



# AGENDA

Meeting of the  
Risk and Audit Committee

**Wednesday 15 February 2023**  
commencing at 3.30pm

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

# Risk and Audit Committee

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

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## Purpose

The Risk and Audit Committee is responsible for:

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

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

## Terms of Reference:

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

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

#### **Internal Audit**

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

#### **Other Matters**

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

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

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

**Special Notes:**

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

**Oversight of Policies:**

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

# Appendice - Common Delegations

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

## General Principal

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

These Committees will:

## Strategy, plans and policy

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

## Bylaws

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

## Consultation and engagement

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

## Submissions and legislation

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

**Contracts**

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

**Other**

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

# Risk and Audit Committee

Clocktower Chambers,  
Palmerston Street, Westport



15 February 2023 03:30 PM

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## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 1**

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### **APOLOGIES**

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**1. REPORT SUMMARY**

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

**2. DRAFT RECOMMENDATION**

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

**OR**

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



## RISK AND AUDIT COMMITTEE

15 FEBRUARY 2023

### AGENDA ITEM 2

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### MEMBERS INTEREST

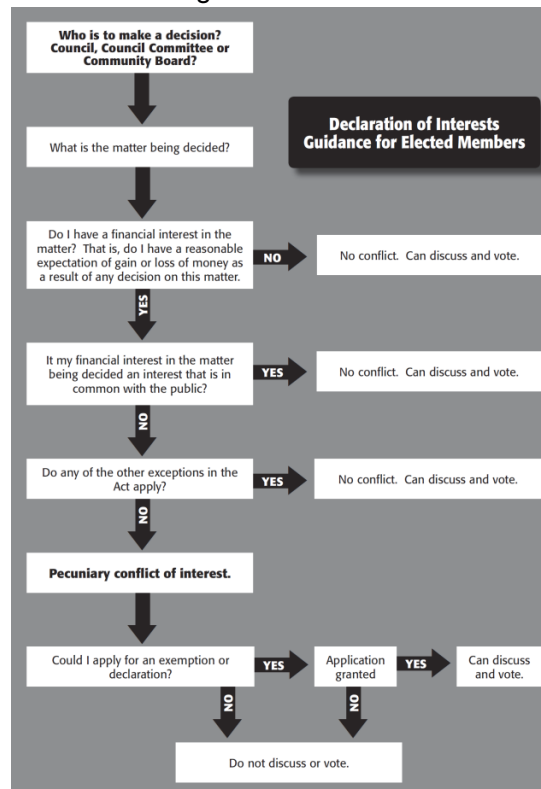
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

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

#### DRAFT RECOMMENDATION:

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



**RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

**AGENDA ITEM 3**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**CONFIRMATION OF MINUTES**

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**1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive and confirm minutes from the meeting of 14 December 2022.**

**MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 1.30PM ON WEDNESDAY  
14 DECEMBER 2022 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET,  
WESTPORT.**

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**PRESENT:** Mayor J Cleine, DM A Basher, Councillors P Grafton, J Howard, Cr G Neylon,  
Cr T O'Keefe, Cr A Pfahlert, Cr C Reidy, Cr R Sampson, Cr L Webb, Cr G Weston.

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

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

**MEETING DECLARED OPEN AT 1:30PM**

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**1. APOLOGIES (Page 9)**

**Discussion:**

N Tauwhare

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

**Cr G Neylon/Cr A Pfahlert**

**11/11**

**CARRIED UNANIMOUSLY**

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

**Discussion:**

Nil

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

**Mayor J Cleine/DM A Basher**

**11/11**

**CARRIED UNANIMOUSLY**

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

**Discussion:**

Cr R Sampson requested information regarding the change advised from J Howard to G Barrell - this was in Item 14 changing the name D Howard in the resolution to J Cleine. This has been changed.

**RESOLVED** that the Risk and Audit Committee receive and confirm minutes from the meeting of 23 November 2022.

**Cr L Webb/Cr J Howard**  
**11/11**  
**CARRIED UNANIMOUSLY**

**4. ACTION POINTS (Page 16)**

**Discussion:**

Douglas Marshall spoke to the Action Points.

Noting that Action Point 203 will be moved forward to be fully addressed for RAC meeting on 15 February 2023.

NEW ACTION POINT: Douglas Marshall bring report to RAC regarding Punakaiki lease.

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

**Cr J Howard/Cr G Weston**  
**11/11**  
**CARRIED UNANIMOUSLY**

**5. PROJECTS IN PARTNERSHIP (Page 19)**

**Discussion:**

Mayor J Cleine spoke to the report which provides an update on the progress of the Projects in Partnership Steering (PiP) Committee. It will be provided to the Risk and Audit Committee on a regular basis until the projects are completed.

The Three Water fundings were clarified. There is the Better Off funding which is from the Three Waters Reforms and the Three Waters Betterment is the Betterment portion of the NEMA funded Tranche 2.

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

**Cr T O'Keefe/Cr A Pfahlert**  
**11/11**  
**CARRIED UNANIMOUSLY**

**6. BULLER HOLDINGS LTD LETTER OF EXPECTATION (Page 93)**

**Discussion:**

Mayor J Cleine gave an overview of the reasoning behind the Letter of Expectation from BDC to BHL.

