUSLY**

**12. MOVE TO COME OUT OF PUBLIC EXCLUDED**

**RESOLVED** that the Finance Risk & Audit Committee come out of Public Excluded.

**DM S Roche/Cr R Nahr**  
**10/10**  
**CARRIED UNANIMOUSLY**

- 
- There being no further business the meeting concluded at 4.12pm.
  - **Next meeting:** 3:00pm, Wednesday 20 July 2022, Clocktower Chambers, Westport.
- 

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

**FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

**AGENDA ITEM 4**

**Prepared by** Rod Fox  
Group Manager Commercial and Corporate Services

**ACTION POINTS**

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**1. RECOMMENDATION**

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

## Finance, Risk and Audit Committee

### - **CURRENT** Action Points

No.	Meeting of:	Action Point	Responsible ?	Progress:	Update:	Date required by:
185	20 October 2021	<i>Punakaiki Campground Lease</i> Report be prepared for Council showing Profit and Loss report of the Lessee to determine the viability of holding the Punakaiki camp ground as an asset. Detail of income and expenses and options going forward are to be provided, bearing in mind the lease expires in November 2022, with a right of renewal.	GM Commercial & Corporate Services		The due date for this item to be changed. Delayed due to the lessee preparing a financial plan which includes a proposal to purchase the assets, and just lease the land from BDC.  <i>Further delayed – waiting on papers to be provided</i>  <i>Further delayed – waiting on papers to be provided</i>	June 2022  <i>July 2022</i>  <i>August 2022</i>
189	23 March 2022	<i>Bridging Finance NEMA invoices</i> Bridging finance used for payment of flood recovery invoices prior to reimbursement from NEMA to be added to Risk Register	HR & H&S Advisor		<i>Added to Risk Register, will be included in quarterly report in July 2022</i>	<i>July 2022</i>
194	22 June 2022	<i>Westport Water Supply Outage</i> A new risk be added to the Strategic Risk Register, as per Appendix A. with the amendment to the Risk Description and Impact “to reflect the turbidity issue” (see E de Boer) and amending the treatment date to Dec 2022.	HR & H&S Advisor		<i>Added to Risk Register, will be included in quarterly report in July 2022</i>	<i>July 2022</i>

## **FINANCE, RISK & AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM: 5**

**Prepared By:** Mike Duff  
Group Manager Infrastructure Services

**Reviewed By:** Mike Williams  
Manager Infrastructure Planning

**Attachments:** A – Water Services Entities Bill – BDC Submission  
B – Published Commentaries & Draft LGNZ Submission  
C – Frequently Asked Questions (FAQ'S)

### **WATER SERVICES ENTITIES BILL – BDC SUBMISSION**

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

The purpose of this report is to seek committee endorsement for the BDC submission prepared for the Water Services Entities Bill (the Bill) currently before parliament.

The Bill proposes to establish four publicly owned water service entities for New Zealand to provide safe, reliable and efficient water services. It was introduced to parliament on 2 June 2022, had first reading on 9 June 2022 and is currently with the Select Committee (Finance & Expenditure).

The Government is receiving submissions for the Bill until Friday 22 July 2022, with the BDC submission on behalf of Council based on an operational perspective of meeting mandatory compliance and service level requirements whilst being affordable for ratepayers.

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

A BDC submission for the Bill has been prepared by staff, cognisant of the national views and implications, however with a particular focus on potential impact to the Buller community and our consumers who are currently serviced by Council. Matters such as representation, local knowledge, service levels and affordability have been identified as critical issues.

The following summary of the Bill is published by the Government.

## **Introduction**

The Bill will establish four publicly owned water services entities intended to provide safe, reliable, and efficient water services. These entities would take over the provision of these services from territorial authorities, such as city councils and district councils. This Bill is part of a suite of legislation intended to enact water services reform.

## **What Is the Bill About?**

New Zealand is facing a significant challenge around delivery of its drinking-water, wastewater, and stormwater (also known as “three waters”) infrastructure. The three waters services are currently delivered by councils. Over the next 30 years, New Zealand’s three waters infrastructure will require an investment of over \$120 billion to maintain and upgrade, and these costs are likely to be unaffordable for communities under the current arrangements.

Every year about 34,000 people in New Zealand fall ill from their drinking water, and thousands of households are affected by boil water notices – being required to boil tap water before drinking it. There are regular issues with the water infrastructure, such as burst pipes and sewage spills, and it has poor resilience to seismic events and the impacts of climate change.

## **What Does This Bill Mean?**

This Bill is intended to begin the process of ensuring that everyone in New Zealand has access to safe drinking water, by setting out the arrangements around ownership, governance, and accountability of four new water services entities. It provides transitional arrangements for the period between the passage of legislation and the establishment of the new entities. The bill also contains safeguards against potential privatisation of the entities in the future.

The four entities will cover a particular geographical region as follows:

- Northern Water Services Entity
- Western-Central Water Services Entity
- Eastern-Central Water Services Entity
- Southern Water Services Entity

The purpose of the new entities will be to:

- Deliver water services and related infrastructure in an efficient and financially sustainable manner.
- Protect and promote public health and the environment.

- Support and enable housing and urban development.
- Operate in accordance with best commercial and business practices.
- Act in the best interests of present and future consumers and communities.
- Deliver water services in a sustainable and resilient manner that seeks to mitigate the effects of climate change and natural hazards.

If this Bill is passed, the entities will be established, and will commence delivery of services on 1 July 2024.

### **Who Might This Bill Affect?**

This Bill will impact everyone in Aotearoa New Zealand, but particularly:

- Local governments
- Drinking water suppliers
- Iwi

### **What Happens Next?**

The Bill was introduced on 2 June 2022, and had its first reading on 9 June 2022. It was referred to the Finance and Expenditure Committee.

Members of the general public, organisations, iwi, and local government representatives are all encouraged to make a submission on this legislation. Submissions are open until 11.59 PM on Friday, 22 July 2022.

It is intended that the Bill will be followed by further legislation to complete the full programme of water reforms. This further legislation aims to establish the powers, functions, and duties the entities will require; transfer assets and liabilities to the entities; and establish an economic regulation and consumer protection regime.

## **3. DRAFT RECOMMENDATIONS**

**That the Committee:**

- 1. Notes the content of this report and attachments.**
- 2. Endorses the BDC Submission for the Water Services Entities Bill.**

## **4. CONSIDERATIONS**

### **4.1 Strategic Alignment**

Community benefit and well-being is in accordance with our LTP and is critical to the success of our district.

### **4.2 Significance Assessment**

Infrastructure strategy and planning is considered significant in terms of fit for future levels of service and community benefit.

### **4.3 Tangata Whenua Considerations**

Council works in partnership with Ngāti Waewae to provide governance. Infrastructure planning has high importance in relation to Tangata Whenua matters.

### **4.4 Risk Management Implications**

Major risks are managed in accordance with Council's risk management processes including a "what could go wrong?" approach to ensure all practicable steps are being taken to assess, control and monitor identified risks.

### **4.5 Policy Framework Implications**

Council must comply with the relevant policy and legal requirements including the Local Government Act 2002.

### **4.6 Legal Implications**

There is no legal context, issue or implication relevant to this decision.

### **4.7 Financial / Budget Implications**

Costs for delivering services are expended against approved budgets established in the LTP and Annual Plans and are rated by Council accordingly.

### **4.8 Media/Publicity**

Publicity is expected with levels of service, not all of which will be positive. However, this should not deter from the reasons for delivering important assets and infrastructure for the community.

### **4.9 Consultation Considerations**

Affected parties and stakeholders including community members, private sector, government ministries, agencies and authorities are consulted throughout the service delivery process.

13 July 2022

Committee Secretariat  
Finance & Expenditure Committee  
Parliament Buildings  
Wellington  
fe@parliament.govt.nz

## **SUBMISSION FROM BULLER DISTRICT COUNCIL ON THE WATER SERVICES ENTITIES BILL**

Buller District Council (BDC) thanks the Finance and Expenditure Committee (the Committee) for the opportunity to submit and provide feedback on the Water Services Entities Bill (the Bill).

BDC is a territorial authority located on the West Coast of the South Island. BDC owns and operates seven water schemes which supply drinking water to approximately 3,800 properties (approximately 6,800 residents, or 68% of our district's population), three sewerage schemes providing for 3,200 properties and also stormwater throughout the district.

We understand that some of the concerns raised in this submission will also be relevant to other rural and provincial Councils in New Zealand.

### **The intent of the Bill**

We broadly support the Government's intention to create four Water Service Entities (WSE) to facilitate the delivery of safer, more reliable, and efficient water services.

We understand a Second Bill is expected to be released by October 2022 which will cover economic regulation, rural supplies, links to planning and more detailed powers.

### **Recommendations, Questions & Concerns**

#### ***Critical Issues for Buller***

##### ***Consumer Representation***

There is concern that the current organisation structure does not promote strong community engagement and representation. With a population of 9,800 people, Buller will have only one share in the respective WSE. It also seems unlikely Buller (or the West Coast) will have members within the Regional Representative Group (RRG) and will instead rely upon a Regional Advisory Panel (RAP) for consumer representation. To help ensure that consumer voices will be heard, we recommend that there is a direct link established between the RAP's and governance.

We also have questions regarding the accountability of RAP's, and the role and function of their members. This needs to be understood by all stakeholders, so clear expectations are established.

### *Privatisation*

BDC supports the additional measures put in place to prevent privatisation of Three Waters Services. There remains a concern that future governments could change the law allowing easier privatisation. We recommend that entrenched clauses be considered for attention protection.

### *Council Interaction*

While planning requirements are expected to be covered in the Second Bill, we do not have a clear understanding of how local outcomes for urban development or land use change will inform the strategic direction of the WSE and their interrelationship with BDC.

We also have questions regarding how competing priorities of the Water Services Entity and BDC will be resolved. We recommend that the WSE planning, and accountability decisions take into account of the strategic planning of BDC. We also recommend that input pathways for BDC and our community be incorporated into asset management plans and infrastructure strategy.

### *Local Knowledge & Service Levels*

BDC and our current maintenance contractor have been providing utilities (three waters) services to our consumers for decades. We have concerns that this local knowledge and overall service level e.g. response times will diminish if a large centralised WSE takes over. We recommend that local service providers be appropriately recognised by WSE for the advantages they offer.

### *Community Wellbeing*

Councils and three-waters services currently play a critical role in community well-being, particularly through the planning, design and management of public spaces. We recommend that community well beings (social, economic, environmental, cultural) be emphasised more in this Bill.

### *Funding & Pricing*

We recommend that affordability for consumers be emphasised more in this Bill. Affordability is a critical issue for our community.

### ***Draft LGNZ Submission***

We note the draft submission which LGNZ have prepared and agree with the following items most relevant to Buller and recommend they be appropriately considered.

- This legislation, like RM reform, sets out a shift to an aggregated, regional approach to planning and delivery. This must be balanced with local consultation and democratic input from the communities that are effectively pooling resources to access the advantages of greater scale and expertise.
- Communities must still have their say on things that matter to them, and the right level of influence over decisions that affect them. This is a critical concern for councils. In other words,

the regional/aggregated approach of the WSEs should not leave communities worse off than they are under the current system.

- Currently councils have the democratic mandate to make decisions on behalf of their communities across their portfolio of responsibilities. It needs to be clearer how councils (and communities) will feed into key WSE planning/accountability documents aside from councils having input via RRGs (and potentially RAPs). How can existing council engagement with communities (via long-term plans, asset management plans, infrastructure strategies and community plans) inform the various planning documents that the WSEs will be responsible for preparing?
- Recommend that there's a specific requirement for the various WSEs' planning/accountability documents to take into account council planning/strategy documents. Where possible the WSEs documents should adopt and give effect to council planning/strategy documents.
- The WSEs will have a singular focus on three waters – but three waters services and infrastructure are closely connected to many other activities councils perform, including supporting community wellbeing, development and placemaking. Councils need greater clarity around how WSEs will connect into the broader system.
- How WSEs integrate with other council planning roles and functions is a key concern. WSEs should be seen as an enabler and implementer within the wider planning environment, which includes community wellbeing, growth and development. While they may be 'plan makers' for the water piece, they should not dictate the shape of other plans.
- Having to submit on this Bill before we know key details of new RM legislation and other parts of the 3W framework is far from ideal. We're concerned by the lack of clarity about which part of the system will end up determining particular matters that other parts of the system need to adopt or comply with.
- Concerned by the lack of consideration given to how to resolve competing priorities of WSE and individual councils/communities.
- Support the operating principle around WSEs partnering and engaging early and meaningfully with councils and their communities. But how will this work in practice to create clear and reliable connections between 3W decisions by WSEs and the broader system? This will be critical to councils' continuing to play their placemaking role.
- Also support the operating principle of WSEs co-operating with, and supporting, other WSEs, infrastructure providers, local authorities, and the transport sector – all are critical to placemaking outcomes and influence or depend on the provision of 3W services. Again, how will this work in practice?
- Concerns around whether communities will genuinely and meaningfully connect with large multi-regional entities. Communities have existing connections to and relationships with councils. How will that connection feed into (or ultimately be replicated by) the WSEs?
- Currently no certainty around on-the-ground presence in different locations – and this is needed. For example, who will respond quickly to broken pipes/blockages when things go wrong? There must be dedicated on the ground local delivery and maintenance teams; 24/7 responsiveness through support centres etc. The legislation (or constitutions) should guarantee that local contractors be used and retained for scheduled and reactive works.
- There is an absence of reference to affordability in the objectives and operating principles of the Bill. This is in the context of councils continuing to make rating decisions. Councils have broader concerns around affordability, equity and communities' ability to pay for different services (which may also include IFF levies).
- The sequencing of the Bills mean that when submitting on the core model (reflected in this Bill), councils are being asked to 'assume' that these pricing/funding elements (including issues like price harmonisation or the ability to socialise costs and adopt differential pricing to support social equity) will be resolved satisfactorily down the track.
- The longstanding historical deficit in infrastructure investment and the legacy of central government decisions impacting water services need to be addressed – and funded. Central Government must develop a funding plan – otherwise we run the risk of setting up new entities

that will continue to underinvest, or be unable to address the existing deficit, or costs will fall regionally rather than nationally.

- Councils should be given a choice about whether they're involved in billing for water or not.
- Representation of council views and needs in the new system is critical.
- The role and function of the RRG and its members (including what they will **not** be doing or responsible for) needs to be clear and understood by all stakeholders. That means stakeholders know where to go in the overall WSE/3W system to seek influence or accountability for particular matters. For example, should they go the water regulator, the economic regulator, the WSE board/management, the RRG or their council.
- Pleased to see stronger accountability between the WSE Boards and RRGs – including the RRG appointing the board, approving the Statement of Intent that will guide the board, and setting a Statement of Strategic and Performance Expectations that the Board must give effect to together with performance reporting and monitoring. These additional accountability tools also create a direct link back to local voice/input.
- Good to see that the RRGs have appropriate clout in terms of their ability to set strategic direction.
- Subject to there being sufficient other direct links between the WSEs and the individual councils/communities they serve, RRGs may need to play more of a role in ensuring there are connections with the communities they represent.
- Is it the role/function of an RRG to engage with all communities in the area covered by a WSE and, if so, how will they achieve this for communities that do not have a council representative on the RRG?
- Flexibility around the appointment of RRG chairpersons/deputy chairpersons/co-chairpersons and deputy chairpersons is positive.
- Pleased to see all councils will be involved in making appointments to the RRG (and will be able to establish their own rules to govern that appointment process).
- Should RRG membership be subject to competency requirements linked to the role/function of an RRG, to make sure an RRG can effectively perform its role in the overall system?
- In terms of resignations from the RRG, need to specify what happens if a council representative who is an elected member is not re-elected in local government elections.

Yours sincerely,



Michael Duff  
Group Manager Infrastructure Services  
Buller District Council

## ATTACHMENT B – PUBLISHED COMMENTARIES

The following commentaries are published by the Government and LGNZ in regard to the Water Services Entities Bill:

### Government Summary

Local Government Minister Nanaia Mahuta says the Water Services Entities Bill is the first of several pieces of legislation to establish a new system for national water services that meets the needs of communities and the environment, while keeping costs low for households. The following commentary has been provided:

*“The bill establishes four dedicated Water Service Entities that will enable infrastructure to provide safe and affordable drinking water, wastewater and stormwater services,” said Nanaia Mahuta.*

*“These changes will deliver clean and safe drinking water services at an affordable price for New Zealanders. By investing in such critical infrastructure now we can help secure New Zealand’s economy for future generations.*

*“Everyone accepts the need for change. Without reform our water infrastructure will continue to deteriorate. Households, businesses and communities would face genuine public health risks, services that don’t meet their needs, and rising bills of up to \$9,000 a year per household just for water services.*

*“Years of underinvestment across the country has led to threats to water quality. Pipes burst in our city streets, sewage flows into our waterways, and almost 500,000 New Zealanders in one year were forced to boil their water because of faecal contamination.*

*“This is unacceptable and the costs to communities and ratepayers are just too big to ignore. We are acting now because others wouldn’t.*

*“Independent advice shows up to \$185 billion of investment over 30-years is needed to address underinvestment in maintenance and replacements, upgrade water infrastructure to meet modern standards, provide for growing communities and build resilience against climate change and natural hazards.*

*“The new water services entities will ensure all New Zealanders get the high-quality water services they deserve, no matter whether they live in our biggest cities or heartland provincial communities.*

*“It will also ensure public ownership is a bottom line for this Government, and the Bill contains strong protections against privatisation that will ensure this essential infrastructure is safeguarded for future generations.*

*“The Bill also incorporates the recommendations of the Working Group on Representation, Governance and Accountability. It secures community ownership of*

*the water entities, protects against privatisation, and ensures a stronger community voice in the new entities.*

*“It ensures the collective ownership of the entities by local government on behalf of their communities through a shareholding allocated on the basis of population, as recommended by the Working Group.*

*“The Bill contains robust mechanisms to provide for iwi/Māori rights and interests in our three waters system but makes clear these rights and interests do not include ownership.*

*“The bill will shortly undergo its first reading debate in Parliament and will then be subject to a full select committee process where further public submissions will be welcomed,” said Nanaia Mahuta.*

*Further legislation will be introduced later this year to enable the transfer of assets and liabilities from local authorities to Water Services Entities, and integrate entities into other regulatory systems.*

*Another piece of legislation will cover economic regulation and consumer protection, to ensure water services are reasonable and affordable.*

*A National Transition Unit will oversee the establishment of the new entities over the next two years.*

## **LGNZ Summary**

LGNZ have provided the following commentary regarding the Water Services Entities Bill:

*This is another critical opportunity for councils’ voices to be loudly heard. Like the feedback period last year, and the input to working group processes earlier this year, it’s time to speak up.*

*We know there’s a range of views in the sector, including on the preferred model and number of entities. It’s become a politicised conversation but LGNZ remains resolutely nonpartisan, working as we always have done with the government of the day on behalf of the whole sector.*

*This another vital chance to improve the model, with the select committee to report back in November.*

*LGNZ will be encouraging individual councils to submit as well as producing our own submission. We continue to have concerns about aspects of the Government’s model, and we believe that well-reasoned and solutions-focused submissions will result in improvements to the Bill.*

*We've been asked by councils whether there's a formal obligation to consult with your community in developing your submission on the Water Services Entities Bill.*

*We commissioned a legal opinion from Simpson Grierson, which says:*

- There's no obligation to run a formal consultation process.*
- It's up to each council to decide whether or not you want to consult or engage your community in some way. For example, your council might choose to more informally engage as you develop your submission, or you might judge that you already have a good sense of what your community thinks about the reform.*
- There are some things you can do to make sure your community is aware of your council's position, including sharing a draft of your submission or a summary of the key points it'll make.*

*LGNZ will be submitting as part of the select committee process. We will focus on dissecting the bill, making sure it's workable legislation and looking at how it can be improved from a whole-of-sector point of view.*

*In our submission we will be clear there are a range of views across the sector on the proposed model, while recognising the need for system reform. Our submission will focus on how local voice is expressed and whether the connection with representative democracy is strong enough. That includes whether local authorities would maintain enough connection with their communities.*

*We're confirming our final list of critical issues and we'll share them with you shortly. We'll be seeking feedback on those issues to inform our submission.*

*We'll also be commissioning some expert advice, which we'll share with the sector, to help inform both your submissions and our own. This independent analysis will cover how the new model can be improved to support councils to continue to play your critical placemaking role. We want to ensure placemaking decisions remain core to what councils do.*

*Last week, LGNZ held a Zoom for mayors and chairs focused on rural supplies issues, after the Rural Supplies technical working group released its recommendations. LGNZ is strongly urging the Government to adopt those recommendations.*

*Mayor Bryan Cadogan, who chaired the working group, spoke about their report. His key points were:*

- The 70,000+ private supplies don't transfer to the new water entities. They aren't part of Three Waters reform.*
- Council-owned supplies do transfer to the entities. There's about 100 of these.*
- But the report recommends an opt-out for council-owned supplies that are mostly stock water or irrigation. That means they could revert to ownership by their users. There's a lot more detail on this in the report.*

*Bill Bayfield, CE of Taumata Arowai the new water regulator, talked about regulation of rural water supplies. He stressed that:*

- *Regulation is a done deal. It has strong sector and cross-party political support, with the legislation passing last year. Taumata Arowai is up and running. It's totally separate from the Three Waters service delivery reform being worked through now.*
- *Small rural supplies have plenty of time – they need to register by 15 November 2025 and don't need to be compliant till November 2028. Bill and his team will be working to get info about compliance to rural communities much earlier than they'd originally planned. He's imagining there will be some relatively simple solutions around compliance.*

# WSE Bill: LGNZ submission outline

This is an outline of LGNZ's proposed submission for sector feedback. The outline provides our commentary on the Bill and initial thinking on the points we propose to make. The points in the outline will be fleshed out in more detail in our draft submission, which will be shared with the sector on 13 July.

Please provide feedback on the draft outline below, especially in response to the questions listed in **appendix 1**. You can provide your feedback to [submission@lgnz.co.nz](mailto:submission@lgnz.co.nz) with the subject "WSE Bill feedback" by Friday 8 July.

We know this is a tight turnaround – we are driven by the Select Committee timetable.

## Executive Summary:

- *This section will summarise the submission's recommendations*

## Introduction:

- LGNZ's role and function.
- Sector involvement with Government's policy development process to date, including background on LGNZ's previous engagement with sector and our feedback to the Government.
- Diversity of views across the sector on Government policy choices and bottom lines – including the fact a number of our members are opposed to the four entity model in its entirety.
- Common concerns across the sector on some key themes – the focus of this submission.
- This submission addresses the workability of the model currently on the table.

## Context/Background:

- Sector as a whole acknowledges the need for reform – broader system failure has created longstanding water issues affecting many communities and their wellbeing, and these issues have worsened with time.
- Sector is unified in seeking reform and better outcomes for communities (including better outcomes for health, climate change mitigation and adaptation, the Treaty partnership, and community wellbeing).
- Acknowledge that major reform is challenging but the current system settings combined with inaction over many years have created the current situation.
- The interactions and inter-dependencies relevant to 3W are many and complex – this complexity is unavoidable and a feature of the current system as well as any new model.
- The Heads of Agreement acknowledged that councils are leaders in community wellbeing and placemaking. Any new system must recognise and uphold this, and the legislation must reflect this.
- Any major institutional reform will draw support and criticism from a sector as diverse as ours – this is to be expected.
- Major institutional reform quite naturally engages ideological and political interests about the best way to deliver on outcomes/objectives.

- This reform is difficult for the sector to engage with because there is so much detail still to come – in Bill 2, the constitutions, and via other Government reform programmes.
- The sector needs clarity, especially about the transition.

**Intent and scope of LGNZ’s submission:**

- Our submission is focused on the legislation, specifically the model that is on the table.
- Key concerns and how those concerns could be addressed through the legislation and broader reform programme.
- Specific comment on certain aspects of the legislation – with a focus on ensuring the legislation is workable.
- Reference Beca advice on how the WSE Bill will (or will not) enable and support councils to continue to play their critical placemaking role.

**Relationship to submissions by member councils:**

- Individual councils’ perspectives are important because they reflect how the proposed reform will work for unique communities – based on their specific preferences and circumstances.
- Our submission captures commonly held concerns across the sector – a national perspective.

**Engagement with councils and communities:**

- Given the significance of the Bill and community interest in this reform, we encourage the Select Committee to travel to hear oral submissions.

**Substantive feedback on the Bill:**

Area/theme	Points
Concerns around four entity model	<ul style="list-style-type: none"> <li>• Model needs to work for councils and their communities.</li> <li>• Recognise variety of inputs that have fed into the current model, including previous sector feedback.</li> <li>• However, range of high-level concerns remain: not all councils directly represented on RRG; large, bureaucratic, complex entities involving multiple layers; how communities will engage with large-scale entities; absence of conventional LG accountability mechanisms; etc. Concerns are explored in detail in relevant sections below.</li> <li>• The WSEs will have a singular focus on three waters – but three waters services and infrastructure are closely connected to many other activities councils perform, including supporting community wellbeing, development and placemaking. Councils need greater clarity around how WSEs will connect into the broader system.</li> </ul>
Centralisation must be balanced with increased local voice	<ul style="list-style-type: none"> <li>• This legislation, like RM reform, sets out a shift to an aggregated, regional approach to planning and delivery. This must be balanced with local consultation and democratic input from the communities that are effectively pooling resources to access the advantages of greater scale and expertise.</li> <li>• Communities must still have their say on things that matter to them, and the right level of influence over decisions that affect them. This is a critical concern for councils. In other words, the regional/aggregated</li> </ul>

	<p>approach of the WSEs should not leave communities worse off than they are under the current system.</p> <ul style="list-style-type: none"> <li>• The legislation proposes a range of mechanisms for allowing councils and communities to have input on things that matter to them. But this potentially creates a system that is more complex and bureaucratic. Introducing additional administrative layers means effective channels to communities and consumers must be created. It must be demonstrated that their introduction will (over time) support and enable better outcomes for communities/consumers than they experience now (or would experience in the future under the current system).</li> </ul>
Community wellbeing must remain central	<ul style="list-style-type: none"> <li>• Councils are leaders in community wellbeing and placemaking – and the WSEs must support councils to continue to play that role.</li> <li>• Concerned by the absence of any reference to community wellbeing in the Bill. Three waters services are integral to community wellbeing and promoting the wellbeing of communities is a critical role for councils.</li> <li>• Recommend explicit reference to community wellbeing in the legislation’s objectives and operating principles.</li> </ul>
Councils’ placemaking role is critical	<ul style="list-style-type: none"> <li>• How the WSEs integrate with other council planning processes (eg long-term planning, broader council asset management planning, resource management planning) is a key concern.</li> <li>• WSEs’ place in the wider system relative to councils (and other bodies) should be explicit. It must make clear that WSEs are an implementer of wider plans for community wellbeing, growth and development.</li> <li>• Concerned at the lack of priority given to supporting and enabling councils’ critical placemaking role. Want to see a specific objective and operating principles addressing this included in the legislation.</li> <li>• The focus in the Bill’s objectives around housing and urban development doesn’t capture the breadth of councils’ placemaking roles. Would the focus on housing and urban development be better addressed through the GPS mechanism?</li> <li>• Concerned by the lack of consideration given to the interface with current (and new) RM systems.</li> <li>• Having to submit on this Bill before we know key details of new RM legislation and other parts of the 3W framework is far from ideal. We’re concerned by the lack of clarity about which part of the system will end up determining particular matters that other parts of the system need to adopt or comply with.</li> <li>• Concerned by the lack of consideration given to how to resolve competing priorities of WSE and individual councils/communities.</li> <li>• Support the operating principle around WSEs partnering and engaging early and meaningfully with councils and their communities. But how will this work in practice to create clear and reliable connections between 3W decisions by WSEs and the broader system? This will be critical to councils’ continuing to play their placemaking role.</li> <li>• Also support the operating principle of WSEs co-operating with, and supporting, other WSEs, infrastructure providers, local authorities, and the transport sector – all are critical to placemaking outcomes and influence or depend on the provision of 3W services. Again, how will this work in practice?</li> <li>• See our supporting paper on placemaking</li> </ul>

Transition should be phased	<ul style="list-style-type: none"> <li>• Entities should be transitioned into operation when they (and their constituent councils) are ready. To ensure progress is made, timeframes and deadlines should be agreed to in advance.</li> <li>• One entity could be piloted first.</li> <li>• Concern there may not be the capacity/capability to cope with universal change simultaneously – especially with other reforms going on.</li> <li>• A staged approach to implementing the new RM system is being contemplated (tranches of regions shifting to the new planning system). A similar approach should be considered for 3W reform.</li> </ul>
Potential staged approach to stormwater	<ul style="list-style-type: none"> <li>• The proposals for stormwater are under-developed and the scope/impacts are uncertain. There is some concern that stormwater represents a source of material risk for WSEs and councils that is hard to quantify and therefore hard to justify.</li> <li>• This is complicated by the timeframe for RM reform. It's not entirely clear how stormwater can be designed to fit with that regime. There is a risk of 'double-change' in a short period.</li> <li>• Stormwater is intrinsically linked to placemaking and closely connects with a number of other council roles and functions. Many of these involve material overlaps: they serve different functions at different times.</li> <li>• Stormwater can be intrinsically linked with other council services, which may it difficult to immediately transfer to the WSEs.</li> <li>• The transfer of 3W staff to WSEs could mean councils aren't left with any capacity to manage stormwater.</li> <li>• A "joint arrangement" (between WSE and council/s) could be put in place initially with its own transition pathway.</li> </ul>
Te Mana o Te Wai	<ul style="list-style-type: none"> <li>• Support the focus on Te Mana o te Wai – the health of water is fundamental to all New Zealanders and their communities</li> <li>• Support the requirements around Te Mana o te Wai statements.</li> <li>• Also support the need for transparent accountability around the Te Mana o te Wai statements through strategic planning and reporting documents.</li> <li>• Need to think about how these obligations (particularly around giving effect to Te Tiriti/The Treaty) are reflected in other LG legislation. There needs to be consistency across all activities that impact on communities – especially given the shift to giving effect to Te Tiriti in the RM space, and potential for Te Mana o te Wai to be incorporated into the Natural and Built Environments Act (in addition to Te Oranga o te Taiao, which was included in the exposure draft of the NBA).</li> <li>• Support the requirements around maintaining systems and processes for continuing education of all Board members to gain knowledge of, and experience and expertise in relation to, the principles of Te Tiriti/the Treaty.</li> <li>• To truly realise Te Mana o te Wai, WSEs will need to partner closely with mana whenua in the same way some councils already are. Te Mana o te Wai statements should be woven into transition arrangements and be there from day 1.</li> <li>• Mana whenua will need resourcing support from central government or the WSEs to develop these statements.</li> <li>• How will the Government hold entities to account when there is non-compliance? For example, conflict between giving effect to Te Tiriti and</li> </ul>

	Te Mana o te Wai and meeting commercial goals/objectives. Who regulates and upholds Te Mana o te Wai?
Central policy direction must come with central investment	<ul style="list-style-type: none"> <li>• We support in principle the Government Policy Statement on Water Services. Councils and communities must have opportunities to feed into this. There are lessons from experience of Waka Kotahi and councils with Land Transport GPS (including the impact of change on long run planning and funding).</li> <li>• There could be a specific requirement to consult with all councils around the development of the GPS – particularly given its connection to environmental matters, placemaking etc.</li> <li>• In time there may be a need for consultation with the joint committees established via RM Reform.</li> <li>• How will the GPS integrate with other national direction that will be developed under the proposed National Planning Framework?</li> <li>• We recognise the need for the Crown intervention framework and the importance of overall system oversight. But this means a significant amount of power is concentrated in the centre. The legislation needs to strike the right balance between local/multi-regional needs and priorities vs national control.</li> <li>• Ultimately, if there is to be more central policy direction, we'd also expect to see greater central government investment. We're disappointed the Government didn't pick up on the Governance Working Group's recommendation #44<sup>1</sup> and see this as a necessary element in justifying CG ability to set expectations through a GPS. Any other approach risks an unfunded mandate.</li> <li>• We strongly disagree with the introduction of clause 26 of Schedule 1 to the Bill. This represents a cost-transfer (dis-investment) by Government, on top of the ongoing cost of running the WSE model once established.</li> </ul>
Communities need assurance of service when things go wrong – locally and quickly	<ul style="list-style-type: none"> <li>• Concerns around whether communities will genuinely and meaningfully connect with large multi-regional entities. Communities have existing connections to and relationships with councils. How will that connection feed into (or ultimately be replicated by) the WSEs?</li> <li>• Currently no certainty around on-the-ground presence in different locations – and this is needed. For example, who will respond quickly to broken pipes/blockages when things go wrong? There must be dedicated on the ground local delivery and maintenance teams; 24/7 responsiveness through support centres etc. The legislation (or constitutions) should guarantee that local contractors be used and retained for scheduled and reactive works.</li> <li>• Does section 117 mean that WSEs could contract the delivery of water services out to councils? This needs to be clarified.</li> </ul>
Existing mechanisms capturing local voice must feed in	<ul style="list-style-type: none"> <li>• Currently councils have the democratic mandate to make decisions on behalf of their communities across their portfolio of responsibilities. It needs to be clearer how councils (and communities) will feed into key WSE planning/accountability documents aside from councils having input via RRGs (and potentially RAPs). How can existing council</li> </ul>

<sup>1</sup> **Recommendation 44:** The Crown confirm to iwi and councils the size of investment required to address issues of historic degradation of waterways and inequalities in the provision of water services for their consideration, along with a plan as to how addressing these issues will be funded.

	<p>engagement with communities (via long-term plans, asset management plans, infrastructure strategies and community plans) inform the various planning documents that the WSEs will be responsible for preparing?</p> <ul style="list-style-type: none"> <li>• Recommend that there's a specific requirement for the various WSEs' planning/accountability documents to take into account council planning/strategy documents. Where possible the WSEs documents should adopt and give effect to council planning/strategy documents.</li> </ul>
Feedback on Regional Representative Groups	<ul style="list-style-type: none"> <li>• Representation of council views and needs in the new system is critical.</li> <li>• In principle, we support these and support the arrangements around both local government and mana whenua representation.</li> <li>• Important in terms of understanding and applying Te Mana o te Wai and giving effect to Te Tiriti/The Treaty.</li> <li>• There needs to be scope to build on existing successful partnerships between councils and mana whenua.</li> <li>• The role and function of the RRG and its members (including what they will <b>not</b> be doing or responsible for) needs to be clear and understood by all stakeholders. That means stakeholders know where to go in the overall WSE/3W system to seek influence or accountability for particular matters. For example, should they go the water regulator, the economic regulator, the WSE board/management, the RRG or their council.</li> <li>• Pleased to see stronger accountability between the WSE Boards and RRGs – including the RRG appointing the board, approving the Statement of Intent that will guide the board, and setting a Statement of Strategic and Performance Expectations that the Board must give effect to together with performance reporting and monitoring. These additional accountability tools also create a direct link back to local voice/input.</li> <li>• Good to see that the RRGs have appropriate clout in terms of their ability to set strategic direction.</li> <li>• Subject to there being sufficient other direct links between the WSEs and the individual councils/communities they serve, RRGs may need to play more of a role in ensuring there are connections with the communities they represent.</li> <li>• Is it the role/function of an RRG to engage with all communities in the area covered by a WSE and, if so, how will they achieve this for communities that do not have a council representative on the RRG?</li> <li>• Flexibility around the appointment of RRG chairpersons/deputy chairpersons/co-chairpersons and deputy chairpersons is positive.</li> <li>• Pleased to see all councils will be involved in making appointments to the RRG (and will be able to establish their own rules to govern that appointment process).</li> <li>• Should RRG membership be subject to competency requirements linked to the role/function of an RRG, to make sure an RRG can effectively perform its role in the overall system?</li> <li>• In terms of resignations from the RRG, need to specify what happens if a council representative who is an elected member is not re-elected in local government elections.</li> </ul>
The role of Regional Advisory Panels	<ul style="list-style-type: none"> <li>• These are a potentially useful mechanism for ensuring that advice on local needs/preferences, views and concerns are fed up to the RRG. However, the role and function of RAPs and their members (including</li> </ul>

	<p>what they will <b>not</b> be doing or responsible for) needs to be clear and understood by all stakeholders so that appropriate expectations are set.</p> <ul style="list-style-type: none"> <li>• The RRG and WSE board will still need to apply a regional lens to the inputs received from a RAP to ensure that the overall WSE plan can be delivered within the overall available funding, resources and other operating constraints.</li> <li>• Leaving these Panels optional means local communities could determine what will work for them. However, requiring RAPs for every city/district covered by a WSE would be one way of guaranteeing that there is a way for all TAs and the communities they represent to feed into the decision-making of an RRG.</li> <li>• There should be flexibility to determine the geographical areas that the RAPs represent – but it's an open question whether there should be some mechanism for guaranteeing representation of all geographic areas/takiwā, to ensure local voice across WSE areas is captured.</li> </ul>
WSE Boards' composition and accountability	<ul style="list-style-type: none"> <li>• Agree that the Boards should be competency-based.</li> <li>• This is a marked departure from the status quo, where elected members together perform that governance role. As such they bring local voice to this role, although 3W is not their singular focus nor may it be an area in which they have knowledge, experience or expertise. Because this form of local voice will be absent from the Board, it's critical there's local voice input at other layers of the system. This needs to be at least as effective as provided under the status quo.</li> <li>• In terms of knowledge and expertise requirements, would like to see some knowledge and expertise of local government and broader placemaking.</li> <li>• Accountability of board members to the RRG is a good way of creating a direct link back to democratic, local input.</li> <li>• Agree with the need for the boards to have a minimum number of public meetings – this is a good accountability mechanism.</li> </ul>
Constitutions and their development	<ul style="list-style-type: none"> <li>• Support the approach to constitutions and the ability for there to be local customisation.</li> <li>• Agree that the WSEs should compensate local authority representatives and local authorities for their time.</li> <li>• Agree that the Minister should engage with councils on the development of constitutions. Suggest all council owners should have input, and that the timeframes for providing input are meaningful.</li> <li>• Support the ability of RRGs to make changes to constitutions, so that they can address relevant local matters, including as circumstances might change over time.</li> </ul>
Planning and strategic documents	<ul style="list-style-type: none"> <li>• How WSEs integrate with other council planning roles and functions is a key concern. WSEs should be seen as an enabler and implementer within the wider planning environment, which includes community wellbeing, growth and development. While they may be 'plan makers' for the water piece, they should not dictate the shape of other plans.</li> <li>• Support the <i>Statement of Strategic and Performance Expectations</i> being prepared by the RRG to ensure (and be reflective of) local input. Need to ensure constituent local authorities and communities are involved too. Same goes for Statements of Intent</li> </ul>

	<ul style="list-style-type: none"> <li>• Individual council/community input pathways will need to exist for asset management plans, funding and pricing plans and infrastructure strategies.</li> <li>• The Statement of Strategic and Performance Expectations will need to strike an appropriate balance between the scale and priority of work required by WSEs to address current deficits (including to ensure compliance) and new investment to enable growth.</li> <li>• Water services are intrinsically linked to other council assets and infrastructure – and to growth. This must be recognised. Although we recognise there'll be a need for WSEs to address deficits with existing infrastructure, this shouldn't be at the expense of stifling growth and development where that's needed.</li> <li>• Want to avoid WSEs and developers making ad hoc decisions about where growth and development happens. WSEs need to operate in a way that recognises councils' broader leadership role in placemaking and community wellbeing. This includes respect for decisions already made by councils and communities.</li> <li>• Question how the existing strategic documents/plans that councils have prepared with their communities feed into the preparation of all of these documents (eg LTPs, asset management plans, infrastructure strategies, community plans, regional policy statements and district plans etc). And how the new regional spatial strategies and natural and built environments plans will feed in, once RM Reform is implemented. Could there be a requirement for the WSEs' planning/accountability documents to take into account other strategic planning documents that councils (and joint committees under the new RM system) have prepared?</li> <li>• How will the WSEs' infrastructure strategies align with the NZ Infrastructure Strategy?</li> <li>• How will communities have genuine input into the development of these different documents? WSEs will inevitably rely on councils to help collect/co-ordinate views from their constituency – given their democratic mandate to engage with and represent the views of communities, and their knowledge and oversight of other inter-dependencies with water service delivery. If councils are relied upon by the WSEs to do this (including to avoid duplication of effort), their costs should be met by the WSEs, otherwise there is an unfunded mandate.</li> <li>• Reflecting community preferences will need to be balanced with compliance with regulatory standards (set by both Taumata Arowai and the economic regulator).</li> </ul>
Funding and pricing	<ul style="list-style-type: none"> <li>• Want to see more detail on how funding and pricing decisions are made.</li> <li>• There is an absence of reference to affordability in the objectives and operating principles of the Bill. This is in the context of councils continuing to make rating decisions. Councils have broader concerns around affordability, equity and communities' ability to pay for different services (which may also include IFF levies).</li> <li>• The sequencing of the Bills mean that when submitting on the core model (reflected in this Bill), councils are being asked to 'assume' that these pricing/funding elements (including issues like price harmonisation or the ability to socialise costs and adopt differential pricing to support social equity) will be resolved satisfactorily down the track.</li> </ul>

	<ul style="list-style-type: none"> <li>• The longstanding historical deficit in infrastructure investment and the legacy of central government decisions impacting water services need to be addressed – and funded. Central Government must develop a funding plan – otherwise we run the risk of setting up new entities that will continue to underinvest, or be unable to address the existing deficit, or costs will fall regionally rather than nationally.</li> <li>• Councils should be given a choice about whether they're involved in billing for water or not.</li> </ul>
Debt transfer	<ul style="list-style-type: none"> <li>• To be able to assess the impact of the new WSE model (including the post-transfer shape of a council's balance sheet), councils require certainty about how the debt transfer will work. This includes what borrowing will be eligible and the process to identify and confirm amounts, as well as transfer mechanics. This needs to be clarified quickly.</li> </ul>
Community engagement provisions	<ul style="list-style-type: none"> <li>• Agree with the requirements to consult and seek input.</li> <li>• The engagement provisions seem sufficiently broad and appear to allow engagement in a wide range of ways.</li> <li>• There could be more explicit reference to the need for engagement with councils. An explicit requirement would provide an added layer of protection/accountability mechanism.</li> <li>• Agree with the establishment of consumer forums – the breadth of communities covered by WSE areas must be represented. Specifically requiring this in the legislation/constitutions this would add another accountability mechanism.</li> <li>• Support the need for a consumer engagement stocktake and agree this should be made public. Councils should have input into this stocktake because they will inevitably continue to receive feedback on how the entities are performing – even if the responsibilities for water service delivery sit elsewhere. WSEs should meet the costs of councils in performing that role to avoid an unfunded mandate issue.</li> <li>• Need to be mindful here also of what other actors in the system are doing (for example, regulators are monitoring WSE performance in this respect too).</li> </ul>
Protections against privatisation	<ul style="list-style-type: none"> <li>• This is a key area of concern for councils and communities – so we support these features (including the changes made as a result of the Working Group recommendations).</li> <li>• Would support entrenchment of these clauses but recognise the absence of cross-party support.</li> </ul>
Transition and implementation at a high level	<ul style="list-style-type: none"> <li>• The reform's success depends on a smooth, well-managed transition. Central government must work closely with local government on this.</li> <li>• Resourcing the transition is critical. Again, we're concerned that the Governance Working Group's recommendation #44 hasn't been picked up by the Government.</li> <li>• The sector is concerned about clauses that remove councils' autonomy during the transition period. For example, around councils' ability to deliver or accelerate existing approved plans and to negotiate requests to second staff and information requests. These clauses signal a lack of trust and confidence. The demands of 'business as usual' (water services included) continue unabated for councils, who also face a pressured and resource constrained environment. Because of this, DIA's ability to restrict and direct should be limited to circumstances where there is</li> </ul>

	<p>deliberate obstruction or attempts to undermine the success of the reform.</p> <ul style="list-style-type: none"> <li>• Community education and engagement needs to be built into the transition, including supporting councils to engage with their communities to help them understand that water services are now the responsibility of the WSEs, not councils.</li> <li>• Support commissioning a review of the operation and effectiveness of the governance and accountability arrangements under the Act. We agree this should include looking at how the WSEs interact with councils and communities. It should also cover the operation and effectiveness of the legislation. It's important that such reviews recognise local government as a key stakeholder.</li> <li>• The review of the WSE legislation should specifically consider how that legislation is integrating with other key legislation (eg Local Government Act, Rating Act, Resource Management Act, new RM legislation).</li> </ul>
Connections with other reform programmes	<ul style="list-style-type: none"> <li>• Bill is drafted on the premise that current local government structures, roles and responsibilities remain the same.</li> <li>• However, the RM Reform and FFLG Review may necessitate ongoing amendments to the Bill (and Bill 2).</li> <li>• Good to see a focus on climate change mitigation and mitigating the impacts of natural hazards – but how will this be managed alongside other, potentially competing objectives and priorities (for example, more housing and urban development)? Central government must give clear direction around how trade-offs are managed.</li> <li>• We support regional councils (and territorial authorities where that's the case) remaining responsible for flood protection infrastructure. Co-investment needs to be seriously explored.</li> </ul>

*[see questions for feedback on next page]*

## Appendix 1: Targeted questions for feedback

1. Do you support a phased transition to the new entities? What factors should influence which entities get stood up first and when?
2. Could a phased approach to transitioning stormwater to the WSEs work? Would you support phasing the transition of stormwater? What do you think about the idea of a “joint arrangement” (between WSE and council/s) with its own transition pathway?
3. Water services are intrinsically linked with placemaking outcomes. We’re concerned that the WSE Bill doesn’t adequately reflect the important placemaking role that councils play. How could the Bill be improved to ensure that the Water Services Entities support councils to continue to play their critical placemaking role?
4. What do you think about the draft piece on placemaking that we’ve commissioned from Beca – is there any aspects you’d like to see strengthened to support our submission?
5. Do you think there are sufficient mechanisms for communities to feed their concerns and preferences into the Water Services Entities? How could the proposed mechanisms be improved?
6. The Bill provides for CEs and council officers to be territorial authority representatives on the proposed Regional Representation Groups. Do you support this or would you prefer these representatives to be democratically elected members? Should there be any competency requirements?
7. Would you support a requirement that the WSEs, RRGs and Boards take certain local government planning and strategic documents into account when preparing a WSE’s strategic, planning and accountability documents? If so, which documents?
8. Councils gather feedback from their communities that will be just as relevant to WSEs as it is to councils. What mechanisms could ensure that this feedback informs the work of the WSEs?
9. The Bill currently provides flexibility around the establishment of Regional Advisory Panels. Do you think this should be left up to the WSE or should the legislation/constitutions require that every city/district covered by a WSE area be represented on a RAP? This would add a material additional cost for the WSE – is that cost warranted? Or, to avoid duplication of resource/effort, should this be held in reserve and only be used if other mechanisms fail to achieve the outcomes this would support?
10. While more national direction and greater accountability should improve the quality of water services, we are concerned about the shift to regional aggregation. Do you agree that it’s critical that the Crown has a role in funding the establishment and ongoing operation of the new three waters system?
11. How do you think the proposed model will or will not support areas experiencing growth to meet their needs?
12. Assuming the preference is that flood protection infrastructure remains in regional council (and in some cases unitary/territorial authority) control, would you support us making a recommendation in our submission that central government (and/or the WSEs) should adopt the Te Uru Kahika proposals for central government co-investment in flood protection infrastructure?

## **ATTACHMENT C – FREQUENTLY ASKED QUESTIONS (FAQ'S)**

The following responses to Frequently Asked Questions have been published by the Government (DIA):

### **WATER SERVICES ENTITIES BILL FAQ'S**

#### **What does this Bill do?**

The Water Services Entities Bill provides the legislative basis to establish the four new publicly-owned water services entities which will be responsible for providing safe, reliable and efficient drinking water, wastewater, and stormwater services to New Zealanders from July 2024 onward.

The Bill sets out the ownership, governance, accountability arrangements relating to these entities and includes essential provisions for ongoing public ownership and engagement, and safeguards against future privatisation.

The Bill also provides for transitional arrangements relating to the establishment and governance of the new entities; strategic direction, planning and reporting; employment; and the oversight powers of the Department of Internal Affairs during establishment.

This legislation does not transfer assets and liabilities from local authorities to water services entities, or establish powers and functions for the entities in relation to managing the provision of water services. These matters are intended to be addressed in a second bill, which will also integrate the entities into other regulatory systems, such as the resource management and economic regulatory regimes. This future legislation is anticipated in 2022.

#### **Why is this legislation needed?**

New Zealand is facing system-wide problems across its three waters services – drinking water, wastewater and stormwater – like persistent boil-water or do-not-drink notices, burst wastewater and stormwater pipes, and raw sewage spilling onto beaches and into rivers. This has led to around 34,000 people getting sick each year, and in 2016 four people died from contaminated water.

The investment needed over the next 30 to 40 years to maintain and upgrade New Zealand's three waters infrastructure to a standard required to address these problems will run to an amount that is beyond the reach of most communities under the current arrangements where the three waters are managed by 67 local authorities. By providing for the establishment of four water services delivery entities, this Bill paves the way for improved, effective and efficient management of three waters service delivery and infrastructure so that all New Zealanders will have continued and ongoing access to safe, reliable and affordable drinking water, and wastewater and stormwater services that meet our environmental and cultural expectations.

Improving the three waters is essential for public health and wellbeing, environmental outcomes, economic growth and job creation, supporting housing and urban development, mitigating the impacts of climate change, building resilience to natural hazards, and recognising and upholding iwi/Māori rights and interests relating to water services.

### **What opportunity does the public get to have their say on the reforms?**

As a national reform it is appropriate that public consultation on these reforms is undertaken nationally, as part of a select committee process.

Members of the public, iwi, industry and local government are encouraged to read the Bill and have their say through this select committee process. Some councils may also wish to consult their communities in making their submissions to the select committee.

### **What is the anticipated timeline for the Bill?**

The Bill will receive its First Reading and be referred to select committee before Parliament rises at the end of 2021. Submissions on the Bill will be open until March 2022.

### **How does this Bill uphold iwi/Māori interests?**

This Bill contains robust mechanisms to provide for, and promote, iwi/Māori rights and interests. The board of an entity must have expertise in the Treaty of Waitangi and te ao Māori, and must ensure that the entity has the capability and capacity to give effect to the principles of the Treaty of Waitangi.

Entities are also required to give effect to Te Mana o te Wai, and mana whenua whose rohe or takiwā is in the entity's area can make a Te Mana o te Wai statement setting out how, in their view, an entity should do this.

The Bill also provides strong protections for Treaty settlements to ensure they are enduring. The Bill provides that, where there is any inconsistency with a Treaty settlement obligation, the Treaty settlement prevails. Alongside that, entities have an operating principle that they must give effect to Treaty settlements.

Councils and mana whenua have also entered into detailed arrangements relating to three waters services, and engagement is underway to identify these arrangements and ensure they are safeguarded. These arrangements will be carried forward in a second Bill to be introduced next year.

### **What protections against future privatisation are provided by this legislation?**

Continued public ownership of these water services is a bottom line for the Government. Safeguards against future privatisation are written into this legislation to maintain ongoing public ownership of the new entities. This includes making communities the ultimate guardians of public ownership through a provision for a

public referendum with any future proposal for privatisation requiring 75 per cent of votes in favour to carry it.

The new water authorities will exist to ensure safe, affordable, resilient and environmentally responsible supplies of water services for their communities rather than to turn a profit.

**How has this Bill been informed by feedback from the local government sector during the recent engagement through August and September 2021?**

In response to concerns raised by local government the Bill incorporates improvements to governance and accountability of the new water services entities, including:

- Greater flexibility for each regional representative group to determine its own governance arrangements
- The board appointment panel to be a committee of the regional representative group
- Direct accountability of the entity board to the regional representative group
- The board to give effect to strategic and performance expectations of the regional representative group.

These improvements to the Bill do not pre-empt further changes that may be suggested by the Working Group on Representation, Governance and Accountability, which will be considered later in the legislative process. The Working Group's report will be available to the Government and the select committee and considered before the legislation is reported back to the House.

## **THREE WATERS REFORM FAQ'S**

### **What has been decided about the Three Waters Reform?**

The Government has put forward legislation for New Zealand's three water services – drinking water, wastewater and stormwater – to be managed by four new publicly owned water entities, replacing the services currently managed by 67 councils.

### **Why is this needed?**

This reform is needed to ensure all New Zealanders can enjoy safe, affordable and sustainable drinking water, wastewater and stormwater services – now and in the future. The signs of a system at breaking point are all around us: regular or permanent boil-water notices, broken pipes, outdated sewage plants, environmental harm, and poor resilience to climate change. Addressing these issues is essential for the health and well-being of our communities and our environment. We cannot risk potential repeats of the Havelock North campylobacter outbreak that made more than 5,000 residents sick and is thought to have killed four people from drinking public water supplies. An estimated 34,000 New Zealanders get sick from drinking water annually.

### **What will this cost to fix?**

The investment needed to fix our failing systems and to build and maintain the required infrastructure in the future has been estimated at between \$120 billion and \$185 billion over the next 30 years. This will be beyond the reach of many communities.

### **How long have we known about these challenges?**

For more than 20 years, successive governments have talked about New Zealand's water infrastructure problems without fixing them, including conversations with local government. Reports from several sources in the intervening years have pointed to the need for urgent reform.

### **What has led to this situation?**

Historical underinvestment by councils in water infrastructure, increasing public expectations, stricter water safety and environmental regulations, the need to account for growth, and building resilience to climate change and seismic events have all contributed towards these very steep affordability challenges.

### **Why will these new water providers be better than the current system?**

These new water providers will have the significant advantages of:

- Superior long-term financing arrangements through balance-sheet separation from debt-constrained councils
- Spreading costs across larger areas over time
- Operational efficiencies
- The ability to plan, fund and deliver more resilient and reliable water infrastructure across regions and communities
- Developing and maintaining workforce capability and capacity through more sustainable career pathways in the water industry into the future.

### **How is the Government supporting communities through these reforms?**

Around \$3 billion is being provided to the local government sector to continue investing in three waters infrastructure and to support the move to these new entities. This funding includes:

- A three waters infrastructure investment for councils of \$523 million, announced in July 2020
- An investment of \$2 billion into the future for local government and community wellbeing, consistent with the priorities of both central and local government, announced in July 2021
- An allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to provide services to its community as a direct result of the reform.

In addition, a \$296 million contingency package to support transition and establishment of the new water services providers was announced in Budget 2021. This will ensure we continue to finance critical services during transition, allow local authorities to invest in their communities, and guarantees all councils will be better off as a result.

### **What will these reforms mean for communities?**

All communities in New Zealand will benefit by receiving better quality water services while all paying less than they would without reform. Rather than piecemeal solutions, comprehensive, system-wide reform is needed to achieve lasting and sustainable benefits for the local government sector, our communities including iwi/Māori, and the environment.

### **What will be the costs to households / ratepayers?**

The analysis shows that without reform the cost per household could be between \$1,900 and \$9,000 per year over the next 30 years, depending on location. With reform, costs are projected to range between \$800 and \$1,640. This represents a much lower average cost per household.

### **Will communities still own the water infrastructure?**

The Government is not confiscating, buying or selling assets, just proposing to introduce a better, safer, more cost-effective way of ensuring that our communities have good-quality water services for generations to come. The communities that have paid for existing assets will continue to receive these services. The underground pipes are staying where they are. Councils will collectively own the water services entities providing services for their district, on behalf of their communities. Communities will therefore retain an influence on three waters assets and services through their council and through other consumer and community interest forums.

### **How can communities be sure these assets will not be privatised?**

Continued public ownership of these water services is a bottom line for the Government. Safeguards against future privatisation will be written into legislation to maintain ongoing ownership of the new entities by local authorities elected by communities. Beyond that, the Government will make communities the ultimate guardians of public ownership through a public referendum with any future proposal for privatisation requiring 75 per cent of votes in favour to carry it. Additionally, any surpluses would have to be reinvested in water services to address significant infrastructure deficits, making the entities an unattractive proposition for investors. The involvement of iwi/Māori, with councils, in the strategic oversight and direction of the entities will enhance these protections. The new water authorities will exist to ensure safe, affordable, resilient and environmentally responsible supplies of water services for their communities rather than to turn a profit.

### **Will communities be able to input into the new entities?**

The water entities will have to directly consult with their customers, businesses, and residents on their strategic direction, investment priorities, their prices and charges to a level that will likely exceed the current requirements on local government.

### **How can communities be sure they will get a fair deal?**

A water watchdog in the form of an economic regulation regime will ensure that appropriate investment in these services is maintained and that water users pay fair and reasonable prices for them.

### **What will these reforms mean for iwi/Māori?**

The reform provides a step change for iwi/Māori to participate in the delivery of three water services. These include a range of new legislative protections, joint oversight arrangements and mechanisms to enable local expression of Te Mana o Te Wai.

## **What are the new opportunities for iwi/Māori?**

There are several new areas of opportunity for iwi/Māori:

- Oversight – Mana whenua will participate in the joint oversight of the new entities. Representative interests will need to be determined by Māori for Māori through a Kaupapa Māori process. In some entity areas these processes have begun. More detail on this will be available over the coming months.
- New entity operation – The proposed water services entities will be required to have significant cultural and local expertise. This will provide local opportunities for Māori to participate in the new delivery arrangements.
- Te Mana o Te Wai – the reform will provide for local expression of Te Mana o Te Wai that will enable development of Mauri frameworks, application of mātauranga Māori measurement or any other expression that iwi decide is relevant to them.
- Local opportunities – Economic analysis projects that the reforms will create 6,000 to 9,000 jobs over the next 30 years and that reforms will grow GDP by \$14 billion to \$23 billion over the next 30 years. Iwi/Māori will have the ability to participate in delivery of this investment in local infrastructure.

## **How will the reforms impact on Treaty settlements?**

The core principle is that redress set out in Treaty settlement legislation will continue to apply and, where relevant, be explicitly provided for in the new regime. It is expected that protection for current Treaty settlements will be within the suite of establishing legislation.

## **What will it mean for council water workers?**

Council employees that primarily work on water services will be guaranteed a role with the new water service entities that retain key features of their current role, salary, location, leave and hours/days of work. Economic analysis projects that the reforms will create 6,000 to 9,000 jobs over the next 30 years.

## **Are there other advantages to these reforms?**

The analysis indicates that the reforms will grow GDP by \$14 billion to \$23 billion over the next 30 years.

## **When will public consultation on the reforms occur?**

The Government has taken a decision to progress the reforms nationally. It is therefore appropriate that public consultation on these reforms occurs nationally rather than via local government. There will be several opportunities for public consultation over the coming years as the reforms are expected to involve multiple pieces of legislation to implement. Progression of this legislation will include the opportunity for public submissions via the select committee process. We anticipate

the first of these pieces of legislation to be introduced to Parliament this year. The Ministry of Business, Innovation and Employment is also expected to release a discussion document on the economic regulatory regime and consumer protections in October 2021. This public consultation is in addition to the Government's ongoing work with councils, iwi and industry to refine the design features of the reforms and work through transition to, and establishment of, the new entities.

### **What alternative reform options has the Government considered?**

The issues facing New Zealand's three waters system have been known about and avoided for more than two decades. Funding historical infrastructure deficits, meeting future costs associated with rising safety and environmental standards, supporting growth and building resilience to natural hazards and climate change has left councils facing urgent challenges in the provision of these services that can no longer be deferred or ignored. The Government has been investigating potential options for addressing these for four years using the best of international and local expertise – and has robustly tested the options with oversight and guidance of the joint Central/Local Government steering committee.

This includes assessing options such as central government funding for the status quo, sector-led shared service delivery and regional models, introducing a national centralised fund similar to the NZTA-type model, and regulatory reform alone. The Water Industry Commission for Scotland also assessed 30 different aggregation scenarios ranging from two to 16 entities.

The Government have not been presented with any alternative proposals that would deliver the range of objectives and ambitions we are seeking to achieve for all New Zealanders or do so in a way that could be applied across the country without resulting in large geographic differences in service delivery outcomes and cost.

For many of parts of the country, alternatives would likely be unsustainable and unaffordable. Experiences in overseas jurisdictions also demonstrate that political compromises regarding the number of entities can lead to subsequent, costly rounds of further reform.

### **What has changed as a result of council feedback (out of the eight-week period)?**

The constructive feedback from councils through the 8-week engagement period has helped identify areas for refinement of the new entities – such as in the area of representation and accountability. The Government continues to work in good faith with local government to refine the outstanding details of the reforms design, particularly when it comes to local government and community influence and interaction with the new entities. Cabinet has agreed to establish three technical reference groups, similar to the Stormwater Technical Working Group, that will include, iwi and local government experts. These groups will help refine the reform proposals with regard to oversight and accountability; rural supplies; and the

resource management interface. This further work will be conducted within the government's reform bottom lines of good governance, partnership with mana whenua, public ownership and operational and financial autonomy.

**Will there be a loss of (local) control/influence over water assets/services?**

Water services will remain in the ownership of the community they are serving. Continued public ownership of three waters water services and infrastructure is a bottom line for the Government. Several protections have been built into the recommended approach to safeguard against any possible future ownership changes. These increase the protections over current arrangements. Oversight will be shared through a local Representative Group made up of local councils and mana whenua – which will set expectations for the entity and select an independent panel to appoint an entity board. Each entity will be required to engage with communities in a meaningful and effective manner on all key documents and report on how consumer and community feedback was incorporated into decision-making.

**Is the Government selling council / local assets?**

The Government is not confiscating, buying or selling assets, just proposing to introduce a better, safer, more cost-effective way of ensuring that our communities have good-quality water services for generations to come.

## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

**AGENDA ITEM: 6**

**Prepared by** - Sharon Mason  
- Chief Executive

**Attachment 1** - Projects in Partnership and Three Waters Reform Update

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

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#### **1 REPORT SUMMARY**

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

#### **2 DRAFT RECOMMENDATION**

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

#### **3. REPORTS**

- 1) Westport Flood Recovery Programme**
- 2) Infrastructure Services Portfolio Reports**
  - District Revitalisation Programme (Westport Waterfront)
- 3) Commercial & Corporate Services Portfolio Report**
  - Buller District Ports Package
- 4) Community Services Portfolio**
  - Buller Planting Project
  - Community Halls and Memorials

#### **4. THREE WATERS REFORM PROGRAMME UPDATE**

- 1) Three Waters Reform Funded:**
  - Westport Water Supply Trunk Main Stage 2
- 2) Council Funded:**
  - Waimangaroa Water Supply Upgrade

## Westport Flood Recovery Programme

### Project Details

<b>Location and Region:</b>	Westport, Buller District, West Coast
<b>Reporting Period:</b>	For period ending June 2022 (Recovery office will close end July)
<b>Programme Principal/Recipient:</b>	Buller District Council
<b>Programme Partner(s):</b>	NEMA, DIA, Ministry for Business, Innovation & Employment (MBIE), Ministry for Primary Industries, MSD, TAS, RAS, Ngai Tahu, WCDHB, DWC, Homebuilders, Ministry of Health, Insurance Council NZ, TPK, Te Ha O Kawatiri, Ngati Waewae, Buller REAP, No. 37, Poutini Waiora.
<b>Recovery Manager:</b>	Bob Dickson
<b>Programme goal:</b>	To restore and enhance our place by rebuilding our communities in a future focused way as we move towards a strong, resilient, and successful Buller District.
<b>Events Context:</b>	<p>Heavy rainfall from Thursday 15 July 2021 to Sunday 18 July 2021 caused significant flooding within Westport and across the Buller District, from both the Buller River and the Orowaiti estuary.</p> <p>The flow breached Westport's flood defences, with 826 properties and over 2,000 people requiring evacuation.</p> <p>Out of 1983 dwellings in Westport town, 23% of the housing stock will need repair to make them habitable.</p> <p>The event response moved to recovery phase in August 2021.</p> <p>A further "Red Flagged" flood event took place on 2nd – 4<sup>th</sup> February 2022. An emergency declaration was enforced and an evacuation plan for at risk portions of the town enacted.</p> <p>A third flood event occurred on 9<sup>th</sup> -11<sup>th</sup> February. Again, an emergency declaration was enforced, and mandatory evacuations were carried out. This event also caused widespread infrastructure damage across the Buller District and resulted in significant damage to rural farms.</p> <p>A further event of localised rainfall occurred at Granity early March causing slips, debris flows, houses at risk (2 red, 1 yellow) and loss of property.</p> <p>The goal of the recovery programme is to restore and enhance our place by rebuilding our communities in a future focused way as we move towards a strong, resilient, and successful Buller District.</p>

## Project Overview/Traffic Light Status/High-Level Summary

### Key

G = Green; On time, meeting budget and no significant risks or issues

A = Amber; Some delay, risk, or issue. R = Red; Needs attention, delay, risk, issue, or budget situation that threatens completion or is cause for concern

↑ indicates improving, ↓ indicates deteriorating

Aspect	Status	Comments
Overall:	A ↑	Sound inter-agency support continues, the programme actions will continue to be met, the rebuild has a positive momentum (noting constraints of supply issues) and the Community Hub remains the focal point of the overall programme. Welfare and social support needs remain as a priority. Navigator programme extended for a further 6 months with contributing community groups and Poutini Waiora.
Budget:	A ↑	A changing picture that reflects the recent events and work underway to carry out rapid assessments and build an understanding of the extent of damage and QS likely costs to reinstate. Tranche 2 funding request submitted to NEMA for infrastructure repairs
Scope:	G	As per the revised Recovery Plan. This plan now reflects the changed circumstance of additional floods plus slips. By May the exit process will be under action with contributing agencies and community groups to ensure a smooth transition.
Resource:	A ↑	Revised to meet the immediate needs of the programme. Additional communications support and infrastructure support in place.
Schedule:	G	Timings as per the RAP with links to staff exiting the programme, workshops with supporting groups and building a picture of what the transition from Recovery to BAU looks like within an agreed time span.
Risks / Issues:	R	The extent of the Covid spread within our community is increasing and the potential implications for contributing community groups leading the Community Hub have yet to impact. We need to understand what demands may arise on those teams and the flow on effect on the social recovery for people in close proximity accommodation should a Covid outbreak occur. (no change)

## Recovery Plan Outcomes

### The five environments (or paths to recovery)

Environment	Outcome	Status/Comments	Key Risks	Next steps
1. Community	<ul style="list-style-type: none"> <li>Essential needs of individuals and whānau are met and community health and wellbeing are supported.</li> <li>Community spirit, pride and resilience is strengthened.</li> <li>Families/whānau have healthy homes to move into.</li> </ul>	<ul style="list-style-type: none"> <li>Community kitchen operational and becoming more popular each week. Great place for social connection.</li> <li>Rotary helped repair 5 homes and paint Stafford St houses. Kainga Ora staff also helped to paint houses.</li> </ul>	Winter weather conditions may increase anxiety in the community, particularly heavy rain events. Plus, there are still a large number of people living in temporary, unrepaired, or partially repaired homes that may not be suitable for	DIA to extend Community Kitchen Contract with No37 Community House. Continue to provide support through the Hub and Navigator programme. Navigators touch base with clients when we have

Monthly Report

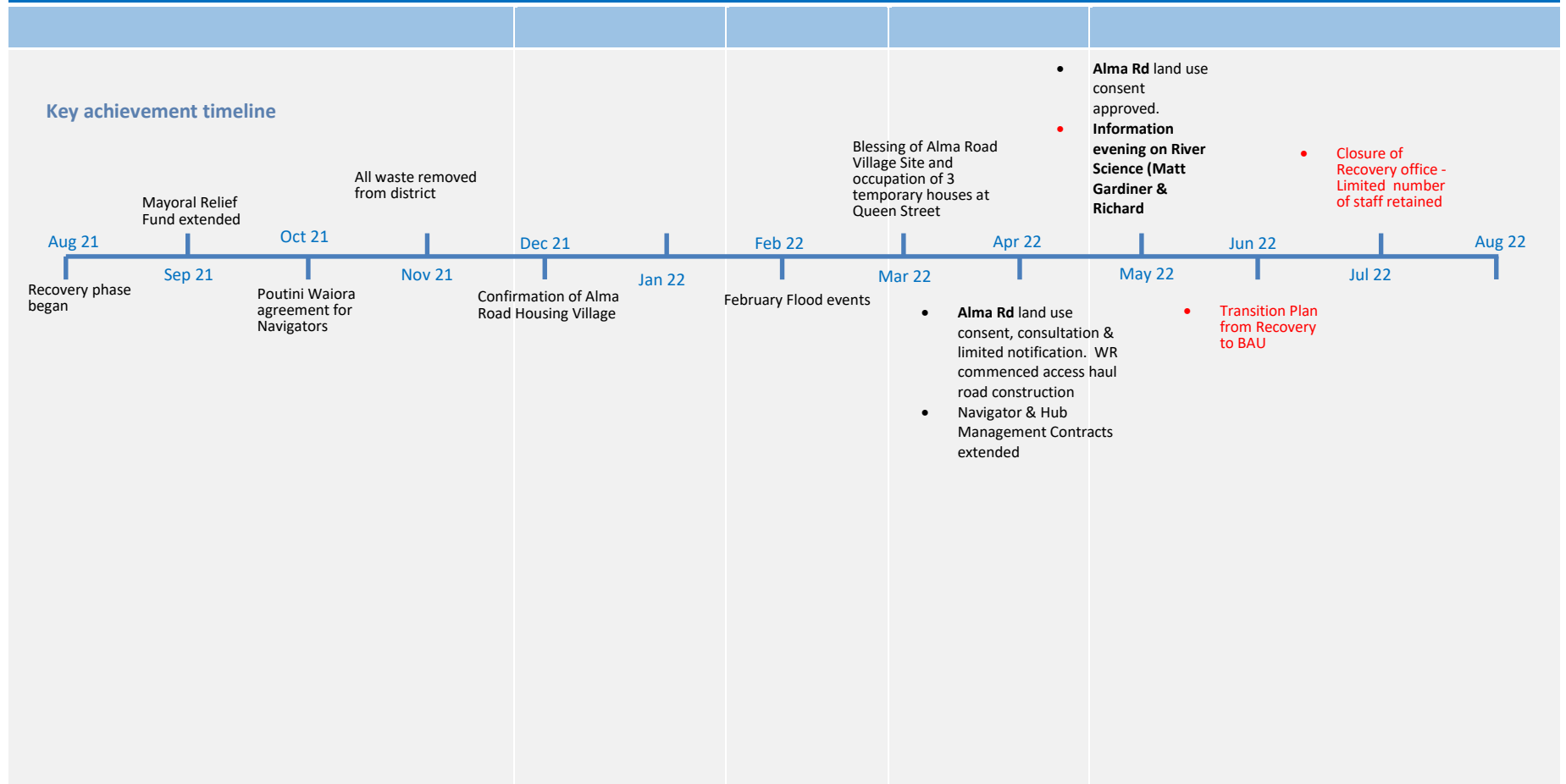
Page 2 | 8

		<ul style="list-style-type: none"> <li>• Navigator Service to continue after Sept 2022 and to transition to resilience support as well as individual client support. Navigator cases have dropped but those left are more complicated. From Operation Outreach forms that have been returned we know that many in our community, including some who have returned to repaired homes are struggling mentally. They are tired and angry and every time it rains, they worry about the safety of their belongings.</li> <li>• Operation Outreach II. Questions sent out in a mail drop to all Yellow and Red Homes to try and get an accurate gauge of repairs and ongoing/changing needs.</li> <li>• Opinions Marketing Engaged to carry out Wellbeing survey for Flood Recovery Transition. Partnership with CPH, PHO, DHB and Iwi.</li> </ul>	<p>winter weather conditions.</p> <p>TAS cabins are less than suitable for some of our more elderly and vulnerable clients during these wet winter months. Issues with condensation and mould.</p>	<p>orange or red warnings.</p> <p>Have spoken to TAS – Also Navigator co-ordinators have spoken to TAS about some cabin issues.</p> <p>Partner with NGOs, Community Groups and DHB to support wellbeing programmes</p> <p>Engage community closely in the recovery Programme.</p> <p>Keep assessing changing needs so the Recovery Programme is responsive and agile.</p>
			<p>Risk of not reaching all households with Outreach programme. We will continue to promote the importance of the completion of the forms</p>	<p>Follow up emails and phone calls will be made to try and capture those who do not return hard copy form. To date 120 forms have been returned to Flood Recovery office. Navigators will be following up with any welfare needs. Some queries have been redirected to BDC BAU.</p>
			<p>Time is limited to ensure we capture good representation from the Community. The survey report will now not be completed until late August.</p>	<p>We will target specific community groups and major employers to ensure survey has greater reach. Delay in finalising questions to ensure survey is not too onerous but still captures the data that is needed has meant survey will not be released until Friday 8<sup>th</sup> July.</p>
				<p>Navigators to identify affected properties so contaminated waste can be collected and disposed of</p> <p>BDC and WCRC need to</p>

2. Natural/Rural	<ul style="list-style-type: none"> <li>The impact of the flood and its recovery does not leave lasting negative environmental effects on our land, water, and coastal environments.</li> <li>The primary sector is fully supported and functioning.</li> </ul>	<p>MPI and Rural Support network have been very active along with MSD, Fed Farmers, Dairy NZ.</p> <p>Need for update to community on future of Westport</p> <p>Rural Mayoral Relief February funding closes 17<sup>th</sup> June for applications</p>	<p>Due to lack of information around the future of the town and resilience planning, the risk of anxiety levels in the community are increasing.</p> <p><b>Rural MRF fund – received 28 applications in total. Representatives from Westland Milk Products, FMG insurance Rural support service and Tasman and District councils were included in the Rural MRF committee. Moderators were agreed to and funds allocated as per moderators. All funds were distributed.</b></p>	communicate next steps in resilience planning
3. Built	<ul style="list-style-type: none"> <li>Homes are re-built and re-occupied.</li> <li>Three waters infrastructure and services are restored.</li> <li>The community understands and supports the level of flood protection provided</li> </ul>	<p>50% IAG claims completed, including 74 managed builds and 90 cash settlements, as at end of May 2022</p> <p>8 temporary houses for displaced persons are completed and occupied. MBIE are fast tracking a 20 house accommodation option at Alma Road plus 2 additional houses at 177 Queen St; pending consenting approvals. TAS Accommodation extended to end April '22 then reviewed.</p> <p><b>Landscaping and porches completed at Queen and Stafford Streets</b></p>	<p>Rebuild delays for flood affected homes will add to the anxiety levels. (covid, supply chain)</p> <p>Fast tracking Alma Road accommodation; AIF integration, consenting, legal agreements, consultation timeframes compromising Govt funding. Gib shortage creating delays in rebuild.</p> <p>Some Community conflicts to MBIE – TAS Alma Rd development.</p>	<p>Progress subdivision RC application for 177 Queen St. Landscaping at 3 Stafford and 177 Queen St, to complete siteworks &amp; meet RC condition. MBIE continue fast tracking Alma Rd development options, including AIF integration. Work with contractors on providing specialised information and options for flood affected households on raising of house levels.</p>
4. Economic	<ul style="list-style-type: none"> <li>Support is targeted to help restore businesses and to provide certainty around business and employment continuity.</li> <li>Opportunities for future economic growth and resilience are fully explored and implemented.</li> </ul>	<p>Regenerating the Economy recovery plan developed. Business survey completed, but not a representative sample. Anecdotal insights.</p> <p>New business recovery web page set up. Register now button to learn what assistance needed for small business owners</p> <p>Recovery business lead is working closely with DWC to gauge what (if</p>	<p>Lack of business support programme could add to anxiety levels of small business owners.</p> <p><b>Operation Outreach forms have identified that some business owners and rental property owners are struggling with the ongoing challenges and costs of the rebuild process.</b></p>	<p>Identify the businesses impacted by the flood through web page and Facebook</p> <p>Engage with local business to understand needs</p>

		any) further support is required.		
5. Partnerships	<ul style="list-style-type: none"> <li>• Appropriate account is given to the principles of the Treaty of Waitangi and foster opportunities to maintain and improve Māori contribution in the recovery programme.</li> <li>• Nurture the special relationship tangata whenua have with te taiao (the environment) and their economic, cultural, and spiritual values, including their role as Kaitiaki</li> <li>• Cultural Community Hub Feasibility Study – Feldspar scoping work required for feasibility study. Hub to include housing NGOs, Cultural centre and evacuation centre</li> </ul>	<ul style="list-style-type: none"> <li>• Poutini Waioara is lead agency for the navigator programme.</li> <li>• Ngāti Waewae is a key member of recovery team.</li> <li>• Local NGOs partnership are integral to Community wellbeing.</li> </ul> <p>Financial and non-financial support from MBIE, DIA, MSD, MPI and DHB for both Flood Recovery and local NGOs is critical in ensuring recovery can transition to community groups and NGOs.</p> <ul style="list-style-type: none"> <li>• This is proving to be a very good support model and uptake is high. Its value is evident in the wrap around social support available and positive client commentary.</li> <li>• TPK continues to provide support to affected Māori households and families</li> <li>• Homebuilders, Buller REAP, Te Ha O Kawatiri, Ngati Waewae Ngati Apa, BDC working together around feasibility study for permanent Community Hub, Cultural Centre and Evacuation Centre</li> </ul>	<p>NGOs are a critical component of the recovery support. Risk from burnout and anxiety from exposure to Covid and increased risk of weather events.</p> <p>Finding suitable site.</p>	<p>Continue to engage with tangata whenua and local agencies and respect and work with the kaitiaki role</p> <p>Project flagged to be included in Resilience Business Case as a Co-investment project.</p> <p>Project flagged in 3 waters as a Build Back Better project. Engagement with Ngati Waewae and Ngati Apa essential for Cultural component of Hub project.</p>

## Milestones



## Summary of Services

Community Hub Services include:



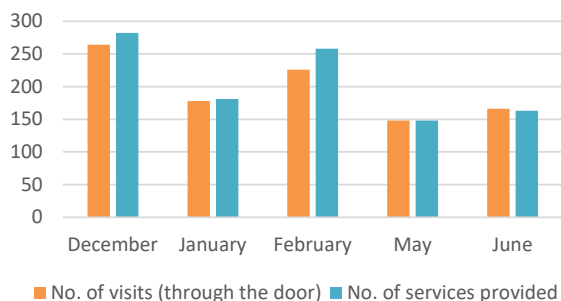
- TAS
- MRF
- Food vouchers
- New needs assessment
- Increased anxiety from Feb event
- Community desire for info on flood mitigation
- RAS
- Insurance
- Navigator referral

Total visitors to the Community Hub: June 2022	166
Navigator service	41
Visitors	30
Other	43
Covid	3
Insurance	12
MRF	3
TAS	0
Te Ha O Kawatiri *	12
Community Hub	16
Voucher	3
Other = dropping off Operation Outreach forms	

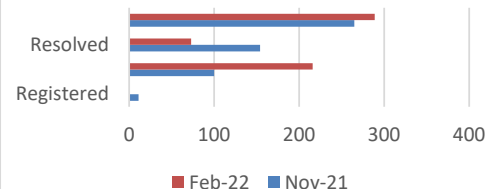
### Community Hub Report – June

- Number of visitors declining – mostly to see appointed Navigator
- A few coming in need of assistance and referred to Navigator
- Survey responses being dropped in
- Still seeing regular requests for food parcels
- Snodgrass and Granity residents calling
- High anxiety with heavy rainfall
- Damp houses causing issues
- Lack of affordable rental accommodation
- Positive Ministerial visit
- Te Reo Classes held at Hub

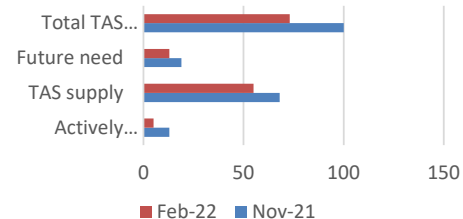
### Community Hub



### TAS Summary



### TAS Managed Households



## House assessments

Red: entry prohibited Yellow: restricted  
White: can be used



76

69



438

322



159

233

Numbers will be updated after the Outreach survey.

Monthly Report

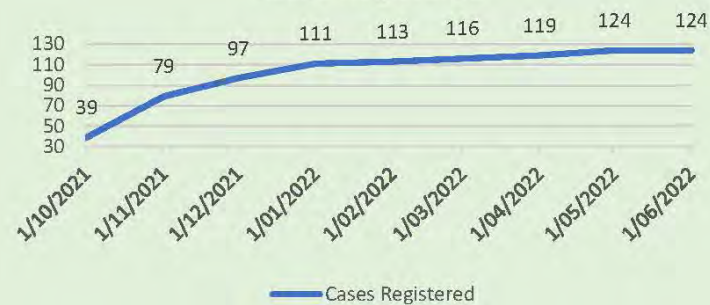
1 June 2022

## RAS Westport Flooding Response

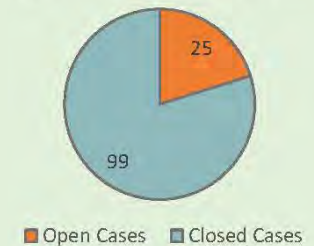
Calls Received:

41

Cases Registered



Open vs. Closed Cases



Closed Cases



Open Cases



### Key Points

- 1) Final planned visit has been completed, RAS is now moving to individual queries as required,
- 2) Most people being supported by RAS are now moving back into their homes,
- 3) Rental needs seem to be reducing with a flow on effect to accommodation allowances,
- 4) National supply shortages do not seem to be impacting as much as in other areas, RAS operates with reasonable supply of gib etc,
- 5) RAS continues to support the navigation service as required.

## Financials to date 31/5/22 (excl. GST)

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

Item	Appropriation Amount	Actual Spend to Date	Claims submitted to date	Current Claim – June 22	Forecast cost to complete (remaining)	Forecast cost at completion	Project Variance	Commentary
Initial Welfare Response Advance (NEMA)	\$1,000,000	\$ 322,694	\$322,694	\$0	\$0	\$322,694	(\$677,306)	July & Feb welfare claims. Variance of advance to be deducted from 60% portion of infrastructure claims.
Solid Waste Management (NEMA)	\$1,500,000	\$ 859,845	\$ 840,347	\$8,018	\$859,845	\$874,000	\$626,000	July appropriation - \$380k of funding reappropriated to Westport Water and \$270k to February Waste removal
Community Hub and Connectors (Navigators) (NEMA)	\$1,000,000	\$ 1,180,928	\$631,367	\$360,635	\$329,072	\$1,510,000	\$510,000	\$500,000 funding sourced from DIA and \$10k donation
Temporary Village Infrastructure NEMA)	\$ 650,000	\$137,264	\$0	\$137,264	\$650,000	\$650,000	\$0	Extension of time requested to NEMA due to weather and supply issues. Forecast completion October
Immediate response and recovery costs (NEMA)	\$1,450,000	\$ 505,057	\$233,080	\$98,748	\$944,943	\$1,450,000	\$0	Request for extension to FY23
Interim funding to the - Recovery team, Surge BAU & Resilience (DIA)	\$3,250,000	\$ 1,158,542	\$1,721,818	\$0	\$ 2,091,458	\$3,250,000	\$0	Further advance to be submitted in June
Infrastructure costs to date excluding roading		\$ 1,366,112	\$283,993	\$0	\$0			Eligible infrastructure costs will be claimed from 1 July from NEMA (Tranche 2 funding)
Westport Water	\$1,685,000	\$575,521	\$0	\$575,521	\$485,964	\$1,061,485	\$623,515	\$380k of funding reappropriated by Cabinet from Solid Waste. 60% of cost will be eligible funding (subject to review)
<b>Total</b>		<b>\$6,105,963</b>	<b>\$4,033,300</b>	<b>\$1,180,186</b>	<b>\$5,361,282</b>	<b>\$9,118,179</b>		

## Risks/Issues

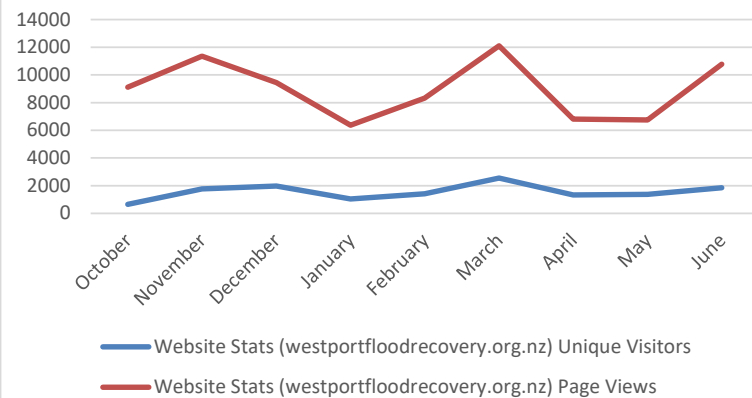
Key risks and/or issues arising are detailed below

Risk/Issue	Magnitude	Likelihood	Mitigation
<b>Full, detailed risk register is maintained by the project team, the following are the most significant risks or issues, or those that have communications implications</b>			
Another significant flood or crisis event	High	Moderate	WCRC have released a letter to the community on planned flood protection for the town. Given recent events levels of anxiety within the town are high
Supply chain seems to be generally holding although bathroom and some internal mouldings difficult to obtain.	Moderate	Moderate	Letters of support requesting assistance from Winstone's for supporting our local M10 with wallboard supplies have been sent by the mayor and local MP. M10 advise that Gib supplies aren't likely to be resolved until late September.
COVID pandemic - general	Moderate	High	Processes and hygiene systems in place to enable work continuity to continue.
COVID traffic light system potential to cause problems accommodating unvaccinated displaced residents	High	High	TAS has made alternative arrangements to accommodate (no change)
Community anger and increasing social and health issues	Moderate	High	Increasing communications and engagement activity in place.

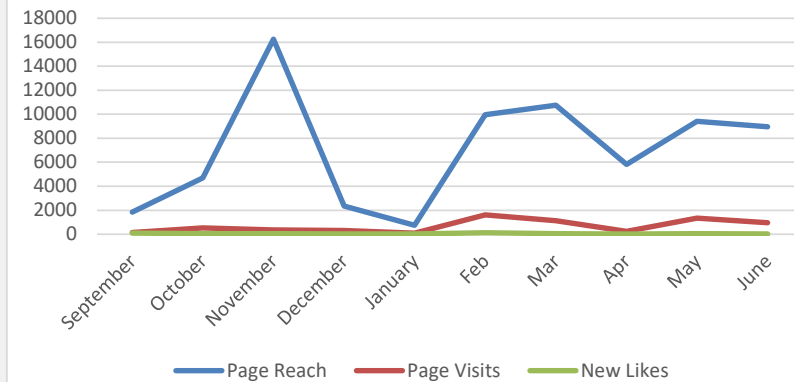
## Communications & Events

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

### Website Stats - Buller Flood Recovery



### Facebook - Buller Flood Recovery

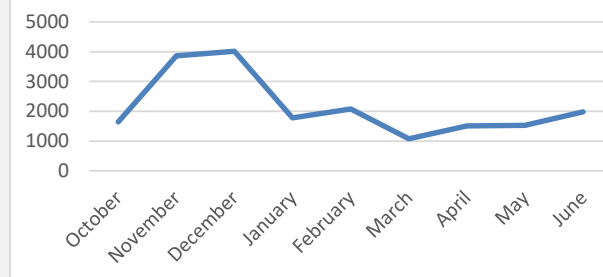


- **Media Coverage** Fortnightly full page article on flood recovery in Westport News
- Articles in local newsletters
- Website updated with news and text bursts
- Weekly recovery roundup through txt bursts
- Double page spread in Westport News summarising the multi-tool Business Case

#### Events

- Afternoon Tea for the Elderly 17<sup>th</sup> June
- John Kirwan Rural event 13<sup>th</sup> July
- Men's Event (July)

### TXT Bursts sent



## Infrastructure Programmes – District Revitalisation – Monthly Status Report – June 2022



Reporting Period:	For the month ending 30 <sup>th</sup> June 2022
Project Principal:	Buller District Council (BDC)
Project Partner(s):	MBIE via Tourism Infrastructure Fund, KiwiRail
Programme Manager:	Mike Duff (Acting)
Project Manager/s	<ul style="list-style-type: none"> <li>Westport Waterfront “The Riverbank”:                             <ul style="list-style-type: none"> <li>Phase 2:                                     <ul style="list-style-type: none"> <li>Stage 3b TIF Connector Trails – Glenn Irving</li> </ul> </li> </ul> </li> </ul>

Project aspect	Status	Comments
Overall:	G	With Phase 1 now completed, work continues on Phase 2 MBIE-funded TIF Stage 3b Connector Trails. An extension of time of 3 months has been approved by MBIE to 30 September. PIP Steering Committee has supported to proceed with south connector along the Esplanade ahead of stop bank completion. Scope of work under development for the north trail to provide safe thoroughfare and wayfinding to the floating basin and river trails. Additional riverbank landscaping can now proceed with 2022/23 AP funding via Council-led district revitalisation. Continue to seek external funding opportunities for future stages including Riverbank placemaking (\$1.3M) and the town precinct Pedestrian Plaza (\$1.2M).
Budget:	G	Phase 2 – TIF Stage 3b \$300k Total available budget \$300k.
Scope:	G	Phase 2 – Connector Trails (south to Buller Bridge, north to Floating Basin), town precinct traffic flow, parking. Additional riverbank landscaping. Future stages subject to funding including Riverbank placemaking and the town precinct Pedestrian Plaza.
Resource:	G	All key integrated owners team appointments completed as per resource plan.
Schedule:	G	Phase 2 connector trails by September 2022.
Risks / Issues:	G	Maintained in Risk Register, summary key risks all under management. Further Covid considerations under framework protocols.

State of Play	
Last Month (to June)	Next Month (July)
<ul style="list-style-type: none"> <li>Continuation of Phase 2 TIF connector trails</li> <li>North connector scope definition progressed (route selection, wayfinding, line marking)</li> <li>South connector Esplanade route and construction methodology defined</li> </ul>	<ul style="list-style-type: none"> <li>Continuation of Phase 2 TIF connector trails</li> <li>North connector scope definition (route selection, wayfinding, line marking)</li> <li>Commence riverbank landscaping and south connector construction</li> <li>Ongoing advocacy for external funding for future stages including Riverbank placemaking and the town precinct Pedestrian Plaza.</li> </ul>

Financials				
Approved Budget	Spend to Date	Forecast cost at completion	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>Forecast position (surplus/deficit) at completion</i>	<i>Explanation for variance and what is needed.</i>
<b>Phase 2</b>				
Stage 3b TIF - \$300K	\$120K	\$300K	0	TIF Funding Agreement – Connector Trails (42135509). Additional riverbank landscaping via 2022/23 AP Council-led District Revitalisation.
<b>Total: \$300k</b>	<b>\$120K</b>	<b>\$300K</b>	<b>\$0</b>	

Milestones				
Milestone	Baseline Date	Actual Date	% Complete	Comment
1) Phase 2 (Stage 3b)	30/09/22		40	Extension of time to 30 Sep 2022 approved by MBIE

	Project Road Map/Schedule																		
Project task	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug
Phase 2 (Jul 21 – Sep 22)																			

Productivity Outputs (for Provincial Development Unit)	
What is the number of people who worked on this project in any capacity this month as a result of TIF funding?	4
How many of these are Contractors – building, construction, project management	2
How many of these are Consultants – advisory services, feasibility studies	2
How many of these are part time (Less than 30 hours per week)	4
How many of these are full time? (30 + hrs per week)	0

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

### Project Details

<b>Location and Region:</b>	Westport, Buller district, West Coast
<b>Contracted Amount:</b>	\$3,300,000 excl. GST
<b>Reporting Period:</b>	For period ending 30 <sup>th</sup> June 2022
<b>Project Principal/Recipient:</b>	Buller District Council
<b>Project Partner(s):</b>	Ministry for Business, Innovation & Employment (MBIE)
<b>Project Manager:</b>	Phil Rossiter
<b>Programme Outcomes:</b>	(a) new employment, the preservation of jobs and the redeployment of workers in communities and within the infrastructure sector hit by COVID-19; and (b) investment toward a more productive, sustainable, and inclusive economy, enabling our regions to grow and support a modern and connected New Zealand.

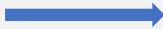
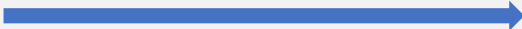
### Project Overview (High-Level Summary)

Aspect	Status	Comments
<b>Overall:</b>	<b>A</b>	The project is following its planned trajectory, albeit with delays in several key project components due to Covid-19 and Westport flood factors.
<b>Budget:</b>	<b>G</b>	\$3.3M has been secured from the COVID-19 Response and Recovery Fund for two key strategic areas: 1) \$2M for Westport gravel removal and wharf back-sheathing repairs; and 2) \$1.3M for investment and repairs, maintenance and upgrades to the bulk shipping and fishing precincts. The budget is considered sufficient to achieve the project intent. Additional private investment is following this catalyst funding.
<b>Scope:</b>	<b>A</b>	The project intent is clear, and a detailed scope has been evolving in response to unforeseen changes (i.e., the July 2021 and February 2022 floods) that have changed the focus and sequencing of work in the bulk shipping precinct. Three principal key tasks remain, namely 1) Major port entry/exit/security upgrade and reconfiguration; 2) Harbourmaster office repair and upgrade; and 3) final gravel extraction extraction/dredging (4 days remaining).
<b>Resource:</b>	<b>A</b>	Contractor resourcing and availability is constrained and is having an impact on timeliness. This is not just Covid-related, but more so because of July 2021 and February 2022 flooding.
<b>Schedule:</b>	<b>A</b>	The project schedule has been extended until August 2022, however on-going constraints on contractor availability will further delay two of the three key remaining tasks (items 1 and 2 in the Scope field above). Discussions with contractors indicate all works can be completed this year. One final contract variation will be required to extend to the project timeline.
<b>Risks / Issues:</b>	<b>G</b>	No significant/acute project risks have been identified at this stage, other than the low to moderate issues declared later in this report.

## State of Play

Last Month	Next Month
<ul style="list-style-type: none"> <li>The dredge crew were rostered on in June although inclement weather and river flows precluded dredging in the early part of the month. Excellent gains were achieved from the 19<sup>th</sup> of June however, and just 4 days of dredging remains to fulfill the dredging plan. The dredge crew is rostered off in July but will return in August to complete the work.</li> <li>Upgrade designs were completed for the harbourmaster office to address seismic, waterproofness, and asbestos concerns. Contractor discussions and planning were completed.</li> <li>Intensive and detailed scoping and planning of the upgraded site entry/exit was concluded with electronic security providers to ensure a modern, fit-for-purpose, and futureproof system. Plans and costings were finalised, and contractor/supplier discussions were completed.</li> </ul>	<ul style="list-style-type: none"> <li>Seek contract variation (time extension) with MBIE to December 2022 (from August 2022).</li> <li>Progress procurement of harbourmaster office upgrade and repair.</li> <li>Progress procurement of Port entry/exit redevelopment.</li> <li>Progress discussions with NEMA about bulk wharf repair/reinstatement to determine scope and nature of potential repairs in the bulk precinct.</li> </ul>

## Project Road Map/Schedule

Programme/Project task	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Comments
Work Programme A: Westport gravel removal and seawall repairs							Project scheduled (and on target) for completion by August 2022, in-line with expectations.
Work programme B: Westport bulk shipping and fishing precincts							Project completion date still facing uncertainty due to contractor availability. Current target is by September 2022, but likely to require extension to December 2022.

Milestones				
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme A: Westport gravel removal and seawall repairs</b>				
Award design contract	30/09/2020	21/12/2020	100	Engineer (WSP ChCh) appointed for expert input and advice on wharf structures. Hydrological and survey input appointed for gravel extraction
Award procurement contract	30/10/2020	1/04/2021	100	Gravel extraction is river based; therefore, dredge is required and will be used
Obtain all consents	30/11/2020	1/04/2021	100	Consents in place for river-based dredging
Award construction contract	30/11/2020	30/04/2021	100	Gravel extraction is river-based; therefore, dredge is required
Complete construction	30/04/2021	30/06/2022	85	Underway and on-going. >130,000m <sup>3</sup> of gravel removed – targeting 150,000m <sup>3</sup> plus
Opening event	31/03/2022	31/08/2022	0	
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>				
Award detailed design contract	30/10/2020	31/01/2021	100	Innumerable design tasks – not one design contract
Award procurement contract	30/10/2020	30/04/2022	50	Innumerable tasks and therefore not setting up for one procurement contract. Tasks being procured in-line with scale and complexity and procurement guidelines. Milestone may need to be redefined
Obtain all consents	31/12/2020	31/05/2021	0	Yet to be defined/commence
Obtain all property rights	31/12/2020	31/05/2021	0	Yet to be defined/commence
Award construction contract	28/02/2021	30/04/2022	50	Some construction/repair/maintenance tasks already underway
Complete construction	28/02/2022	30/11/2022	0	Current estimate is November 2022 completion for all tasks
Opening event	31/03/2022	10/12/2022	0	This timeframe is potentially at risk and is subject to monitoring

## Financials

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

Programme/Project Item	Indicative Cost	Actual Spend	Forecast (remaining) cost to complete	Project Variance	Commentary
<b>Work Programme A: Westport gravel removal and seawall repairs</b>					
Project management and coordination	\$75,000	\$106,000	\$7,500	-\$38,500	Additional planning and task coordination required
Engineering assessments and design	\$35,000	\$36,945	\$7,500	-\$9,445	Minor positive variance forecast
Consents	\$10,000	\$0	\$0	\$10,000	No consents identified as required
Procurement, legal and tenders	\$20,000	\$0	\$0	\$20,000	Less legal/procurement input likely to be required (than forecast)
Civils works/site works for gravel extraction	\$1,400,000	\$1,610,000	\$70,000	-\$280,000	Significant gravel volumes identified requiring extraction
R&M to seawalls/wharf back-sheathing	\$460,000	\$17,980	\$50,000	\$392,020	Positive variance forecast
<b>Component Total</b>	<b>\$2,000,000</b>	<b>\$1,770,925</b>	<b>\$135,000</b>	<b>\$94,075</b>	<b>Positive variance forecast for Component A</b>
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>					
Project management and coordination	\$40,000	\$21,410	\$35,000	-\$16,410	Additional planning and task coordination required
Procurement, legal and tenders	\$20,000	\$15,829	\$3,000	\$1,171	Less legal/procurement input forecast
Design and engineering assessment and consents	\$30,000	\$96,417	\$30,000	-\$96,417	Intensive engineering design and assessment input required
Civil works/site works	\$1,210,000	\$488,325	\$700,000	\$21,675	Positive variance (surplus) forecast at this stage.
<b>Component Total</b>	<b>\$1,300,000</b>	<b>\$621,981</b>	<b>\$768,000</b>	<b>-\$89,981</b>	<b>Negative variance forecast for Component B</b>
<b>PROJECT Total</b>	<b>\$3,300,000</b>	<b>\$2,392,906</b>	<b>\$903,000</b>	<b>\$4,094</b>	<b>Minor positive variance (surplus) forecast for total project</b>

## Employment Outcomes

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

Programme/Project Element	Total people working	No. previously unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women	Job Type (Full-time; Part-time; Contractor; Consultant)
A (Gravel extraction)	6	0	1	0	1	0	0	
B (Bulk and Fishing Precinct)	13	0	10	0	0	0	1	2 BDC staff; 11 contractors/ consultants
<b>Total</b>	<b>19</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	

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

Current Jobs	No. of people previously but no longer employed on the project	Expected jobs in the future
19	Nil (for the reporting period)	Approximately 15-20 further roles/jobs are forecast for the life of the project.

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

Nil

## Risks/Issues/Opportunities

Key risks and/or issues arising are detailed below

Risk/Issue	Magnitude	Likelihood	Mitigation
(Issue – Schedule Slippage) – A time extension will be required given key remaining tasks for Component B require contractors that are very stretched due to the knock-on effect of local flooding events and Covid. Contractor resourcing has been tagged for remaining tasks however, and all should be completed by the end of 2022	Low-Moderate	High	Maintain close communication with contractors and communicate and report outcomes. Requires a contraction variation with MBIE.
(Issue – Flood Damage to Bulk Wharves) – Flood damage has impacted the bulk precinct wharves and planned improvements are no longer prudent unless larger structural repair/reinstatement can be undertaken (beyond the means and scope of this project). This has impacted on planned works in the bulk precinct.	Moderate	High	Continue discussions with NEMA to determine whether associated flood repairs can be funded and undertaken to enable work to proceed.

## Social Procurement Outcomes

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

Outcome	Measure	Status/Comments
Employment of targeted workers	Prioritising workers identifying as: 1) Local (in-region) workers; 2) Māori or Pasifika; 3) Employment of women prioritised where possible	11 of the 19 personnel involved in the project for the reporting period were local. One identified as a targeted worker in relation to gender. The extent to which the measure can be controlled by the project is somewhat limited and is significantly influenced by contractor workforce composition.
Local businesses	75% of the direct contracts and sub-contracts associated with the project will be awarded to businesses owned and operated by people who reside and operate in the region	Local business involvement is tracking above the target threshold.
Worker conditions	100% of workers engaged on the project will be paid the living wage or greater and 100% of employees will be covered and managed by a fit-for-purpose and current health and safety system	Target fully met to date and is expected to be achieved for project duration. This measure will be monitored and reported as the project progresses
Environmental responsibility	Adoption of practises that enable the project to be delivered sustainably, including by: <ul style="list-style-type: none"> <li>- protecting or enhancing the local ecosystem and its indigenous biodiversity</li> <li>- actively seeking to minimise the carbon impact of project delivery, to support the transition to a net zero emissions economy</li> <li>- minimising waste, re-using materials, and where possible incorporating the principles of the circular economy</li> <li>- using water resources efficiently</li> <li>- using low-impact, sustainably and locally sourced materials and products; and/or</li> <li>- including resilience to the impacts of a changing climate</li> </ul>	In-progress. Biggest impact and contribution to environmental responsibility will be delivered via the construction (and operational) phase of the project. Several planned works relate specifically to environmental risks. This measure will be monitored and reported as the project progresses

## Communications

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

Completion of the gravel extraction programme in August will provide the next key milestone update.

## Additional/Other Information

Nil.

**Worker Redeployment Buller Planting Project: Final Report for the Ministry of Business,  
Innovation and Employment (MBIE)**

**30 June 2022**

**Context**

In May 2020, the Buller District Council was awarded \$900,000 as part of MBIE's COVID-19 response – redeployment and acceleration package.

This 'Final Report' fulfils Funding Agreement clause 7.1(b), which requires a Final Report be submitted to MBIE within 1 month of the Completion Date.

**Items for Reporting**

The Final Report requires nine items (i – ix) to be addressed:

- i. an analysis of how the Funding has enabled the Recipient to achieve the key outcomes of the Project.
- ii. how the Funding has reduced the economic impacts of COVID-19 in the region;
- iii. the number of jobs that were created during and resulting from the Project;
- iv. the number of displaced workers redeployed during and resulting from the Project;
- v. how the Project has increased social inclusion and participation;
- vi. how the Project has contributed to Māori development (if applicable);
- vii. how the Project has contributed to New Zealand's climate change commitments and environmental sustainability (if applicable);
- viii. how the Project has increased regional and national resilience by improving critical infrastructure and/or growth and diversification of the economy (if applicable); and
- ix. any other information that is notified by the Ministry in writing to the Recipient.

**i. Analysis of how the Funding has enabled the Recipient to achieve the key outcomes of the Project**

In Schedule 1, clause 1.3 of the Funding Agreement details the following outcomes:

- (a) Initiation within two months of the COVID-19 lockdown ending;
- (b) Redeployment of workers displaced by COVID-19;
- (c) Funded work is additional to the Recipient's existing funded work programme; and
- (d) Prioritisation of vulnerable groups that are most likely to suffer job losses. (This may include Māori and Pasifika workers, but this group will be determined in each region).

**(a) Initiation within two months of the COVID-19 lockdown ending**

New Zealand's first COVID-19 lockdown ended on 13 May 2020 with the nation moving to Alert Level 2. The contract for managing the project was let on 11 June 2020 and the first monthly progress report was submitted end July 2020. By this time, six people had been employed under the project and approximately 1,000 seedlings had already been procured and planted at North Beach in Westport.

**(b) Redeployment of workers displaced by COVID-19**

Focus on employment was on those displaced by COVID-19. A total of seven people were employed during the life of the project, with five of these people previously unemployed and/or displaced directly by COVID-19.

**(c) Funded work is additional to the Recipient's existing funded work programme**

The contract was entirely additional to the Buller District Council's existing funded work programme and allowed for significant coastal resilience and erosion control activities to be undertaken.

**(d) Prioritisation of vulnerable groups that are most likely to suffer job losses**

The Buller District has experienced significant socio-economic deprivation issues (often fluctuating with extractive industry activity), including low levels of adult education and high levels of unemployment, for many decades. The Buller District Council worked with the Ministry of Social Development (MSD) to identify vulnerable groups and individuals for employment under the contract. Vulnerable groups included women, Māori and Pasifika workers, and people under the age of 25. Although some of the project's workers did belong to these groups and effort was made to prioritise employment for these groups, many project workers did not belong to any vulnerable group.

In Schedule 1, clause 3.3 of the Funding Agreement details the following Social Procurement Objectives:

- Increasing participation of Māori and Pasifika workers and enterprises to deliver goods, services and works;
- Delivery of specific local training and employment opportunities, especially for Māori, Pasifika and youth;
- Improving conditions for workers; and/or
- Supporting the transition to net zero emissions economy and helping the government meet its goal of significant waste reduction by 2050.

**(e) Increasing participation of Māori and Pasifika workers and enterprises to deliver goods, services and works**

As detailed in section (d), the project prioritised the employed of people belonging to groups of increased vulnerability. In addition, the project was focussed on restoring coastal areas to achieve environmental benefit as well as improved coastal resilience and protection from erosion. Plants were indigenous and the majority were locally sourced and/or eco-sourced which has improved the Mauri of these restored areas.

**(f) Delivery of specific local training and employment opportunities, especially for Māori, Pasifika, and youth**

Skills developed by project workers included:

- Native plant and weed species identification
- Plant care, good planting practices, and rehabilitation maintenance
- Native seed eco-sourcing
- Flax harvesting and preparing for transplanting
- Native plant nursery propagation techniques
- Teamwork and work ethic
- H&S when working outdoors

**(g) Improving conditions for workers**

All workers employed under during the project were provided with full PPE and given a full employment induction. Partway through the project, the Operations Manager who oversaw the contract stated that:

*"The team of workers is thriving on this opportunity and enjoying the work. Skills and work ethic of the team improves every week, and they are becoming very skilled at the work being undertaken."*

**(h) Supporting the transition to net zero emissions economy and helping the government meet its goal of significant waste reduction by 2050**

The project rehabilitated a total of over 38 hectares of degraded or vulnerable coastal land across the Buller District with a total of 67,262 native plants being planted, thus contributing directly to carbon sequestration gains and additional environmental co-benefits. In addition,

all materials used to support the planting project were biodegradable e.g., seedling stakes and protective covers.

**ii. How the funding has reduced the economic impacts of COVID-19 in the region**

The project has contributed by employing workers directly displaced from COVID-19 and has also supported a district that is underpinned by a local economy vulnerable to the effects of COVID-19. The international and domestic tourist sector, in particular recreational tourism, is one of the district's key local economies and was severely impacted over the past two years. The funding has provided a positive focus for our communities and has achieved environmental improvement and restoration outcomes as well as improved coastal resilience.

**iii. The number of jobs that were created during and resulting from the project**

A total of seven jobs (part-time or full-time) were created because of this project. Three workers have moved on to full-time employment with the contractor that oversaw the contract.

**iv. The number of displaced workers redeployed during and resulting from the project**

A total of five displaced / unemployed workers were redeployed during and resulting from the project.

**v. How the project has increased social inclusion and participation**

The project's Operations Manager stated:

*"It is our opinion that the project has been a great success. We have achieved an enormous amount over the last 18 months and made a considerable difference to coastal areas of the Buller. Not only in terms of revitalisation of some neglected ground by planting thousands of native species but also in some of the coastal areas where in time, the plants will assist with mitigation of coastal erosion. Furthermore, the project also gave some much needed opportunities to locals getting a gainful employment."*

Three workers now have permanent employment because of this funding.

**vi. How the project contributed to Māori development**

N/A

**vii. How the project has contributed to New Zealand's climate change and environmental sustainability**

The project rehabilitated a total of over 38 hectares of degraded or vulnerable coastal land across the Buller District with a total of 67,262 native plants being planted, thus contributing directly to carbon sequestration gains and additional environmental co-benefits. In addition, all materials used to support the planting project were biodegradable e.g., seedling stakes and protective covers.

**viii. How the project has increased regional or national resilience by improving critical infrastructure and/or growth and diversity of the economy**



N/A

**ix. Any other information that is notified by the Ministry in writing to the Recipient**

N/A

**Summary comments**

The Buller District Council is progressive and proactive and has a recent history of delivering large projects and meeting Funder expectations.

The Worker Redeployment Buller Planting Project has been successful in terms of building coastal resilience and protection against erosion control, environmental co-benefits for biodiversity and climate change mitigation, improving amenity and landscape aspects, as well as providing gainful and meaningful employment for workers post COVID-19.

The Buller District Council is appreciative of the funding received from MBIE that has enabled such positive outcomes for the district.

# MONTHLY REPORT



<b>Project Title</b>	Waimangaroa Reserve Hall, Waimangaroa
<b>Reference Number</b>	R07.02069.008
<b>Location and Region:</b>	Waimangaroa, Buller
<b>Contracted Amount:</b>	\$146,795
<b>Report Date:</b>	For the month ending June 2022
<b>Programme Outcomes:</b>	<ul style="list-style-type: none"> <li>• prioritise the employment of local workers displaced by the COVID economic crisis;</li> <li>• occur at pace, time being critical; and</li> <li>• assist in meeting the Social Procurement Objectives</li> </ul>

## 1. Project Updates

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

<b>Project Milestone</b>	<b>Details of progress</b>
Commercial Kitchen Fit-Out	The commercial kitchen equipment from 'Southern Hospitality Limited' is on site. The extractor has been installed and once the flooring in the kitchen is completed, the rest of the equipment will be fitted.
Carpentry- Building	All the Building/Carpentry work has been completed by various builders as mentioned below.
Plumbing	All the major plumbing work has been completed, once the flooring is done all the fittings such as Sinks and toilet bowls will be fitted. Expected completion – 30 <sup>th</sup> September
Gas fitting	Main gas works have been completed.
Electrical	All the internal wiring has been completed. New fittings will need some minor work done once in place. Expected completion – 30 <sup>th</sup> August
Flooring	Kitchen and Bathroom flooring are expected to be completed by 30 <sup>th</sup> July.

## 2. Redeployment Outcomes

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

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

Project Milestone	No. prev Unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women
Commercial Kitchen		0				
Carpentry		1				
Plumber		0				
Gas Fitter		0				
BDC Staff		2				
Flooring		0				
Electrician		0				
Total		3				

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

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

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

<b>Total Created Roles</b>	
Number of roles created by this project (add together contractors plus consultants).	
1	

<b>Contractor*</b>	<b>Consultant*</b>
Non-Employee providing contractor services (such as a fencing contractor, builder, fixed term contractor, etc.)	Non-Employee providing professional advisory services (such as an engineering consultant or architect, etc.)
1	0
<b>Full-time</b>	<b>Part-Time</b>
How many of the Total Created Roles worked over 30 hours a week throughout the reporting month	How many of the Total Created roles worked under 30 hours a week throughout the reporting month
1	0

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

People previously but no longer employed on the project	Expected jobs in the future
11 Contractors + 1 Project Manager + 2 BDC Staff	3 Contractors

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

This project is coordinated with community-based volunteers (Hall Subcommittee) and Council. Once the flooring is completed & fittings are in place, Volunteers will help to do minor works such as painting given the budget constraints.
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### 3. Supplier Diversity Outcomes

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

<b>Name of business</b>	<b>Business type (Māori, Pasifika, local)</b>	<b>Contract type (direct, sub-contract)</b>	<b>Contract purpose (briefly describe)</b>	<b>Length of contract (months)</b>	<b>Total value of contract (\$)</b>	<b>No. new employees (as a result of contract)</b>
PC Production NZ	Local	Direct	Asbestos	1 week	\$9,105	
Buller DC	Local	Direct	Build consent	1 day	\$2,663	
Fire Safety Solutions	Local	Direct	Fire Safety report	1 weeks	\$1,450	

Architect Allan Walters	Local	Direct	Architectural services	1 week	\$3,450	
Southern Hospitality Ltd	Christchurch	Direct Contractor	Supply of commercial kitchen package	8 weeks	\$42,650	
John Moro Builders	Local	Direct Contractor	Building repairs and upgrade including commercial kitchen install	6 month	\$12,330	
WLS Electrical	Local	Direct Contractor	Supply and install upgraded electrical service and fittings	1 month, completed over 6 month period	\$8,876	
Craft Plumbing & Gas	Local	Direct Contractor	Supply and install gas fittings for commercial kitchen	3 weeks - completed over 6 month period	\$2,510	
Lightbown Plumbing	Local	Direct Contractor	Supply and install plumbing and drainage to building	6 weeks - completed over 6 month period	\$18,899	
Mitre 10 - Building materials, including timber framing/ linings, carpentry fixtures and fittings, paint and the supply and install of smaller area of floor coverings to meet BC compliance	Local supplier – Mitre 10 plus local flooring contractor/installer (TBC) and volunteer labour for painting task	Suppliers	Building materials	Completed over 6 month period	\$44,862	
Chris Enoka - Builder	Local	Direct Contractor	Building repairs and upgrades	4 Months	\$7,600	
RC Maintenance Ltd	Ex Christchurch	Direct Contractor	Builder/Forman	5 Weeks	\$11,865	1

#### 4. Social Procurement Objectives

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

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

## 5. Financials

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

Budget Area	Received from PGF	Budgeted	Actual	Co-funding spend if any	Note
	<b>\$146,795</b>				
Architect Allan Walters	\$3,450	\$3,450	\$3,450		
Buller District Council	\$2663	\$2,663	\$2,663		
Fire Safety Solutions	\$1,450	\$1,450	\$1,450		
PC Productions Asbestos	\$9,105	\$9,105	\$9,105		
Southern Hospitality Ltd	\$42,650	\$42,650	\$42,647		
John Moro Builders / Chris Enoka / RC Maintenance	\$12,330	\$12,330	\$45,891		
WLS Electrical	\$8,876	\$8,876	\$1824		
Craft Plumbing & Gas	\$2,510	\$2,510	\$524		
Lightbown Plumbing/Mico Plumbing	\$18,899	\$18,899	\$8082		
Martins Mitre 10 Westport	\$44,358	\$44,358	\$12,086		
WestReef waste skip hire	\$504	\$504	\$504		
Avant Building			\$240		
Trade Safety			\$67		
Westport Hire			\$95		
<b>Total</b>	<b>\$146,795</b>		<b>\$128,629</b>		

## 6. Forward Work Programme

Outline forward work to be completed in the next month

Project Element	Outline of Planned Work (for next month)
Flooring	The contractor will be on-site mid-July to install flooring in the kitchen and toilets.
Plumbing/Gasfitting	To install the fittings after flooring.
Electrician	To install the fittings after flooring.

## 7. Risks/Issues

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

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

## 8. Communications

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

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

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

Unfortunately, the project is still behind the estimated timeline due to the shortage of staff/contractors. Depending on the budget, BDC might hire individuals or involve contractors to carry out minor works such as painting and setting up the furniture. BDC has applied to extend the deadline to achieve the agreed targets. Expected Outcome – All the fittings are in place and Hall is compliant.

## 10. Impact of COVID-19

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

<b>Have any of the following been <u>negatively</u> impacted by the August 2021 COVID-19 Alert Level change?</b>	<b>Yes/ No</b>	<b>Provide additional narrative on the negative impacts</b>
Costs	Yes	Material costs and changes of material used.
Milestone delivery in the next month	Unknown at this stage	N/A
Availability of labour	Yes	Contractors/ staff isolating or sick
Availability of materials and equipment	Unknown at this stage	N/A
Cashflow	Unknown at this stage	N/A
On-site productivity	Unknown at this stage	N/A

**Definitions**

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

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

## Project Status Report - Westport Water Supply – Stage 2 Trunk Main Renewal – June 2022



### Programme/Project Details

<b>Location and Region:</b>	Westport Trunkmain – West Coast
<b>Project Budget:</b>	\$3,500,000
<b>Reporting Period:</b>	For the month ending 30 June 2022
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	Hadlee & Brunton
<b>Project Manager:</b>	Gia Kristel Algie, Calibre Consulting Ltd – Project Manager
<b>Programme Outcomes:</b>	Upgrade the Trunkmain from the PRV to Westport

Project Overview/Traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)		
Aspect	Status	Comments
Overall:	G	<p>DIA-funding scope physical works expected to be completed within target timeframe of completion by 30 June 2022. PRV installation complete, with roof cover remaining. Final clean-up works underway.</p> <p>Westport Trunkmain Stage 2 - Survey and design underway. Timeframe for delivery to be confirmed with H&amp;B.</p> <p>Project programme (Rev 4) provides detail on revised scope with DIA funding and target end date (30 June 2022) and indication of remaining works to complete original scope to McKenna Road (This next stage is subject to BDC approval).</p> <p><i>(Note: DIA-funded (end 30 June 2022) scope of works include:</i></p> <ul style="list-style-type: none"> <li>• <i>System design and overall project delivery</i></li> <li>• <i>Procurement and installation of a new pressure reduction valve (PRV) assembly</i></li> <li>• <i>Procurement and installation of 1710m of DN450 PE and 380m of DN400 PE pipework and fittings</i></li> <li>• <i>Procurement of 1920m of DN400 PE pipework and fittings (for later Council-funded installation))</i></li> </ul>
Budget:	G	\$3,500,000 (Note: DIA-funding only)
Scope:	G	Design and Construction to replace the existing Trunkmain from the PRV to the Westport township.
Resource:	G	David Brunton (Hadlee & Brunton ECI), Gia Kristel Algie (Calibre) Project Manager, Fletcher Vautier Moore (S Ritchie), Review legal status of land parcels for proposed alignment.
Schedule:	G	Target Completion end of June 2022 for DIA funded scope. Revised programme (Rev 4) received from H&B. <i>Completion date of works to McKenna Road (subject to BDC funding approval for remaining scope).</i>
Risks / Issues:	A	Risk & opportunities register updated and included as part of this report.

Current Updated Programme	
Last Month June	Next Month July
<ul style="list-style-type: none"> <li>• Some delays due to high rainfall events</li> <li>• Final 300m of pipework to the PRV installed</li> <li>• Installation of PRV completed (expected to get roof cover installed by 30 June 2022)</li> <li>• Final design documentation for pipe design over Orowaiti bridge received from H&amp;B and approved by BDC project sponsor.</li> <li>• Welding Quality Assurance documentation related to DIA-funded works received and passed to technical advisor for close-out</li> <li>• H&amp;B have provided list of all materials purchased to date as part of Schedule 14 documentation. Inspection with BDC representative completed.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of all Contractor Quality Assurance documentation related to DIA-funding scope of works</li> <li>• Close-out Health and Safety documentation requested pending from the Contractor</li> <li>• Review of all design documentation for remaining Stage 1 works to ensure up to date information is available for Stage 1 remaining works</li> <li>• Project Close Out</li> </ul>

Updated Project Road Map/Schedule																								
	2020		2021												2022									
Project task	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Comments
Contractor Optioneering																								
Design Optioneering Workshop																								
Contractor Developed Design																								
BDC Approval of Developed design																								
Resource Consents and Easements and access Agreement																								One easement agreement remaining to be formalised (in-principle agreement)
Detailed Design																								Open trench design complete. PRV Design complete. Bridge design complete.
Construction																								Some design to continue with construction (drill shot works, in particular)
Commissioning																								Pipe Install Only.
Draft Completion Date																					◆			◆DIA Funding Scope - 30 June 2022

Milestones				
Milestone	Baseline Date	Actual Date	% Complete	Comments
1) Signed ECI Contract	18 Dec 2021		100%	Complete
2) Design Optioneering Workshop with BDC	12 Feb 2021	29 Jan 2021	100%	Complete
3) Confirmation of Preferred method and material type	26 Feb 2021	30 March 2021	100%	Complete
4) BDC Approval of Developed Concept design	5 March 2021	30 March 2021	100%	Complete
5) Detailed Design Commences	8 March 2021	01 April 21	100%	Note design process will continue beyond construction start date as work will be delivered in sections.
6) Design Process Complete	13 Aug 2021	(Open Cut Sections) Dec 2021 Drilling TBC	100%	Note design process will continue beyond construction start date as work will be delivered in sections
7) Resource Consents lodged	15 March 2021	NA	N/A	N/A
8) Construction	12 April 2021	Dec 2021	100%	Complete
9) Construction completion	June 2022	June 2022 *	100%	DIA-funding scope completion: 30 June 2022

Financials							
A summary of funding received and expenditure to date actual against budgeted for each Project Element is shown in the table below.							
Programme/Project Item	Project Budget	Original Budget Estimate	Actual Spend to 30 June 2022	Accruals to 30 June 2022	Forecast cost to complete	Project Variance	Commentary
Funding	\$3,500,000						From Three Waters Reform Grant (DIA-funded scope)
		-\$70,000					Includes \$70k budget transfer to Punakaiki,
Westport Trunk Main Project		\$2,900,000	1,739,092.09	\$1,160,907.91	\$0	\$0	H&B Scope for DIA Funding Scope ONLY. Actual Spend covers up to Payment Claim 13 (including Retentions).  Accruals include May Claim, which has already been certified and draft June Claim, currently awaiting approval from ETC and PMO. Claim for June is awaiting information from H&B before Payment Claim 14 will be issued
Project Delivery		\$530,000	\$462,030.16	\$67,935.00	\$0	\$0	*Actual Spend = PM Dashboard Fees excl. H&B Fees
<b>Total</b>	<b>\$3,500,000</b>	<b>\$3,430,000</b>	<b>\$2,201,122.25</b>	<b>\$1,228,842.91</b>	<b>\$0</b>	<b>\$0</b>	

Risks/Issues/Outcomes			
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)			
Risk/Issue	Magnitude	Likelihood	Mitigation
Damage to existing watermain when installing new main	medium	low	Narrow Easements, use of temporary above ground jumper main, work in sections and isolate work, Renew in section and pressure test. New Alignment proposed to avoid Stephens Road and Kiwi Rail Land
Ground Conditions – High Water table/organics	medium	low	Equipment Selection, Selection of Wrapped Ballast/bedding material, Pumping and Dewatering.
Environmental Management Plan	low	low	Dewatering Issues and handling of super chlorinated water included in Assessment of Environmental Effects.
Resource Consenting	medium	low	Early involvement of WCRC in Optioneering workshop to promote collaboration.
Traffic Management /Rail Corridor	low	low	Investigation and suitable planning.
Cost Escalation	medium	low	Estimates during Optioneering. May be mitigated by reduction in overall length of pipe or termination point under this project. Note current plan includes new pipe to Derby Street.
Difficult Land Access	medium	low	Early consultation interaction by Council to enable mitigation through discussions with landowners / Iwi/ Kiwi Rail
Archaeological	low	low	Check records and determine impact on consenting.
Existing Easement Status	medium	medium	Early assessment of the Status of Easements requires confirmation and mitigated through Council assistance in clarifying existing status.
Weather / Rain	medium	medium	Significance of Wet Weather will be determined by choice or method of construction. Open trench more significant than Lining Option or Trenchless Installation method.
Earthquake-risk	medium	low	Additional geotechnical investigation conducted to refine assessments and provide options for best alignment shift and depth of pipeline. Review critical areas and review construction methodology. Pipe material performance in this type of event will also be considered. Build resilience in network design.
H&S Heavy plant and equipment	medium	medium	Ensure Contractor has a comprehensive plan of their construction methodology that shows how they will be moving plant to site and then conduct regular Principal audits to ensure compliance with plan. Closer review of Contractor Health and Safety processes - ensure health and safety documentation and work permits have been received by Engineer to the Contract (ETC). Contractor to improve works planning and execution on site. Contractor to reassess JSAs when things change.

Redeployment Outcomes								
The following table shows the number of people working to deliver the project in the current reporting period.								
Programme/Project Element	Total people working	No. previously unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women	Job Type - <i>Full-time</i> - <i>Part-time</i> - <i>Contractor</i> - <i>Consultant</i>
BDC Council Staff	1	0	1	0	0	0	1	
Hadlee & Brunton (H&B)	2	0	0	0	0	0	0	Contractor Note: Updated Details to be confirmed with H&B* Subcontractors not included
Calibre Group	2	0	0	0	0	0	1	Consultant
Total	5	0	1	0	0	0	2	
The following table shows total current, past, and expected future jobs								
Current Jobs		No. of people previously but no longer employed on the project				Expected jobs in the future		
5		0				0		
Communications								
An update on media, marketing and communication activity for the programme/project								
Project included in previous Council Newsletters. A media release will go out at the completion of the project.								



Pressure Reduction Value (PRV) assembly under construction

## Project Status Report – Waimangaroa Water Supply Upgrade – 30<sup>th</sup> June 2022



### Programme/Project Details

<b>Location and Region:</b>	Waimangaroa Water Supply Upgrade, West Coast
<b>Project Budget:</b>	Current revised budget approved by Council of \$2.3M + \$206,729 (MOH) CAP Subsidy = \$2,521,739
<b>Reporting Period:</b>	For the month ending 30 June 2022
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	ERPRO, Terra Forma, Colls Surveying, Stantec - ECI – Raw Water Main- West Reef Services Ltd, W2, WSP Opus
<b>Project Manager:</b>	David Chung, Calibre Group – Project Manager
<b>Programme Outcomes:</b>	Upgrade the existing raw water supply and install a water treatment plant to improve resilience and water quality

Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)		
Aspect	Status	Comments
<b>Overall:</b>	A	The project is in its delivery readiness phase. Tender awarded to WestReef Services Ltd for the Raw Water Component that encompasses Alternative C - Value Engineered Option reduced budget of \$400K. WTP Request for Tender in the open market closed on the 18 November 2021, and tender prices received > \$2.5M exceed the allocated budget of \$900K. Council resolved on the 02 March 22 meeting not to proceed with any award of the Water Treat Plant contract BDC staff have been asked: 'what can the \$0.9M afford in relation to resilience improvements' and 'to proceed with some investigation and providing options on how to use the remaining \$900K budget in lieu of providing a water treatment plant. These options have now been included in the April 22 Council report for consideration and approved. Resource Consent has been issued for the raw water components Alternative "C" in March 22. Major delays have been incurred to WRSL Raw Water contract caused by the significant storm damage to Conns Creek Road. Replacement of 530m existing pipeline within the sealed part of Conns Creek Road with DN150 PE 12.5 has now been completed as part of the Ministry of Health (MoH) Subsidy funding variation approval
<b>Budget:</b>	R	Council Funded. Budget approved by the Council at the meeting on the 25 <sup>th</sup> of August confirmed an approved total project inclusive of sunk costs to date up of \$2.3M. Going forward from the 31 Aug 21 there is \$1.95M allocated and is comprised of a \$450k allowance (contingency) for estimate and event risk. \$400k will be invested into the most critical elements of the raw water system, and up to \$900k has been budgeted for the WTP. The balance of \$200k is allocated for project delivery. Council have now declined to carry out the WTP due to budget constraints and instead now want to look at reallocating the \$900K to resilience improvements to the existing Waimangaroa WS network. MoH subsidy funding of \$206,739 has been made available for to replace the existing PVC water main within the sealed section of Conns Creek Road, but with the proviso that it is expended before the 30 June 2022, which has now been done, and payment received from MoH
<b>Scope:</b>	G	Waimangaroa Water Supply Conns Creek Upgrade - Raw water scope confirmed, and the Resource Consent has been received. Total max value of the of raw water components to enable of raw water scope to meet current budget of \$422K (includes a contract contingency) has been agreed with WRSL. Council have approved the scope of works for what the \$900K can afford in relation to resilience improvements now that the WTP is not proceeding.
<b>Resource:</b>	A	David Chung (Calibre) Project Manager. ERPRO & Stantec (process engineers), Terra Forma (geotechnical), Colls (surveying) West Reef Services ECI Contractor, W2 Subconsultant to WRSL, WSP Opus (Planning Consultants for consenting). WestReef have advised that they have significant resourcing issues that need to be resolved. Meeting has been held with WRSL to understand how we can collectively mitigate this risk
<b>Schedule:</b>	R	Original timeline for Raw Water contract is now at risk as Conns Creek Road has been severely damaged in two main areas to make the road non trafficable, which will prevent WRSL from being able to use the road to deliver materials and personnel. Current indications from DoC and Fulton Hogan are that the road is unlikely to be sufficiently repaired to enable vehicle access until after 30 June 2022. WRSL have and will continue to request extensions of time for this event, until the road is repaired sufficiently for them to use. Draft BDC project timeline supplied and updated to reflect Conns Creek Road repairs on the critical path. Design and physical works to replace 530m of pipeline in the sealed section of Conns Creek Road has been completed and BDC are now in receipt of the MoH subsidy of \$206,739.

Project Overview/traffic Light Status/High-Level Summary ( G = Green- Good ; A = Amber- Warning; R = Red - Issue)		
Aspect	Status	Comments
Risks / Issues:	A	<p>Risk &amp; opportunities register updated.</p> <p>Major damage to Conns Creek Road from the February flooding event has made the road unusable for any vehicular traffic until the road can be repaired properly. The current temporary fixes implemented greatly reduces the resilience of the network and WRSL are unable to proceed with the Raw water Contract until the road is repaired. Current indications from DOC are that road repairs cannot commence until October / November 22</p>

State of Play	
Last Month's June 2022	Next Month July 2022
<ul style="list-style-type: none"> <li>Council approved procurement and funding of the scope of works options provided for Waimangaroa</li> <li>Continue to push DOC and FH for urgent repairs to Conns Creek Road</li> <li>Continue to work with WRSL to understand and collectively resolve resource issues to establish realistic timeline</li> <li>Completed 530m of pipe replacement within Conns Creek Road, funded by the MoH subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Implement procurement of the \$900K Waimangaroa resilience works</li> <li>Continue to push DOC and FH for urgent repairs to Conns Creek Road</li> </ul>

						Project Road Map/Schedule Update as of 30 June 22														
Project task	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	Jun 22	Jul 22	Aug 22	Sept 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Comments
ECI Raw Water Contract and Develop Detailed Design																				Validation Workshop held on 22 Mar 21  3No. Additional Tender Even mtgs held with ECI WRSL to confirm award
Council Approval		◆																		Date - 26 August 2021
Resource Consenting																				Commence work for RC application in April, reliant on conformation of methodology land disturbance as part of application . High Heritage value sand conservation area
Procurement of WTP																				WTP tender closes in November / No Award
Council Approval of WTP & Storage								◆												Council declined all tenders for WTP & Reservoir
Construction Raw Water																				Reliant on Resource Consent adjusted to allow for remediation of Conns Creek Road
Construction Resilience Options Resource Consent																				Implement options to spend \$900k for resilience improvements to the existing Waimangaroa WS network. This will be reliant on any additional Resource Consent approvals
Commissioning																				Commission resilience works
Closeout																			◆	March 2023Au

Milestones				
Milestone	Baseline Date	Actual / Anticipated Date	% Complete	Comments
1. Planning and initial site investigations		25 Jan 2021	100%	Site Investigation and Concept design almost complete – summary report being produced for Council
2. Application for CAP funding \$400K	26 March 2021	22 April 2021	100% C	A funding application to the Ministry of Health Capital Assistance Programme (CAP) of \$400,000 that was previously approved has now lapsed and will require re-application to re-secure this additional funding
3. Design Workshop / Validation	26 Feb 2021	08 March 2021 & 22 March 2021	100%	Workshop with Early Contractor Involvement, Raw Water Indicative Date Only
4. Full Concept scheme design approval	21 May 2021	22 March 2021	100%	Now Changed based on Council Resolution 26 Aug 2021
5. Procurement of raw water ECI contract	12 May 2021		100%	Dependent on Council resolution of 26 Aug 2021 acceptance and due diligence with WRSL.
6. Raw water final design approval	Dec 2021	Feb 2022	80%	
7. Start Construction work- Raw water contract	Feb 2021	Nov 2021	10%	Delayed due to major damage to Conns Creek Road
8. Complete Raw Water Contract		Sept 2022		Indicative Date Only
9. Start Construction work- Additional Resilience Works	May 2022	August 2022		Indicative Date Only
10. Complete construction of all works	Feb 2023			Indicative Date Only
11. Project closeout - Commissioning and Testing	Mar 2023			Indicative Date Only

## Financials

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

Programme/Project Item	Indicative Budget	Actual Spend to 30 June 22	Accruals to 30 June 22	Estimated Forecast cost to complete	Estimated Project Variance -ve (over) +ve is (under)	Commentary
Conns Creek Sealed Road – 530m Pipeline replacement MoH Subsidy	\$206,739.00	\$206,739.00				Ministry of Health CAP subsidy funding
Waimangaroa WS Capital Budget allocation FY 21/22	\$15,000.00	\$3,247.00	\$9,114.77			BDC annual plan
Conns Creek WS Upgrade WTP & Storage & Rising/ Falling Mains Alternative C (Value Engineered) Scope Changed to Improved network resilience and no Water treatment	\$900,000.00			\$900,000.00		This budget is very dependent on what Scenarios and options the Council will select from the May 22 Council report
Conns Creek WS Upgrade Raw Water Component Alternative C (Value Engineered )	\$420,000.00	\$15,000.00		\$405,000.00		
Project Delivery, Design, Consenting, Engineering, Contingency etc.	\$971,512.00	\$544,005.00		\$427,507.00		Contract Timeframes for the Raw Water components construction completion could extend to end Dec 2022 – Mar 2023, which is 6 – 8 months more than originally programmed. Additional consenting costs for additional works within Conns Creek Road
<b>Total</b>	\$2,521,739 \$2.3M + \$206,739 (MOH)	\$768,991	\$9,114.77	\$1,732,507.00	\$0	

## RISK MATRIX DEFINITIONS AND PARAMETERS

Consequence	Risk Assessment Matrix						Risk Rating		Action, Escalation & Review Timeframe Needed
	Catastrophic (5)	5	10	15	20	25	20 – 25	<b>Extreme</b>	Risk Owner must immediately escalate risk to the SLT who considers escalating it to the Finance, Risk and Audit Committee.
	Major (4)	4	8	12	16	20			
	Moderate (3)	3	6	9	12	15	10 – 16	<b>High</b>	Risk Owner immediately escalates risk to the Risk Leader, and to the SLT if required.
	Minor (2)	2	4	6	8	10			
	Insignificant (1)	1	2	3	4	5	4 – 9	<b>Moderate</b>	Risk Owner monitors and reviews the effectiveness of risk controls and whether the risk rating has changed, on a monthly basis.
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)			
	Likelihood						1 – 3	<b>Low</b>	Retain all risks on the risk register and review those with a combined score of 1 or 2 on a 6-monthly basis and those with a combined score of 3 on a quarterly basis to ensure that the risk rating has not changed.

**Table 5: Likelihood of Occurrence**

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

**Table 6: Risk Event Consequence**

<b>Risk Category</b>	<b>Low 1</b>	<b>Minor 2</b>	<b>Moderate 3</b>	<b>Major 4</b>	<b>Catastrophic 5</b>
<b>Financial / Economic</b>	Loss less than \$50,000.	Loss between \$50,000 to \$500,000.	Loss between \$500,000 and \$2.5m.	Loss between \$2.5m and \$5m.	Loss of over \$5m.
<b>Health and Safety</b>	No medical attention required / First Aid treatment.	Injury or illness requiring short-term medical treatment. Lost Time is less than 1 week.	Serious injury or illness requiring extended medical treatment. Lost Time is more than 1 week. Event notifiable to WorkSafe.	Injury or illness requiring major medical treatment. Lost Time is more than 30 days. Breach of H&S law resulting in prosecution and penalties.	Loss of life. Considerable penalties and prosecutions.
<b>Human Resources</b>	Isolated staff retention problems. Insignificant skill gaps.	Loss of resources and skill sets across a Unit. Few specialist skill gaps. Difficulties in recruiting into key positions.	Loss of skill sets across a Group. Some specialist skill gaps. Inability to recruit into key positions.	Loss of skill sets in some key positions for prolonged periods. Major specialist skill gaps. Inability to recruit into key positions on an ongoing basis.	Large loss of resources and skill sets within numerous key positions, leading to a disruption in BDC's management capability and delivery of basic services.
<b>Legal / Regulatory</b>	BDC sued or fined less than \$50,000. Small or isolated breach of legislation, policy or contract(s), with internal investigation and minor changes to operations.	BDC sued or fined for between \$50,000 and \$500,000. Non-compliance with legislation, policy or contract(s) within a Unit. Regulatory action resulting in investigation, but no prosecution.	BDC sued or fined for between \$500,000 and \$2.5m. Non-compliance with legislation, policy or contract(s) within more than one Unit. Regulatory action resulting in prosecution, but no conviction.	BDC sued or fined for between \$2.5m and 5m. Widespread non-compliance with legislation, policy or contract(s). Regulatory action resulting in moderate prosecution and conviction.	BDC sued or fined for more than \$5m. Systematic legislative non-compliance. Regulatory action resulting in major prosecution and conviction. Judicial review of a BDC's decision relating to funding / rates.
<b>Reputational / Stakeholder Engagement / Political</b>	Negative feedback from individuals or small groups in the community. No significant adverse comment or media coverage. Letter(s) to BDC.	Loss of confidence among sections of the community / single stakeholder sector dissatisfaction. Negative comment in local media (not front page). Letter(s) to CE. Complaints to Councillors.	Manageable loss in community confidence / 2-3 stakeholders' sector dissatisfaction. Negative comment in local media coverage for several days).	Large loss in community confidence that will take significant time to remedy. Negative comment in local media (coverage for 2-3 weeks). Coverage in national media for 2-3 days.	Extreme dissatisfaction and loss of confidence by public/ stakeholders. Adverse comment in local media (coverage for 2 weeks +). Negative coverage in national media for more than 3 days.

**Table 6: Risk Event Consequence**

<b>Risk Category</b>	<b>Low 1</b>	<b>Minor 2</b>	<b>Moderate 3</b>	<b>Major 4</b>	<b>Catastrophic 5</b>
<b>Operations and Service Delivery</b>	Minimal loss of operational capability or negative disruption to Service Levels.	Loss of operational capability in some areas and some disruption to Service Levels.	Serious loss of operational capability for over 1 week and moderate disruption to Service Levels.	Serious loss of operational capability for over 2 weeks and major disruption to Service Levels.	Serious loss of operational capability for over 4 weeks and critical disruption to Service Levels.
<b>Environmental</b>	Little or no damage to the environment (no damage or contamination). Unlikely to cause public complaint.	Short-term / minor / contained and reversible impact on the environment. Some public complaints possible.	Medium-term / serious damage of local importance with possible regulatory intervention.	Long-term / serious damage of regional importance. Strong regulatory response with legal action.	Widespread / permanent / serious damage of national importance to local ecosystems / species, requiring ongoing remediation and monitoring with regulatory intervention.
<b>Information Technology / Management</b>	Isolated internal breach of IT security, affecting a single IT application / system. No loss of data and/or key information. Isolated IT equipment failure.	Repeated internal security breaches, affecting a single IT application / system. Temporary (up to 1 day) loss of data and/or key information. Technical performance issues impacting a key service. Failure across one Unit.	Multiple internal security breaches, affecting a single IT application / system. Prolonged (more than 1 day) loss of data and/or key information. Technical performance issues impacting a key service. Failure across more than one Unit.	Security breach(es), affecting more than one IT application / system. Permanent loss of data and/or key information. Technical performance issues impacting a key service for an extended period. Failure across more than one Group.	Security breach(es) by external parties, affecting multiple IT applications / systems. Permanent loss of data and/or key information; theft of data by unauthorised parties. Loss of IT infrastructure for an extended period.

Redeployment Outcomes								
The following table shows the number of people working to deliver the project in the current reporting period.								
Programme/Project Element	Total people working	No. previously unemployed	No. local	No. aged 15-24	No. Māori	No. Pasifika	No. Women	Job Type - <i>Full-time</i> - <i>Part-time</i> - <i>Contractor</i> - <i>Consultant</i>
Waimangaroa Water Supply Upgrade								
Buller District Council	2	0	2	0	0	0	1	Full Time
Contractor	3	0	3	0	0	0	1	Consultant
Calibre Group	1	0	0	0	0	0	0	Consultant
WSP OPUS	2	0	0	0	0	0	1	Consultant
Richard Nichol Ecology	1	0	1	0	0	0	0	Consultant
Stantec	2	0	0	0	0	0	1	Consultant
Total	11	0	6	0	0	0	4	
The following table shows total current, past, and expected future jobs								
Current Jobs		No. of people previously but no longer employed on the project			Expected jobs in the future			
11		2			5			
An update on media, marketing, and communication activity for the programme/project								
A project newsletter was released to the community this month with an update on where the project is at, what the current delays are etc.								

Risk ID	Risk Title	Risk Description & Impact	Change			Risk Owner	Control Owner	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating			Control Plan	Treatment date due	Escalation Pathway
Unique code for easy identification	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)	Change in risk rating since last review			Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Based on the 8 risk categories in Tables 2 and Table 6	Based on consequence options listed in Table 6	Based on the likelihood options listed in Table 5	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
Reference		CONSEQUENCES SCORING Catastrophic (5) Major (4) Moderate (3) Minor (2) Insignificant (1)	Consequence	Likelihood	Risk Rating				Consequence	Likelihood	Risk Rating	LIKELIHOOD SCORING Rare (1) event occurs > 5 years Unlikely (2) event occurs 3 to 5 years Possible (3) event occurs in 2 years Likely (4) event occurs once a year Almost Certain (5) event occurs more than once a year	Consequence	Likelihood	Residual Risk Rating	Description		
			1-5	1-5					1-5	1-5			1-5	1-5				
Risks																		
Buller District Council Specific Risks - June 2022																		
Design																		
D04	Design	Slips along pipe route	4	3	12	Project Manager	BDC / designer / MICE Contractor	Operations and Service Delivery	4	3	12	Provide resilient design- repairs carried out within 24 hrs	2	1	2	Ensure new design supports are robust and replace vulnerable sections with PE pipe	30 June 2022	BDC Working Group
D08	OPS and Service Design	Alternative C : Ensure that the WTP design is fit for purpose and meets DWSNZ water quality requirements	4	3	12	Project Manager	BDC / designer	Operations and Service Delivery	4	3	12	WTP design will meet DWS treatment but not the resilience requirements of the network	3	3	9	Continue detailed raw water sampling to provide data to tenderers	30-Sep-21	BDC Working Group
D14	OPS and Service Design	Final Design provides no increased resilience in the network, which may affect level of service	4	4	16	Project Manager	BDC	Operations and Service Delivery	4	3	12	Design relocatable process plant to provide resilience in event of future catchment variability Continue to repair network when breakages occur. Ensure intake works are easily assessable and repairable	3	3	9	Complete full Raw Water reticulation network & head water upgrade, and ensure it is included within the Annual Plan process	30-Jun-24	BDC Water Coordinator
Approvals																		
A01	Approvals	Resource consent approvals includes DOC and Heritage NZ	3	3	9	Project Manager	BDC	Reputational / Stakeholder Engagement / Political	3	3	9	Early engagement with affected parties Sufficient information and investigation provided for evaluation and approval by WCRC	2	1	2	Heritage, DOC included in RC process, and Specialist Consultant WSP-OPUS engaged to carry out the application	30-Oct-21	BDC Working Group
Procurement																		
P01	Procurement	Risk Challenge Value for money and ability to undertake ECI Raw water and intake structure components on a direct engagement	3	3	9	Project Manager	BDC	Financial / Economic	3	3	9	Procurement plan details procedure in accordance with BDC procurement policy	2	1	2	Ensure this is explained in Council report		BDC Working Group
Construction																		
C02	Construction	Material and equipment supply chain cannot deliver to programme	4	3	12	Project Manager	BDC	Financial / Economic	4	3	12	Current supply chain is stretched and will need to consider pre-purchase of materials and providing early notice	2	2	4	Get feedback from suppliers on what elements may need prepurchase by Council, not delay the procurement process		BDC Working Group
C03	Construction	ECI Raw Water Contractor lacking resourcing, due to other Council commitments	4	3	12	Project Manager	BDC	Human Resources	4	3	12	Ensure Contractor commits resources and provides advance notice of any resourcing issues to enable them to engage sub contractors	2	2	4	Continuous tracking of Contractors resourcing to know in advance if resourcing will be an issue and raise with Contractor		BDC Working Group
C04	Construction	Inclement weather disrupts construction	3	3	9	Project Manager	BDC	Reputational / Stakeholder Engagement / Political	3	3	9	From H&S stop work until site is safe to work	2	2	4	Ensure adequate allowance within Contract period for inclement weather so Contractor has resourced sufficiently to meet completion date		BDC Working Group
C05	Construction	Difficult construction Access and Sensitive Heritage area	2	3	6	Project Manager	BDC	Environmental	2	3	6	Environmental assessment and Contractor supplies an Environmental Mgmt. Plan	2	2	4	Ensure audits conducted by Principal that Contractor is adhering to EMP's and Methodology	30-Sep-21	BDC Working Group
C06	Construction	Steep topography/difficult terrain	3	3	9	Project Manager	Contractor	Environmental	3	3	9	Where required use Helicopters to airlift materials to the site to reduce risks of damage to surroundings or hazards to workers	2	2	4	Comprehensive methodology to be supplied by Contractor along with H&S plan and contingency plans		BDC Working Group
C08	Construction	H&S of Movement of heavy plant and equipment to remote site	3	3	9	Project Manager	Contractor / BDC	Environmental	3	3	9	Ensure Contractor has a comprehensive plan of their construction methodology that shows how they will be transporting plant to site and then conduct regular Principal audits to ensure compliance with plan	3	1	3	Current strategy sufficient to mitigate risk		BDC Working Group

Risk ID	Risk Title	Risk Description & Impact	Change			Risk Owner	Control Owner	Risk Category	Risk Consequence	Risk Likelihood	Inherent Risk Rating	Key controls in place	Residual Risk Rating			Control Plan	Treatment date due	Escalation Pathway
Unique code for easy identification	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)	Change in risk rating since last review			Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Based on the 8 risk categories in Tables 2 and Table 6	Based on consequence options listed in Table 6 - ?	Based on the likelihood options listed in Table 5	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
Reference		CONSEQUENCES SCORING Catastrophic (5) Major (4) Moderate (3) Minor (2) Insignificant (1)	Consequence	Likelihood	Risk Rating				Consequence	Likelihood	Risk Rating	LIKELIHOOD SCORING Rare (1) event occurs > 5 years Unlikely (2) event occurs 3 to 5 years Possible (3) event occurs in 2 years Likely (4) event occurs once a year Almost Certain (5) event occurs more than once a year	Consequence	Likelihood	Residual Risk Rating	Description		
<b>Ops/Maintenance</b>																		
OM01	Ops/Maintenance	Damage to assets - slips or natural events	4	2	8	Project Manager	Designer / Mte Contractor	Operations and Service Delivery	4	2	8	Addressed through resilient design, and also Geotech investigations to select new intake site	2	2	4	Ensure Mte Contractor provides input into how easy the design is to repair or put back into operation		BDC Working Group
OM08	Ops and Service Delivery Maintenance	Potential change in catchment conditions requiring relocation of intake and new source	4	3	12	Project Manager	BDC / Mte Contractor/ Technical Water Advisor	Operations and Service Delivery	4	3	12	Current option has a low cost but easy to repair or relocatable intake if the catchment conditions change	2	3	6	Regular inspections of intake and continued water testing and sampling	30-Jun-24	BDC Water Coordinator
<b>Financial</b>																		
F03	Financial	MOH funding reduced if Raw Water reticulation replacement not carried out	3	3	9	Project Manager	BDC	Financial / Economic	3	3	9	Confirm key conforming parameters from MOH to retain funding and implement if possible	1	3	3	Provide timeline for full Raw Water Line replacement for MOH to consider approving funding. Note WTP will be installed to ensure compliant drinking water		BDC Working Group
F04	Financial	Final design option exceeds allocated budget	3	3	9	Project Manager	BDC	Financial / Economic	3	3	9	Prioritise construction stages to meet initial budget then allow within LTP for a gradual upgrade	2	3	6	Current strategy sufficient to mitigate risk	30-Sep-21	BDC Working Group
F05	Financial	Annual opex is high, rates impact	2	4	8	Project Manager	BDC	Financial / Economic	2	4	8	Opex budget to be confirmed during Contractor procurement process	2	2	4	See if there are alternative ratepayer funding models that can be used i.e. All water supplies could be brought in a single "water club", rather than having each water supply ringfenced. This is how the new water entity will work, and moving the schemes to a single club now will be beneficial later		BDC Working Group
F07	Financial	Available funding will not cover full asset replacement so may require priority items leaving residual risk	3	3	9	Project Manager	BDC	Financial / Economic	3	3	9	Ensure key areas are funded that will provide a compliant drinking water to minimise H&S risk to residents	2	2	4	Make sure that MOH understand that safe drinking water is 1st priority and resilience of network is next		BDC Working Group
<b>Environmental</b>																		
E01	Environmental	Adverse effects to the environment during heavy rains and storms.	4	3	12	Project Manager	All parties.	Environmental	4	3	12	Contractor to develop, Environmental Management Plan to manage run off from the site	2	3	6	Implementation of the plan to be audited at agreed intervals by the Contractor's independent auditor.		BDC Working Group
<b>Programme</b>																		
<b>Stakeholder engagement</b>																		
S01	Reputational	Perception of 'wasted time & money'	3	4	12	Project Manager	BDC	Reputational / Stakeholder Engagement / Political	3	4	12	Comprehensive technical & economic review	2	1	2	Proactive status reports, updates		BDC Working Group
S03	Reputational	Waimangaroa Stakeholders Group	4	4	16	Project Manager	BDC	Reputational / Stakeholder Engagement / Political	4	4	16	Current strategy of regular communications	1	2	2	Meet with Ratepayers Association with specific consultation		BDC Working Group
S04	Reputational	Community makes a challenge to the proposed scheme	2	3	6	Project Manager	BDC	Reputational / Stakeholder Engagement / Political	2	3	6	Current strategy of regular communications	2	2	4	Make Community aware of what is non negotiable with respect to drinking water compliance		BDC Working Group
<b>Legislative Risk</b>																		
L01	Legal/regulatory	Compliance with current legislation and DWNZ standards	5	5	25	Project Manager	BDC	Legal / Regulatory	5	5	25	Permanent boil water notice	1	1	1	Design and implement proposed upgrade of WTP to ensure drinking water quality compliance	30-Jun-22	BDC Working Group

## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 7**

**Prepared by:** Julia Gear  
Management Accountant

Lynn Brooks  
Finance Manager

**Reviewed by:** Rod Fox  
General Manager Commercial and Corporate Services

### **FINANCIAL PERFORMANCE – ELEVEN MONTHS TO 31 MAY 2022**

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

This report provides the Committee with an update on the financial performance for the 11 months ending 31 May 2022.

The year to date reported surplus is \$7.94m compared to a budget of \$1.27m for the period to May 2022. The reason for this variance is due to additional grant income and flood recovery income, as well as variations to the planned operations for the year.

To help explain the variances, this report is presented in three sections including “Business As Usual”, “Additional Grants”, and “Flood Event” sections which report against the year one Long Term Plan budget.

A major contributor affecting the predicted end of year results (a surplus of \$6.92m against budget of \$0.07m) is the harbour activity. Expenditure is much less than budgeted for slipping costs due to the timing of port projects, along with much greater than budgeted grant income.

The year to date Business As Usual result is an operating deficit of \$0.03m against a budgeted surplus of \$0.09m, a negative variance of \$1.25m. The main reason for the difference is the change to the roading programme with both the Little Wanganui bridge no longer included in the three year current approved plan funded by Waka Kotahi (\$1.8m); and approximately \$2.9m of other works programmed for next year to maximise efficiencies, also taking into account weather related delays.

The Additional Grants income and expenditure gives a surplus of \$4.46m because a portion of the grants relate to capital expenditure.

The Flood Event result to date is an overall surplus of \$3.44m. A portion of the income relates to capital expenditure and some funds have been received in advance for the next financial year.

#### **2. RECOMMENDATION**

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

### 3. OPERATIONAL FINANCIAL PERFORMANCE

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

	Actual YTD	Budget YTD	YTD Variance		Projected Full Year	Budget Full Year	Projected Variance Full Year
Operational Income	25,813,889	29,190,740	(3,376,851)	■	27,397,145	31,659,243	(4,262,099)
Operational Expenditure	26,081,575	28,222,777	2,141,202	●	29,084,080	32,134,812	3,050,732
TOTAL OPERATIONAL VARIANCE			(1,235,649)	■			(1,211,367)
Additional Grant Income	8,961,834	300,000	8,661,834	●	10,030,835	550,000	9,480,835
Additional Grant Expenditure	4,199,746	0	(4,199,746)	■	4,475,611	0	(4,475,611)
TOTAL ADDITIONAL GRANT VARIANCE			4,462,088	●			5,005,224
Flood Event Income	10,770,796	0	10,770,796	●	10,870,796	0	10,870,796
Flood Event Expenditure	7,328,405	0	(7,328,405)	■	7,739,969	0	(7,739,969)
TOTAL FLOOD EVENT VARIANCE			3,442,391	●			3,130,827
TOTAL PROFIT / (LOSS)			6,668,830	●			6,924,684
Net Profit / (loss)	7,936,793	1,267,963	6,668,830	●	6,999,115	74,431	6,924,684

### **3.1 Operational Performance Report – Summary of Results to May 2022**

#### **Operating Income**

Overall, operating income is lower than budgeted.

Regulatory income is higher than expected due to increased building activity, and investment income and rates penalties are higher than budgeted. Sponsorship income from Development West Coast has continued longer than expected.

In the harbour activity there was an anticipation of external revenue of \$1m to meet the slipping needs of the dredge. However, this will not occur in this financial year because of the timing of the port projects.

Income is under budget for Amenities and Reserves due to a shortfall in fees for Orowaiti Cemetery, Punakaiki Campground, leasehold land income and pensioner housing as a result of flood displacement.

\$2.9m of budgeted roading works has been programmed for the next financial year and the corresponding funding from Waka Kotahi will be claimed then.

#### **Operating Expenditure**

Overall, operational expenditure is lower than budgeted.

With the increase in building activity and income, there is a corresponding increase in Regulatory costs.

There have been savings in Amenities and Reserves in the areas of repairs & maintenance and contractor payments, and Wastewater expenditure is lower than budgeted.

Westport Harbour expenditure is lower than budget due to dredge slipping costs not incurred.

The report also shows higher than budgeted expenditure on water supplies and this is expected to remain over budget by an estimated \$75k.

Income and expenditure are mainly on budget for other activities.

#### **Additional Grant Income and Expenditure**

To date, Council has received \$8.97m unbudgeted income from the Provincial Growth Fund and other government funding schemes.

A portion of this funding is for operational expenses and a portion will relate to capital expenditure.

It should be noted that some of the grant income will be recognised as income in advance as at financial year end.

**Flood Event Income and Expenditure**

To date, Council has received \$10.77m in government assistance and donations relating to the July 2021 flood event and the February 2022 severe weather events.

At this stage it is known an estimated \$0.6m of operational costs relating to the initial flood response will not be reimbursed. As with other grant revenue, a portion of this relates to operational expenditure and a portion will relate to capital expenditure. Further, a component at year-end will be recorded as income in advance.

**BULLER DISTRICT COUNCIL**  
**Financial Report for the Period Ending 31 May 2022**

Prepared by: Julia Gear  
Reviewed by: Lynn Brooks

	Actual	Year to Date Budget	YTD Variance	Status	Full Year Prediction	Annual Budget (LTP year 1)	Variance Full Year Prediction	Explanation of Variances of \$50,000 or greater
<b>Operational Income</b>								
Community Services	714,139	307,481	406,658	●	856,250	581,762	274,488	Unbudgeted sponsorship from Development West Coast. Theatre ticket and events sales less than expected due to COVID.
Westport Harbour	1,599,125	1,740,601	(141,476)	■	1,818,101	2,267,232	(449,132)	Lease income \$60K less than budgeted. Gravel removal income \$435k greater than budgeted, sundry income related to dredge slipping \$1m not received this year due to timing of port projects. Lesser income is offset by savings in expenditure
Democracy	0	0	0	▲	0	0	0	
ED, Tourism & Museum	0	4,587	(4,587)	▲	5,000	5,000	0	
Water Supply	3,320,672	3,318,378	2,294	▲	3,368,644	3,368,644	0	
Airport	166,391	188,554	(22,163)	▲	211,704	211,704	0	
Amenities & Reserves	680,731	802,936	(122,205)	■	1,163,258	1,302,573	(139,315)	Cemetery fees and Punakaiki Camp Ground income lower than budgeted. Prior leasee's debt for brewery site under debt recovery but unlikely to be recovered. Pensioner housing income less than budget due to flood displacement. Leasehold land income less than budget due to freeholdings. Shortfall in income offset by savings in expenditure
Roading & Urban Development	2,981,098	7,189,484	(4,208,386)	■	3,281,098	7,979,733	(4,698,635)	Little Wanganui bridge (\$1.8m capex) not funded by Waka Kotahi, and \$2.9m roading works (mainly capex) reprogrammed for next year. Petrol tax income predicted to be under budget by ~\$40K
Regulatory	1,424,308	877,643	546,665	●	1,551,793	984,193	567,600	Higher than budgeted Resource and Building consent revenue
Solid Waste	894,643	863,663	30,980	▲	904,975	881,399	23,576	
Support Services	78,185	68,593	9,592	▲	87,419	74,864	12,555	
Council - General Rates & Investments	11,322,091	11,103,972	128,119	●	11,415,161	11,274,478	140,683	Interest on investment income higher than budget.
Wastewater	2,711,506	2,720,338	(8,832)	▲	2,722,741	2,722,741	0	
Stormwater	11,000	4,510	6,490	▲	11,000	4,920	6,080	
<b>Total Operational Income</b>	<b>25,813,889</b>	<b>29,190,740</b>	<b>(3,376,851)</b>	■	<b>27,397,145</b>	<b>31,659,243</b>	<b>(4,262,099)</b>	
<b>Operational Expenditure</b>								
Community Services	2,774,643	2,773,941	(702)	▲	3,136,687	3,052,785	(83,902)	Full year prediction adjusted for external interest expense. Savings in R&M
Westport Harbour	1,889,163	3,511,119	1,621,956	●	2,014,163	4,664,506	2,650,343	Only \$50K spent of dredge slipping budget (\$2.2m) due to timing of port projects. Not expected to spend remainder this year
Democracy	499,116	515,761	16,645	▲	570,060	570,060	0	
ED, Tourism & Museum	455,978	407,852	(48,126)	▲	463,293	452,324	(10,969)	
Water Supply	2,461,960	2,392,309	(69,651)	■	2,738,524	2,663,524	(75,000)	Expected to remain over budget at year end due to higher than budgeted operating costs
Airport	334,091	362,156	28,065	▲	381,932	381,932	0	
Amenities & Reserves	2,218,237	2,749,962	531,725	●	2,852,556	3,340,454	487,898	Savings across a number of activities mainly in R&M and contractor payments. Level of service has been maintained and planned works have been programmed for the next financial year.
Roading & Urban Development	5,626,318	6,019,226	392,908	●	6,138,397	6,532,243	393,846	Some maintenance work reprogrammed for next year. This is due to storm related impacts. The Waka Kotahi budget is a 3 year budget. 2021-2022 is year one of a three year fixed funding agreement. Any unspent portion of budget will roll over within the three year programme. No change to operational budget for Little Wanganui bridge as this is capital expenditure
PSBU (income and expenditure netted off)	72,520	72,520	0	▲	57,900	57,900	0	
Regulatory	2,020,121	1,520,269	(499,852)	■	2,185,198	1,698,498	(486,700)	Additional costs due to higher than expected demand
Solid Waste	910,042	948,630	38,588	▲	1,045,192	1,045,192	0	
Support Services	4,683,333	4,633,555	(49,778)	▲	5,114,339	5,114,339	0	
Wastewater	1,706,541	1,885,366	178,825	●	1,888,329	2,063,546	175,217	Expenditure for BAU Westport Sewerage is connected to flood recovery work. For efficiency, some of this work has been reprogrammed to next year.
Stormwater	429,510	430,111	601	▲	497,509	497,509	0	
<b>Total Operational Expenditure</b>	<b>26,081,575</b>	<b>28,222,777</b>	<b>2,141,202</b>	●	<b>29,084,080</b>	<b>32,134,812</b>	<b>3,050,732</b>	
<b>OPERATIONAL PROFIT / (LOSS)</b>	<b>(267,686)</b>	<b>967,963</b>	<b>(1,235,649)</b>	■	<b>(1,686,936)</b>	<b>(475,569)</b>	<b>(1,211,367)</b>	
<b>Additional Grants - Income</b>								
Community Services	729,000	50,000	679,000	●	729,000	50,000	679,000	Mayors Taskforce for Jobs, Restoring Flora project, Reefton Economic Development Officer
Westport Harbour	3,967,001	0	3,967,001	●	3,967,001	0	3,967,001	PGF Funding for Port Precinct and Developments
Commercial and Corporate Services	604,354	250,000	354,354	●	604,354	500,000	104,354	Whitebait Farm Administration Grant, budget for shares
Water Supply	1,572,456	0	1,572,456	●	2,641,457	0	2,641,457	Three Waters Mains Projects Punakaiki and Westport. Final claim of \$1,069m to be submitted this financial year.
Amenities & Reserves	1,974,328	0	1,974,328	●	1,974,328	0	1,974,328	Westport Revitalisation, Halls & Memorials & TIF funding for Reefton Toilets & Westport Town Pathways
Solid Waste	114,696	0	114,696	●	114,696	0	114,696	Hector Landfill final claim
<b>Total Additional Grants Income</b>	<b>8,961,834</b>	<b>300,000</b>	<b>8,661,834</b>	●	<b>10,030,835</b>	<b>550,000</b>	<b>9,480,835</b>	
<b>Additional Grants - Expenditure (excludes Capital Expenditure)</b>								
Community Services	457,530	0	(457,530)	■	500,000	0	(500,000)	Mayors Taskforce for Jobs, Restoring Flora project, Reefton Economic Development Officer
Westport Harbour	3,468,809	0	(3,468,809)	■	3,691,015	0	(3,691,015)	PGF Funding for Port Precinct and Developments
Commercial and Corporate Services	86,562	0	(86,562)	■	86,562	0	(86,562)	Whitebait Farm Administration
Water Supply	0	0	0	▲	0	0	0	Three Waters Mains Projects are capital expenditure therefore not in operational report
Amenities & Reserves	186,844	0	(186,844)	■	198,034	0	(198,034)	Balance of Halls and War Memorial MBIE project & PGF coastal planting
<b>Total Additional Grants Expenditure</b>	<b>4,199,746</b>	<b>0</b>	<b>(4,199,746)</b>	■	<b>4,475,611</b>	<b>0</b>	<b>(4,475,611)</b>	
<b>ADDITIONAL GRANTS PROFIT / (LOSS)</b>	<b>4,762,088</b>	<b>300,000</b>	<b>4,462,088</b>	●	<b>5,555,224</b>	<b>550,000</b>	<b>5,005,224</b>	
<b>Flood Event - Income</b>								
Mayoral Relief Fund - Donations	1,010,341	0	1,010,341	●	1,010,341	0	1,010,341	Government Funding and Community Donations.
Flood Response Support	456,802	0	456,802	●	456,802	0	456,802	Initial Government Advanced Funding for Response \$1.1m. Approx. \$600K put towards infrastructure recovery
Flood Recovery Support	9,303,653	0	9,303,653	●	9,403,653	0	9,403,653	Government Funding for the Recovery Phase. A portion of this is income in advance
<b>Total Unbudgeted Flood Event Income</b>	<b>10,770,796</b>	<b>0</b>	<b>10,770,796</b>	●	<b>10,870,796</b>	<b>0</b>	<b>10,870,796</b>	
<b>Flood Event - Expenditure (excludes Capital Expenditure)</b>								
Mayoral Relief Fund - Grants made	678,777	0	(678,777)	■	840,341	0	(840,341)	All mayoral relief fund donations to be distributed with a portion next year
Flood Response	1,061,920	0	(1,061,920)	■	1,061,920	0	(1,061,920)	Costs related to initial response.
Flood Recovery	5,587,708	0	(5,587,708)	■	5,837,708	0	(5,837,708)	Costs related to recovery phase.
<b>Total Unbudgeted Flood Event Expenditure</b>	<b>7,328,405</b>	<b>0</b>	<b>(7,328,405)</b>	■	<b>7,739,969</b>	<b>0</b>	<b>(7,739,969)</b>	
<b>FLOOD EVENT PROFIT / (LOSS)</b>	<b>3,442,391</b>	<b>0</b>	<b>3,442,391</b>	●	<b>3,130,827</b>	<b>0</b>	<b>3,130,827</b>	
<b>TOTAL PROFIT / (LOSS)</b>	<b>7,936,793</b>	<b>1,267,963</b>	<b>6,668,830</b>	●	<b>6,999,115</b>	<b>74,431</b>	<b>6,924,684</b>	

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

## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 8**

**Prepared by** Julia Gear  
Management Accountant

Lynn Brooks  
Finance Manager

**Reviewed by** Rod Fox  
General Manager Commercial and Corporate Services

### **INVESTMENTS AND BORROWINGS – AS AT YEAR END 30 JUNE 2022**

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

This report summarises Council's cash investments and borrowings for the year ending June 2022, and compliance with Council treasury management policy.

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

**That the Finance Risk and Audit Committee receive the Investments and Borrowings report for information.**

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

##### **3.1 Investments**

Investments have remained at the same level since 31 May 2022.

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

Council's trading bank balance closing balance was \$1.88m.

##### **3.3 Interest Revenue**

Interest revenue to the end of June is \$509k with a full year budget of \$359k.

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

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

Total borrowings remain at \$33.213m. Net debt (borrowings less term investments and call account balance) has increased \$0.08m to \$14.65M.

## **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.

**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**

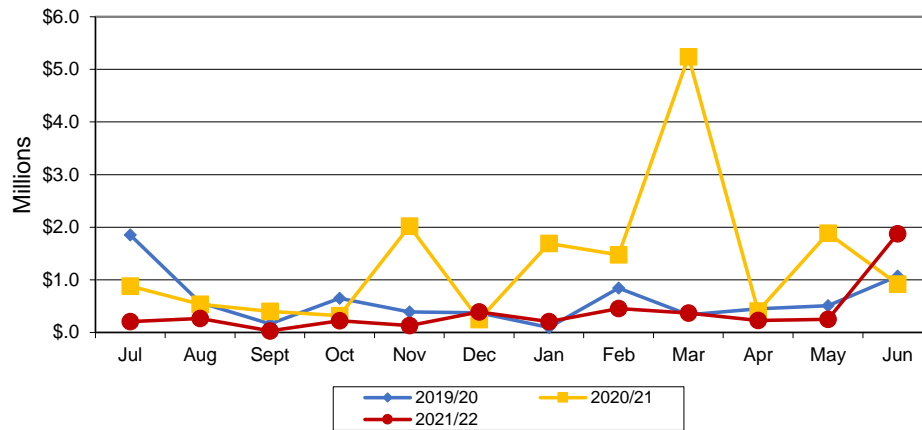
None identified

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 30-Jun-22	Last Month 31-May-22	Last Year 30-Jun-21
Council	\$1,876,348	\$247,837	\$917,159

### 2. MONTH END BANK BALANCE



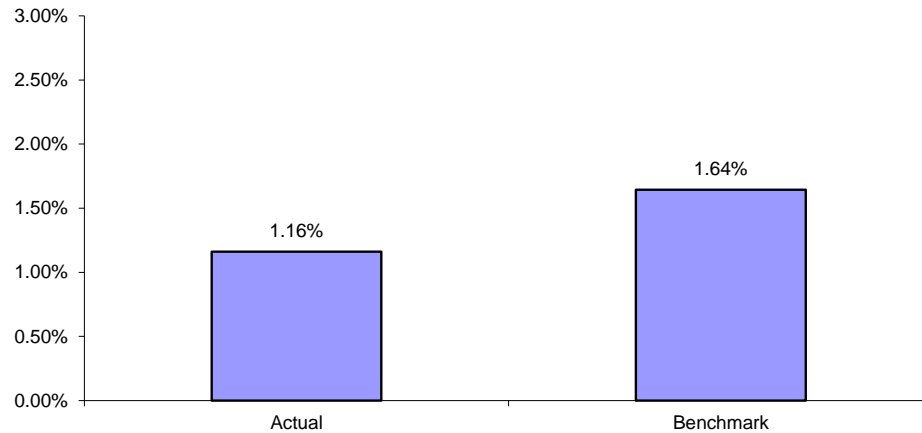
### 3. SUMMARY OF INVESTMENTS

	This Month 30-Jun-22	Last Month 31-May-22	Last Year 30-Jun-21
Term deposits (includes Call Account)	18,562,141	19,362,141	19,614,121
Other loans (includes loan to Holding Company)	1,500,809	1,500,809	1,503,596
<b>Total Investments</b>	<b>\$20,062,950</b>	<b>\$20,862,950</b>	<b>\$21,117,717</b>

#### 4. SOURCE OF FUNDS

	<b>This Month 30-Jun-22</b>	<b>Last Month 31-May-22</b>	<b>Last Year 30-Jun-21</b>
Depreciation Funds	1,530,000	1,530,000	1,000,000
West Coast Package - Govt subsidy for halt to logging	3,398,894	3,398,894	4,003,314
Harbour - profit from past harbour operations	2,389,758	2,389,758	3,011,432
Freeholding Proceeds (sale of leasehold land)	2,839,952	2,839,952	3,540,838
Capital Sponsorship (deposits from V2010 sponsors)	6,034,038	6,034,038	5,834,038
Reserves Contribution Funds	1,214,500	1,214,500	1,214,500
Short Term Funds - rates income plus term deposits pending debt reduction	700,000	1,500,000	600,000
LGFA Borrower Notes	455,000	455,000	410,000
	<b>\$18,562,141</b>	<b>\$19,362,141</b>	<b>\$19,614,122</b>

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



#### 6. INTEREST REVENUE

	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Budget Full Year</b>
Interest Revenue	\$508,964	\$359,546	\$359,546

## 7. COMPLIANCE WITH INVESTMENT 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 which represents 18.7% of the total investment portfolio. This planned breach will continue as investments mature and are rolled over as this level of investment is part of a sponsorship agreement.

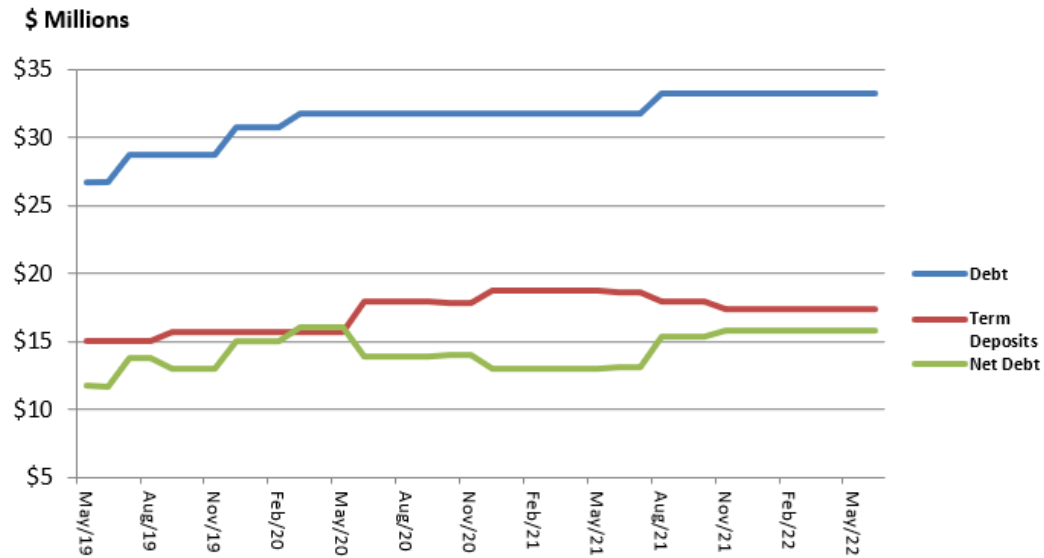
## 8. SUMMARY OF BORROWINGS

	<b>This Month 30-Jun-22</b>	<b>Last Month 31-May-22</b>	<b>Last Year 30-Jun-21</b>
<b>External Debt</b>			
Westpac Loan Facility	13,213,860	13,213,860	11,773,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	<b>\$33,213,860</b>	<b>\$33,213,860</b>	<b>\$31,773,860</b>
Weighted Average Interest Cost	2.69%	2.69%	3.90%

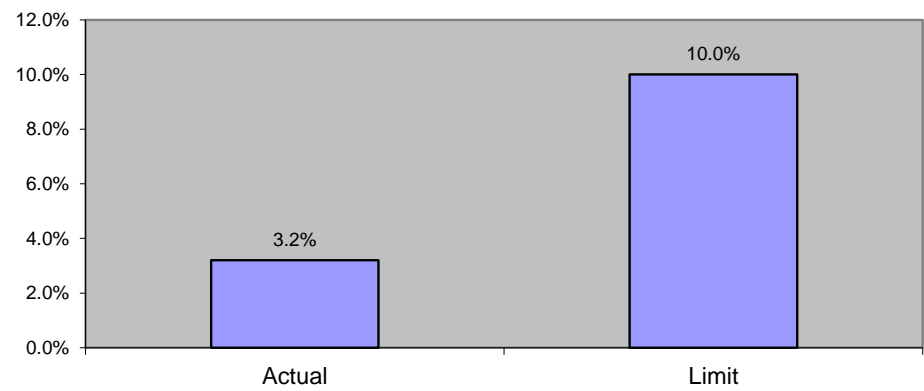
<b>Net Debt</b>			
Total Borrowings	33,213,860	33,213,860	31,773,860
Less: Term deposits (including Call Account)	18,562,141	19,362,141	19,317,292
	<b>\$14,651,719</b>	<b>\$13,851,719</b>	<b>\$12,456,568</b>

**9. DEBT AND INVESTMENTS 3-YEAR TREND**

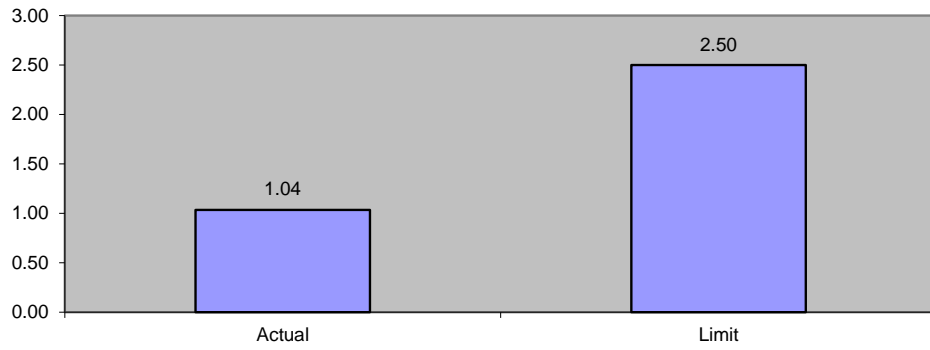


**10. COMPLIANCE WITH TREASURY POLICY**

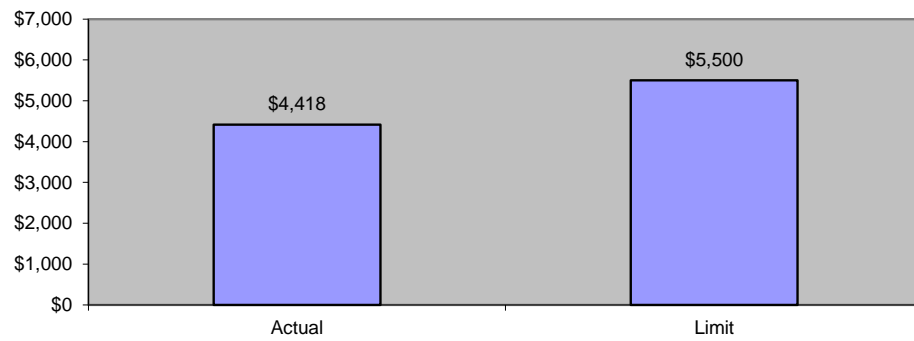
**10.1 Interest Expense / Total Income**



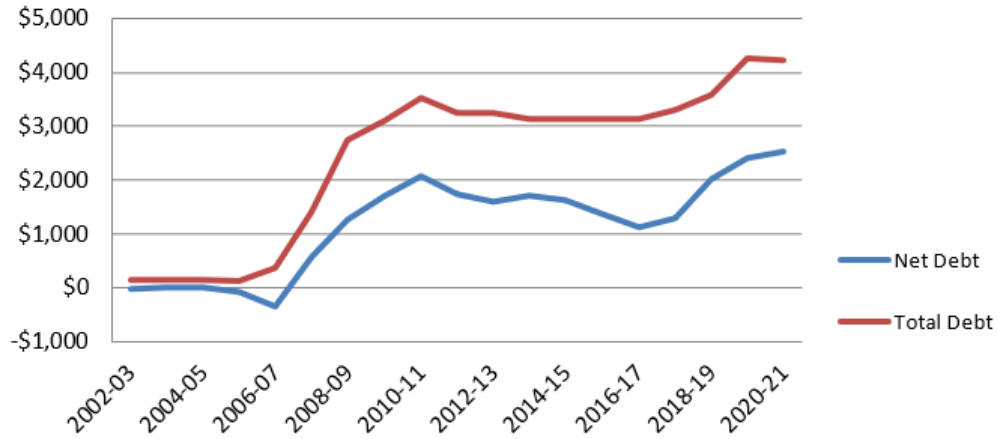
## 10.2 Gross Debt / Total Income



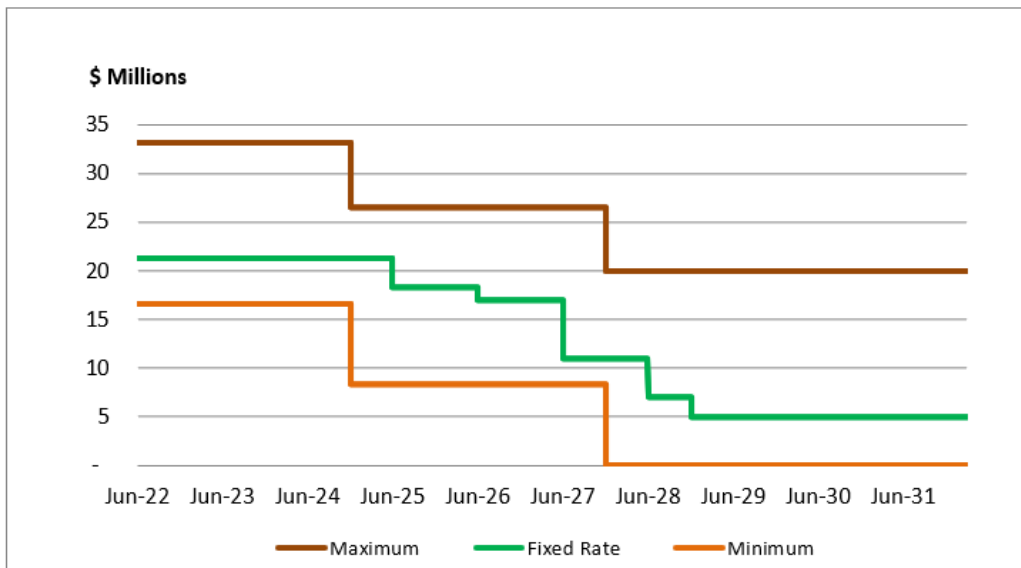
## 10.3 Gross Debt per Rateable Property



#### 10.4 Debt and Net Debt per Rateable Property



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



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

## **FINANCE, RISK & AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 9**

<b>Prepared by</b>	Juliette Aldridge Financial Services Officer  Lynn Brooks Finance Manager
<b>Reviewed by</b>	Rod Fox General Manager Commercial and Corporate Services
<b>Attachments</b>	<b>Attachment 1</b> – Sundry Debtors Report <b>Attachment 2</b> – Rates Debt Management

#### **DEBT RECOVERY REPORT 30 JUNE 2022**

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#### **1 REPORT SUMMARY**

This report presents and classifies the outstanding balances of rates and sundry debtors as at 30 June 2022 for monitoring and information purposes.

There are no customers with arrears that require a decision of Council to progress the debt recovery process. This is because all debt recovery processes are delegated to staff and are part of the business-as-usual activities of Council.

#### **2 DRAFT RECOMMENDATION**

**That Council receive the debt recovery report for information.**

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

**3.1** This report is presented to provide monitoring information on debt trends for Council.

Council requires a high-level overview of the debt owed to Buller District Council. This information, when taken in conjunction with all other aspects of the financial results provides a full view of the financial performance and financial position of Buller District Council.

### **3.2 Rates**

Debt follows the usual pattern whereby every third month when the rates are charged the rate debt increases, then it decreases for the following two months.

The total rates debt as at June 2022 has decreased slightly since the last quarter. Rates collection has been disrupted by the flooding events in July 2021 and February 2022, as well as Covid-19 Lockdowns and Self Isolations. At the report close-off date of 30 June 2022 there is a reported increase in rates debt in the Ongoing Monitored category with the increase being in the Missed February and May 2022 Instalment category. A reduction in both the Payment Plan and Serious Defaults categories has been recorded.

All debt is being closely monitored. Staff are mindful that a number of ratepayers have been significantly affected by the flooding and have been making tailoring payment arrangements with this in mind. Council approved a special resolution shortly after the July flood to allow for a six-month period to pay rates due in August 2021 with no penalties being applied if the property owner applied for this remission.

In-house debt collection is proving to be more effective than handing collection to an external debt collection agency unless this action is absolutely necessary.

Rates debt is managed in a two-fold way. Firstly, the serious defaults category is systematically reviewed and each case at review is targeted with additional debt collection measures. Where consent is received from the ratepayer Council works alongside them as well as their bank (if relevant), Budget Advice, and other support services. This produces some positive outcomes where the ratepayer has the support they need and has independent advice about their debt and obligations.

Secondly, early intervention is made when ratepayers miss one or two instalments. This is to try and prevent ratepayers falling behind and then not being able to clear the arrears.

Council promotes the Rates Rebate scheme and talks to customers in arrears about their possible eligibility for it. Council encourages direct debits as a payment method and the number of ratepayers using this service has increased significantly.

The number of ratepayers on payment plans remains high compared with prior years and this early intervention made with ratepayers who start to fall behind is showing long term benefits for both the ratepayers in arrears and Council.

### **3.3 Sundry Debtors**

Debt shows an overall decrease over the last three months. The significant decrease relates mainly to three debtors in the sundry debtors category, with the majority of this collected in March 2022.

The serious default category indicated in red in the graph is mainly due to non-payment of leasehold property. This continues to be an area of focus and increasing collection measures including staff working closely on target cases.

The twenty percent discount on purchase option provided by Council can provide assistance for these long-term lease arrears, either encouraging the lessee to purchase and refinance, or for them to sell the lease with the new owner wishing to freehold.

The ongoing maintenance category of debtors are well monitored and the debt collection measures in place are appropriate for this group.

## **4. CONSIDERATIONS**

### **4.1 Strategic Impact**

Council has key strategies of being resilient, growing the economy, providing quality infrastructure, investing in our towns and being affordable by growing non-rates income.

Debt recovery strategies are essential for effective collection of customer arrears and to ensure fair and equitable interaction between Council and our customers.

Keeping Council customers' debt levels in check and reporting on the level of debt provides a measure against the strategies of Council and provides an overview of the cost impact on our community.

This report also assists with understanding the current local economic climate along with the impacts of Council charges, and the community ability and willingness to meet those charges.

#### **4.2 Significance Assessment**

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 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 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 Risk Analysis**

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

When credit is extended by Council a risk arises that the amounts owing are not recovered when due, or that over time total debt owing grows to an unsustainable level and puts pressure on cash flow.

This risk is mitigated by requiring staff to monitor and recover debt therefore acting on indebtedness early on which yields better results, and regular reporting to Council to ensure oversight.

#### **4.4 Values**

The Buller District Values are: Integrity, Future Focussed, Community Driven, One Team and We Care. Monitoring debt and undertaking debt collection processes most closely aligns to the values of integrity and future focussed.

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

The collection of rates debt is enforceable under the Local Government (Rating) Act 2002. Other legislation dealing with credit extended by Council

and debt recovery include the Property Law Act 2007, Residential Tenancies Act 1986 and the Resource Management Act 1991.

The Financial Delegations Policy, Treasury Management Policy and Rates Remission Policies also apply to the collection of Council debt.

**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**

It is equitable for all our ratepayers, the public and individual debtors to ensure that all amounts outstanding should be collected through consistent processes. Council follows policy and in-house debt collection procedures to ensure this is achieved.

**4.8 Costs**

There are no extraordinary costs for debt recovery and the costs for continuing debt recovery are included in the annual plan budget.

**4.9 Benefits**

The benefits to collection of debt is the cash flow of Council is maintained. There is also fairness and equity for all ratepayers and service consumers in that everyone is paying their portion of the cost.

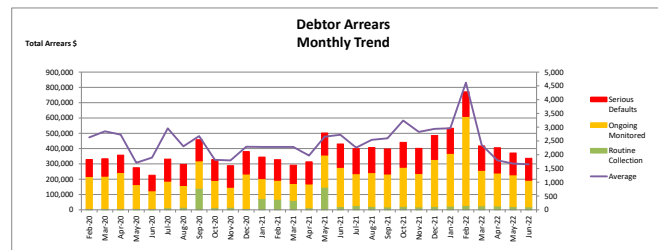
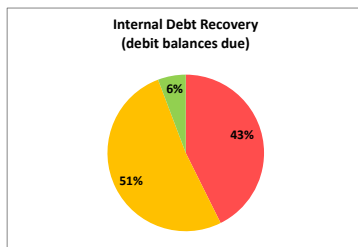
**4.10 Media / Publicity**

There are no media or publicity opportunities with the content of this report.

Sundry Debtors - Debt Recovery Report

Report cutoff date 30 June 2022  
Ageing cycle - current due 30 June 2022

Status Flag	Debtor Type	Age of Debt		No. of Account Holders per Debt Thresholds			Action to Date				Further Action to Commence					Comments
		No. of Debtors	Overdue	Less than \$2,000	\$2,001 to \$10,000	Over \$10,001	At Debt Agency/ Mortgagee	Letter Sent	Payment Plan	In Dispute	Formal Review	To Debt Agency / Mortgagee	Monitor Progress	Further Letter/ Meeting	Other Options	
	Leasehold Properties	18	143,705	7	7	4	1	8	9		✓			✓	✓	Rents invoiced 6 monthly in advance. Long standing arrears receiving increased collection measures.
	Orowaiti Connection	2	6,750	0	2	0				2					✓	One overdue account remains lodged with Credit Recoveries.
	Libraries	0	0	0	0	0										
	Water	14	19,876	10	4	0		6			✓			✓		Payment plans promoted for those with long standing debt.
	Resource Management	14	49,392	10	2	2	4	8	2		✓	✓		✓		Long standing arrears receiving increased collection measures.
	Rentals	17	41,429	13	3	1		17				✓		✓		\$27k debtor in Liquidation, debt remains until final notification. The balance is under routine monitoring.
	Regulatory Licences e.g. Food Premises	41	9,395	41	0	0		38		3						Timing of Annual Licences billing.
	Sundry	43	23,574	41	1	1		39					✓			Instalment arrangements entered into for those with long standing debt. Includes 3 large debtors nearly all paid up in March.
	Westport Harbour	30	23,393	26	4	0			8							Annual payment plans in place. Rents, Berthage etc.
	Trade Waste	6	11,242	4	2	0	2			2					✓	Annual invoicing cycle in June of each year.
	Airport Parking	1	40	1	0	0									✓	Small amounts monitored.
	Building Consents	4	4,362	3	1	0			1							Where overdue, this represents inspections not yet completed due to timing of building process.
	Swimming Pools	11	1,610	11	0	0										
	Cemetery	2	1,842	2	0	0										
	LIMs	1	300	1	0	0										
	Totals	204	336,910	170	26	8										



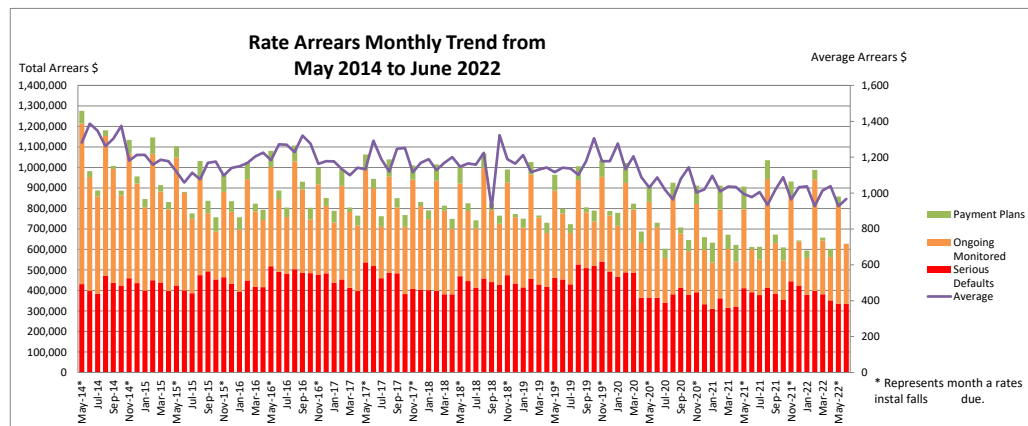
## Rates Accounts - Debt Recovery Report

Report cutoff date 30 June 2022  
 Last rates instalment due date 31 May 2022  
 Next rates instalment due date 28 August 2022

### Internal Debt Recovery Analysis

Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Further Action to Commence						Comment
					\$	%	Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter	Continue Sale Process	
Red	Placed with External Debt Collection	14	110,753	26,504	84,249	26%				✓			Arrears placed with Credit Recovery Agency. Refer to the analysis below.
Red	No current mailing address	0	0		0	0%		✓					Tracing addresses through bank deposits & social media undertaken.
Red	Approach Mortgagee	0	0	0	0	0%							Ratepayers with mortgages are pursued for payment under the Rating Act provisions.
Red	Awaiting Decision	21	101,897	52,637	49,260	15%	✓		✓				More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
Red	Missed more than two instalments	47	121,246	95,798	25,448	8%					✓		Reviewing for possibility of Mortgagee Action.
Orange	Under Action - Short Term Monitored	24	41,300	37,974	3,326	1%	✓				✓		Reviewed systematically with each ratepayer.
Orange	Payments Insufficient	53	28,882	28,882	0	0%				✓	✓		Reviewed systematically. Work through options to increase payments/resolve debt.
Orange	Long Term Monitored	37	68,393	63,830	4,563	1%	✓						Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
Orange	No Payments - Property on Market	7	16,095	12,022	4,073	1%	✓						Annual Review.
Orange	Missed February and May 2022 instals	51	62,398	62,367	31	0%					✓		Letters sent - monitoring.
Orange	Missed one instalment only	154	76,187	76,187	0	0%					✓		Letters sent - monitoring.
Green	Payment plans	241	598	598	0	0%				✓			Reviewed annually and updated as required.
Blue	Abandoned Land Tender Project	37	187,629	29,960	157,669	48%						✓	Report to June 2019 Council Meeting.
<b>Totals</b>		<b>686</b>	<b>815,378</b>	<b>486,759</b>	<b>328,619</b>	<b>100%</b>							

Internal Debt Recovery			
Red	333,896	40.9%	
Orange	293,255	36.0%	
Green	598	0.1%	
Abandoned land	187,629	23.0%	
	815,378	100.0%	



## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 10**

**Prepared by:** Rod Fox  
Group Manager Commercial and Corporate Services

**Attachment 1:** FRAC Work Plan

### **FINANCE, RISK AND AUDIT WORK PLAN**

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

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

**WORK PLAN**  
**- FRAC**

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>FRAC Reports</b>														
- BDC Quarterly Financials					Quarterly			Half yearly BDC & WAA			Three quarterly			
BDC Financial Performance														
- BDC Investments and Borrowings														
- BDC Debtors														
- BDC Capital Income and Expenditure														
- BHL Quarterly Financials					Quarterly			Half yearly			Three quarterly			
- Strategic Risk Register and Report	Quarterly			Quarterly				Quarterly		Quarterly				
- Health and Safety Report	Quarterly			Quarterly				Quarterly		Quarterly				
- Budget Carry Overs					2022 Carryovers									
- CCO Statements of Intent						Letter of expectation			Draft			Final		
- CCO Director Appointments and Remuneration								Review Appointments						Remuneration
- PIP Reports and Minutes Monthly														
<b>2023/2024 Annual Plan</b>														
- Annual Plan				Strategic Planning for Annual Plan	Workshop, budgets templates open	Complete budgets, workshop including BHL inputs to AP		Final review of draft estimates, budget result workshop	Adopt draft Annual Plan and Consultation Document	Submissions open, community consultation	Submissions close, hearing and deliberations	Adopt final Annual Plan		
<b>2021/2022 Annual Report</b>														
- BDC Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Final Audit Adopt and publish Annual Report							Interim Audit		
- BHL Annual Report				Receive CCO Annual Reports										
<b>Rating Policy Review</b>														
- Rating Policy Review	Under Review	Update Paper to FRAC	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review		
<b>Other Operating Projects</b>														
- Insurance			Insurance Update Report		Finalise									
- Abandoned Land	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review	Under Review		

## FINANCE RISK AND AUDIT COMMITTEE

20 JULY 2022

### AGENDA ITEM 11

**Prepared by** Glenda Martyn  
Human Resources and Health & Safety Advisor

#### HEALTH AND SAFETY REPORT

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##### 1. REPORT SUMMARY

This Health and Safety report is intended to provide the Committee with insight into initiatives and activities including their progress as part of our organisational commitments to providing a safe and healthy workplace.

##### 2. RECOMMENDATION

**That the Finance, Risk and Audit Committee receive the Health and Safety report for information.**

##### 3. ISSUES & DISCUSSION

###### **Health, Safety and Wellbeing in the Workplace:**

Council adopted the new Health and Safety Management System July 2021, with implementation occurring across all of council's operations.

The quarter from 1 March 2022 to 31 May 2022, there have been a range of incidents reported.

Incidents Reported	Injuries Reported	Lost Time Hours	Observations
13	2	0	7

Incidents reported relate to public interaction of a moderate nature, plant and equipment, security breach and property damage incidents of a minor nature.

Injuries reported were both of a minor nature with first aid applied.

Of the Observations reported, three related to the daily inspection requirements at the airport, with the remaining four relating to, positive worker behaviour, property damage that could cause harm, water leak and workplace wellbeing.

**COVID-19 Update:**

COVID-19 Omicron outbreak is still occurring within our community and workers. BDC is still operating under the COVID-19 Protection Framework (CPF). BDC continue to implement safety measures for our employees, consultants, contractors and volunteers. Risk assessments have been conducted for each role within BDC to establish the risk of exposure and, contracting or transmitting the virus in the workplace. Requirements for workers to follow the CPF and stay home if unwell continues, with remote working arrangements available to many employees.

**Safety Reporting Systems**

The Damstra Safety systems merger and upgrade with Buller Holdings Ltd is currently near the final milestone prior implementation. This will see the merger of data platforms and a shared way of working between our business for inductions processes for workers, contractors and visitors.

The next two stages for BDC with our health and safety improvements will be to implement an eLearning Management Systems (eLMS) and Solo Worker application.

eLMS will digitize our worker, contractor and visitor inductions process, along with worker training and administration by systematically attaching documents and certifications to each worker record, including notifications of expiries and renewals.

Solo is designed to ensure that workers are always protected and are monitored, even if working alone. Using geofencing and easy site check-ins, Solo facilitates contact tracing, site security, and response team alerts. This remarkable solution protects workers in real time against collisions, falls, and dangerous situations as well as identifies, locates, and communicates with people no matter where they are.

## **FINANCE, RISK AND AUDIT COMMITTEE**

**20 JULY 2022**

### **AGENDA ITEM 12**

**Prepared by** Glenda Martyn  
Human Resources and Health & Safety Advisor

**Attachment 1** Council Strategic Risk Register

### **STRATEGIC RISK REGISTER**

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

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

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

#### **2. RECOMMENDATION**

**That the Finance, Risk and Audit Committee:**

- 1. agree to the control plan of items 5,10,11,12, 19 and 20 of the Strategic Risk Register, to be amended as detailed below; and**
- 2. agree to include a new strategic risk of Externally Funding Infrastructure Recovery Programmes, with proposed inherent risk rating of 20 (Likelihood, Likely (4) v Consequence, Major (5)) and residual risk rating of 15 (Likelihood, possible (3) v Consequence, major (5)).**

#### **3. ISSUES & DISCUSSION**

That review of key controls and the control plan for the following risks be updated to reflect the below:

## **5. Climate change impacts on public safety**

West Coast Civil Defence Emergency Management continues to be actively governed via joint committee across the West Coast. A part time Emergency Management Officer (EMO) has now been appointed and will continue the work to facilitate training to local stakeholders including Council staff. Hazard mapping has been developed, and work has been conducted with WCJC, EMAT & NEMA to develop a draft national evacuation template that can then be tailored to the Buller District. There is a strong push to improve communications across the Buller which has seen new radio and communication equipment distributed. *Progress update September 2022.*

## **10. Heavy reliance on rates income with a low and aging population base**

Projects in Partnerships governance group has progressed projects well through this forum and will continue to do so. BDC continue to receive quarterly informetric reports and these continue to identify that Buller is 'holding its own' in the current economic environment. Economic Development strategy continues to provide the framework. Ongoing advocacy through central government for the district and funding opportunities. *Progress update December 2022.*

## **11. Business success of Buller Holdings Ltd**

Council & BHL Governors meet at least four times a year, on a more formal basis, with meeting minutes reported through to FRAC. Director appointments are undertaken with a view to diversify in service areas and future succession planning with board of directors. BHL through its contracting company WestReef Services Ltd are exploring opportunities for additional external contracting and traffic management services to grow the company. *Progress update December 2022.*

## **12. Leaching from historic uncontrolled waste sites**

Continued monitoring of known locations to further determine risks of disturbance and any mitigating measures required. Site monitoring will provide a greater understanding of site history, contamination pathways, geological and hydrogeological connection and environmental receptors. *Progress update December 2022.*

**19. Failure to engage, consult and communicate with community and stakeholders.**

Customer Satisfaction Survey conducted 2020 with positive results and will continue bi-annually. MOU with Iwi reviewed May 2021, with committee voting rights introduced from 1 July 2021. Recovery programme communication continues through public meetings, newspaper, social media and survey's. Vote 22 election campaign commenced July 2022. *Progress update December 2022.*

**20. Delivery of Flood Recovery Action Programme.**

The Flood Recovery Action Programme (RAP) continues to be delivered through the Recovery Team, with a number of action items completed or nearing completion. The five environments, built, natural and rural, community, economic and partnerships continues to be reviewed and refreshed to monitor risks through the RAP, with engagement through key stakeholder and contractors. Ongoing connectivity with the community continues through public meetings and the community hub. *Progress update December 2022.*

**Externally Funded Infrastructure Recovery Programmes**

Committee resolved the following at its meeting on 23 March 2022;

*Committee confirms an extraordinary loan facility for up to \$7m (seven million dollars) is permitted to be drawn down. Use of this facility is only for the purpose of paying flood recovery costs and is only to be used as a short term measure to bridge the funding gap between when costs are paid and when external grant funding is received.*

This has been identified as a strategic risk to council, however mitigations have been put in place to ensure that council is eligible to claim back the entitlements as per the current key control plans in place. NEMA guidance has been ongoing and there is quality assurance process that have been put into place.

It is recommended that the Committee agree to include a new strategic risk of Externally Funding Infrastructure Recovery Programmes, with proposed inherent risk rating of 20 (Likelihood, Likely (4) v Consequence, Major (5)) and residual risk rating of 15 (Likelihood, possible (3) v Consequence, major (5)).

*Risk Assessment Matrix to enable review easily.*

**Table 7: Risk Assessment Matrix**

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

**Buller District Council Strategic Risk Register**

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1	Natural Disaster	Coastal erosion and sea inundation of Westport Airport runway	IF the airport is not protected against coastal erosion, THEN erosion and inundation may continue to occur leading to the presence of Unsafe Conditions and revocation of the airport's Operating Certificate and ability to offer air services	Operations & service delivery	3	3	9	Debris exclusion fence constructed (February 2019) to prevent incursion of debris onto runway strip and runway	9	Practical works completed, and final progress report received by FRAC 20 September 2020. All controls are currently in place.	Sep-22	GM CCS
2	Natural Disaster	Climate change and flooding impacts on Council assets and infrastructure (other than Airport)	IF Council does not protect its assets and infrastructure 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. storm water	15	July 21 & Feb 22 floods have impacted key infrastructure in Buller. Slips has impacted water assets, roading etc and an assessment programme is underway with funding packages approved or being further formulated and submitted to central govt for support.	Sep-22	GM IS
3	Natural Disaster	Major flooding of Westport township	IF adequate flood mitigation planning and or protection works are not designed and undertaken, THEN a catastrophic flood of the township, resulting from increased high intensity storm events, may occur leading to potential loss of life and considerable financial loss and infrastructure damage	Financial/Economic	5	2	10	River stop banking in place Flood warning (telemetry) systems Property tags around flood levels and consideration in issuing of building consents	10	Post July 21 & Feb 22 floods an independent Buller Flood governance group and the Westport Joint Rating committee have been established and working towards a multi-pronged approach to dealing with flood risk. There is WCRC/BDC and central govt partnership approach with elected member representation on both groups. Funding packages are being developed with regards to a multipronged approach of adaption, mitigation and migration. Interim emergency works put in place during the Feb 22 flood will remain in place until a permanent solution is identified.	Sep-22	CEO
4	Assets and Infrastructure	Central Government three-waters reform	IF Central Government water reforms are not fit-for-purpose, THEN there may be significant impact and/or uncertainty resulting in legal/regulatory risk	Reputational/stakeholders	3	4	12	Advocacy through LGNZ. Participation in DIA workshops to inform strategic approach. Regional collaboration to address Three Waters reforms.	12	Developments from DIA are being closely monitored, including direction for service delivery. Three Waters reform information continues to unfold, and Council will consider options and make decisions based on thorough assessment of risks and opportunities. Regular updates to be provided through to council via workshops and continued council reports as required	Sep-22	GM IS

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5	Natural Disaster	Climate change impacts on public safety	If effective Civil Defence processes are not in place, THEN emergency response to an increasing number of civil defence events could be compromised, resulting in avoidable serious injury to, or loss of life of, a member or members of the public	Health & safety	5	3	15	Emergency Management Officer will continue working on 4 R's of emergency preparedness and response Staff training undertaken in emergency response (on-going) Public education and awareness Civil Defence exercises and simulations undertaken	10	West Coast Civil Defence Emergency Management continues to be actively governed via joint committee across the West Coast. Buller's is currently recruiting for a full time Emergency Management Officer (EMO), however once appointed they will continue to facilitate training to local stakeholders including Council staff. Hazard mapping has been developed and flood evacuation plans are near completion. National messaging such as 'Long or Strong – Get Gone' and other. Partnership agreement has been approved and updated at the March 2022 Regulatory meeting outlining roles and responsibilities TA's important information is promoted via various methods including Facebook which has a strong following. There is a strong push to improve communications across the Buller which has seen new radio and communication equipment distributed.	Jun-22	CEO
6	Council systems	Information management	If a systematic approach to securing and accessing information is not established (including succession planning and staff retirements), THEN important information may be overlooked, undiscoverable or lost, leading to financial loss, lost opportunity, reputational impact or poor service delivery or service disruption	Operations & service delivery	5	2	10	Server back-ups	10	The Information Management project has been scoped and a Schedule of Works agreed upon with the preferred supplier. The project was initiated in October 2021 but has had to be trimmed back due to the inability to attract a Manager IM and Project Lead. It was further delayed due to the Feb 22 flood events. We have now been able to identify a Manager IM, with an intended start date of June 22, and have negotiated with our supplier to provide a Project Lead on a contract basis. The IM project will be recommenced in full in July 22 with an expected completion date of Mar 23..	Sep-22	GM CCS

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

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9	Assets and Infrastructure	Lack of key infrastructure for growing tourism demands	IF Council does not accurately prepare for the forecast ongoing growth of the domestic and international tourism industry, THEN Council-provided infrastructure may be inadequate for demand and not fit-for-purpose resulting in infrastructure failures	Reputational/stakeholders	4	2	8	Close working relationship with other key agencies and community.	8	Council to consider through the District Plan (TToPP) and additional regulations. Other infrastructure options and funding opportunities to be explored, alongside strategic planning for growth and development, with considerations to reforms, rebuild programmes, resilience and climate change.	Sep-22	GM IS
10	Council Financial Vulnerability	Heavy reliance on rates income with a low and aging population base	IF Council fails to explore and secure external income opportunities, THEN reliance on rates income will continue to increase towards Council's rates revenue 65% upper limit	Reputational/stakeholders	4	2	8	Commercial & Corporate portfolio established. Strengthened partnership with Iwi, Central Govt and DWC. Refreshed Economic Development strategy. Ongoing advocacy.	8	Project governance group and framework established to deliver successful PGF projects. We continue to explore a range of projects. Quarterly informatics reports being received and identifies that Buller is "holding its own" in the pandemic environment and that there is a general sense of confidence. BDC 2nd Tranche ED strategy continues	Jun-22	CEO
11	Assets and Infrastructure	Business success of Buller Holdings Ltd	IF BHL is not commercially successful, THEN there could be a decrease in dividend available to Council that may result in an impact on ratepayers	Financial/Economic	4	2	8	Rigorous director appointment process to obtain the right focus and skillset. Regular review of strategic direction (input via Letter of Expectation & SOI process) and financial performance. Regular two way updates, reporting and communication.	6	Council & BHL Governors meet at least four times a year, on a more formal basis, with meeting minutes reported through to FRAC. Director appointments are undertaken with a view to diversity in all areas and future succession planning. BHL through its contracting company WestReef Services Ltd are exploring opportunities for additional external contracting and traffic management services to grow the company. Due to the current COVID environment, face to face meeting with both governance parties have not been able to occur, however will be rescheduled once the peak has passed.	Jun-22	Deputy Mayor and HR & H&S Advisor
12	Assets and Infrastructure	Leaching from historic uncontained waste sites	IF Council fails to comprehensively map and remediate historic waste disposal sites, THEN environmental contamination, public health concerns, community dissatisfaction and financial loss may occur	Environmental	3	2	6	No systematic controls in place	6	Consider investigations/audit to identify other potentially discoverable sites/risks. Undertake monitoring of known locations to determine risks of disturbance and any mitigating measures required	Jun-22	GM IS

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13	Assets and Infrastructure	Costs associated with Special Purpose Road (SPR) to Karamea	IF Council fails to secure agreement with NZTA for alternative long-term funding for the Mokihinui to Karamea SPR by 2021/22, THEN rates will exceed affordability levels (due to a required rates increase of >\$300,000), resulting in ratepayer impact and dissatisfaction	Reputational/stakeholders	3	2	6	Funding agreement in place that secures 100% contribution by NZTA until 2021 (future funding arrangements are being negotiated)	6	Funding agreement in place that NZTA will fund 100% of the Karamea Highway Special Purpose Road costs until 2024. BDC put up a bid to NZTA for the work programme for the next 3 years, and NZTA agreed to fund 92% of the request. With regard to the SPR, there is no commitment from BDC to own the SPR. Ongoing negotiation with NZTA and development of the SPR Transition Plan advocating no additional burden for ratepayers.	Mar-23	GM IS
14	Human Resources	Failure to recruit key roles	IF Council does not develop an effective recruitment strategy, THEN key managerial or technical roles may not be filled resulting in significant operational disruption and/or stress to existing staff	Operations & service delivery	3	2	6	Appointment of HR & H&S Advisor to implement strategies for recruitment, retention and succession planning	3	Recruitment framework reviewed and updated. Noting the national skill shortage we are currently facing. Succession planning in key roles occurring throughout the organisation to grow and develop young locals. Career Opportunities booklet developed and vocational pathways presentation to BHS students. Student opportunities for work experience and paid holiday positions developed.	Dec-22	HR & H&S Advisor
15	Natural Disaster	Major earthquake impacts on employees and public health and safety	IF Council's buildings are not EQ code-compliant, THEN Council employees and public may be seriously injured or killed in the event of a major earthquake	Health & safety	5	1	5	Systematic assessment of key Council buildings undertaken Earthquake strengthening of key Council buildings where necessary	5	Systematic assessment of key Council buildings undertaken Earthquake strengthening of key Council buildings where necessary. Building assessments of other Council buildings are undertaken as projects occur at individual buildings, with required work being included in the project. Systemic review of all other Council buildings and structures to establish risks and compliance and determine forward plan and priorities. Work with reserve subcommittees to review buildings on reserves and determine forward plan and priorities.	Dec-22	GM CS

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16	Health & Safety Financial	Major Pandemic impacts on employees and public health and safety as well as creating financial risk for Council	If a nation wide pandemic is called by MoH, and Council's buildings closed, THEN Council may not be able to provide all services and potential impact on income	Health & safety	3	4	12	Pandemic Plan (PP) and Business Continuity Plan (BCP) have been created and will be maintained to a "live" level at all times. Financial monitoring is a key component of our plan.	15	Continue to maintain the PP & BCP documents to ensure they are 'fit for purpose' in the current everchanging climate. Implementation of RAT testing for employees to reduce the likelihood to business closure. Continue to monitor employee's wellness and promote the 'if unwell stay home' message. Enable staff the ability to work from home where possible to maintain business continuity if facilities are closed.	Dec-22	HR & H&S Advisor
17	Legal Compliance	Legal compliance for reserves	If legal requirements for reserves and activities on them are not met, THEN the activities may not be able to continue and/or Council may be subject to legal enforcement action	Legal/Regulatory	3	3	9	Subcommittees established, first meetings held and subsequent meetings being scheduled. Council staff able to provide greater support to subcommittees as and when required	9	Support and training programme to be developed for subcommittees on legal requirements and responsibilities, including health and safety, the Reserves Act, building compliance etc. Overall operational risk register for reserves and halls to be developed and reported through the Community, Environment and Services Committee. Individual operational risk registers to be developed by each subcommittee, with support from Council staff.	Sep-22	GM CS
18	Legal Compliance	Reefton Water Supply Non - Chlorination	If the Reefton Water Supply remains unchlorinated, THEN the public health of residents remains at risk and Council may be subject to legal enforcement action	Health & safety - Legal - Regulatory	5	4	20	Precautionary Boil Water Notice. Water quality monitoring at reservoir, shock dosing the reservoir if there is a transgression.	20	The infrastructure upgrade project is now completed. Budget to proceed with residual disinfectant (chlorination) will be considered in the 2022/23 Annual Plan, to manage the risk of re-contamination. The Water Safety Plan will be revised and resubmitted accordingly. Three water reform continues to progress by central government.	Sep-22	GM IS

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19	Reputational / Stakeholder Engagement / Political	Failure to engage, consult and communicate with community and stakeholders	If Council fail to engage our community in significant consultation processes THEN the risk of community confidence and stakeholder dissatisfaction would increase with negative impact on BDC reputation	Reputational/stakeholders	3	3	9	We are committed to maintaining the highest standards of integrity, compliance and ethics. We will continue to develop our governance structures to ensure that we manage business risk, maintain good relationships with our stakeholders and meet Council's delivery expectations and commitments. We will endeavour to make every customer and stakeholder contact a quality one and we will consider the interests of the broader community, including Iwi, in delivering our services.	9	Customer Stratification Survey recently conducted with positive results. Will become a biannual process MOU with Iwi reviewed May Council, voting rights at committee effective 1 July 2021. MOU updated to reflect change. Recovery programme communication is being refined, comms strategy has been developed to support post flood event comms	Jun-22	SLT
20	Reputational / Stakeholder Engagement / Political	Delivery of Flood Recovery Action Programme	If Council fail to deliver the Flood Recovery Action Programme THEN the risk of community confidence, financial and economic loss, health, safety and wellbeing of the community and potentially employees would increase with negative impact on BDC reputation	Reputational/stakeholders Health & Safety	5	4	20	Analysis of the main risks from the objectives from the RAP have been established, ensuring that the principles that guide recovery are considered:  <ul style="list-style-type: none"> <li>•Protect the health, safety and security of people, animals and property</li> <li>•Be locally-led, regionally co-ordinated, nationally supported</li> <li>•Be responsive to the community's concerns</li> <li>•Engage with the community in making recovery decisions</li> </ul>	12	The Recovery team is currently delivering the Flood Recovery Action Programme (RAP) and continually reviewing and refreshing the outcome framework and risks associated. The five environments, built, natural and rural, community, economic and partnerships are currently delivering RAP with engagement through key stakeholders and contractors, finalising the required central government funding and ongoing connectivity with the community through public meetings and the community hub.	Jun-22	SLT
21	Financial Reputational Legal	Cyber Security	If Council fail to protect their electronic data against the risk of exposure to cyber terrorism THEN Council could be exposed to financial losses, legal and reputational impacts resulting in ratepayer information being accessed and Council subject to legal action.	Reputational/stakeholders Financial Legal	4	4	16	Employees inducted with computer system security policy and phishing training. VPN's in place for all remote accesses on devices and only approved devices are able to access the network. Firewall and antivirus security along with backups conducted.	12	Multi Factor Authentication for all users to be investigated along with the implementation of the new information management system. Additional learning management systems to aid in staff training and understanding of cyber security	Dec-22	GM CCS & CEO
22	Infrastructure Recovery	Externally Funded Infrastructure Recovery Programmes	If there is undue delay in making successful reimbursement claims for the externally funded infrastructure recovery programmes, THEN there is a risk that the approved credit facility will not be sufficient and costs will fall to Council.	Financial/Economic	5	4	20	Strong working relationship established with funding agencies. Agreed processes in place based on best practice. Pre-approval process in place for letting contracts. Internal change management process in place. Regular project team meetings occurring.	15	Programme governance as per Cabinet's decision. Formal notification of funding conditions to be provided. Programme team and support resourcing to enable delivery.	Dec-22	DCEO

## FINANCE, RISK AND AUDIT COMMITTEE

20 JULY 2022

### AGENDA ITEM 13

**Prepared by** Rod Fox  
Group Manager Commercial & 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
14	Glenda Martyn (HR & H&S Advisor)	Buller Holdings Ltd Director Appointments and Remuneration	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.