Douglas Marshall spoke to the report noting a new addition being the proposal for the company to measure carbon production from its activities. This addition is consistent with the council's objective of measuring carbon generation and identifying methods by which carbon generation will be reduced in the future.

Purpose of Commercial Board of the CCO is to determine if they can or cannot afford to pay to maintain their balance sheet.

This is the year to let BHL have another 12 months and see where they go with the new contract. They could possibly pass more but they shouldn't pass less.

LTP is the time to look to see if CCO arrangement is best way to have council assets held.

Mr Marshall noted there may be a slight wording change regarding carbon on 3.g; this will not change the intention at all.

**RESOLVED** that the Finance, Risk and Audit Committee endorses the Letter of Expectation to Buller Holdings Limited for information.

**Mayor J Cleine/Cr C Reidy**

**11/11**

**CARRIED UNANIMOUSLY**

**7. OPERATIONAL PERFORMANCE - FOUR MONTHS TO 31 OCTOBER 2022 (Page 97)**

**Discussion:**

Douglas Marshall spoke to the report which provides the Committee with an update on the financial performance for the four months ending 31 October 2022. To help explain the variances this report is presented in three sections including "Operational Business as Usual", "Additional Grants", and "Flood Event" sections.

He noted regarding reporting standards etc, that all terms are correct but varies with what is shown on the balance sheet. He requested that anyone with questions, email these to Acting Chief Executive R Townrow in the first instance who will then forward to Mr Marshall.

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

**Cr P Grafton/DM A Basher**

**10/11**

**Cr C Reidy abstained  
CARRIED**

**8. INVESTMENTS AND BORROWINGS REPORT - OCTOBER 2022 (Page 101)**  
**Discussion:**

This report summarises Council's cash investments and borrowings for the month of October 2022, and compliance with Council treasury management policy.

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

**Cr J Howard/Cr A Pfahlert**  
**11/11**  
**CARRIED UNANIMOUSLY**

**9. RAC WORKPLAN (Page 113)**  
**Discussion:**

Nil

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

**Mayor J Cleine/Cr G Neylon**  
**10/11**  
**Cr C Reidy against**  
**CARRIED**

**10. STRATEGIC RISK REGISTER (Page 113)**  
**Discussion:**

Douglas Marshall spoke to the report. It was endorsed by the then, Finance Risk and Audit Committee (FRAC), 17 July 2019. This register identifies the organisational strategic risks and is monitored monthly by Senior Leadership Team and the Finance Risk and Audit Committee.

Mr Marshall noted that some things will happen quickly, while others are more just monitoring.

Council will undertake a workshop in the latter part of 2023 to go through the process again.

Council will bring reports as to what could be done to the dredge to work around the 2025 March deadline: first option being with the existing hull, second option possibly being full replacement, and third option being no dredge at all. He noted it would be a big investment for replacement; maybe \$25m.

**RESOLVED** that the Risk and Audit Committee agree to the amendments of the control plans of the strategic risk register as detailed below

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

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

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

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

A large amount of the Stormwater assets have been repaired or are currently in the process of remediation. NEMA have also now approved a number of the Betterment proposals submitted by BDC, which will be undertaken in 2023. Waka Kotahi have now confirmed \$13.2 million of funding for repairs on local roads and the Karamea SPR. Several tender packages will be issued in early 2023, with work commencing February 2023. *Progress update February 2023.*

**3. Major Flooding of Westport Township**

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

Central Government are reviewing the Co-Investment Business Case, anticipated timeframe for a response is now expected in 2023. Further flood mitigation assessment are being undertaken by BDC / WestReef staff to Coates Street and a cost benefit analysis is being undertaken to ascertain the purchase of pumps versus hiring of pumps. *Progress update February 2023.*

**4. Central Government Three Waters Reform**

No changes to control plan. *Progress update March 2023*

**5. Climate Change Impacts Public Safety**

A draft Westport evacuation plan has been developed, has been peer review and made publicly available. Feedback from the public and peer review will be incorporated as appropriate. The August red weather warning demonstrated an improved EOC, demonstrating lessons learnt from previous events. *Progress update February 2023.*

**6. Information Management**

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

The proposed completion date of the project is March 2023. This will be extended into later in the year as the process of capturing documents is now part of business as usual and staff are using the opportunity to review more fully their document processes than the original "capture of documents" project anticipated. This does not change budget funding requirements at this time.

*Progress update March 2023.*

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

Partnership Programme Governance Group is transitioning towards oversight of the Tranche 2 funding programme. The Co-Investment business case for multi model adaptations has been submitted to Central Government. BDC is a strategic operational partner with the Alliance coastal shipping group, the partnership will generate income associated with the Kawatiri dredge and port. Buller Environmental Improvement & Prosperity strategy continues with partnerships Kotahitanga mō te Taiao (KMTT) and the Nature Conservancy. Other projects have created up to \$2m funding and creation of local jobs. Westland Mineral Sands progressing the extractive business associated with Westport port. Local employment opportunities are created. The Mayors for Jobs Taskforce has been funded for a further 12months albeit in a different format however this still provides opportunities to support apprenticeships etc. *Progress update February 2023.*

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

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

These two funding programmes provide income until December 2024 while contracts with Nelson Port for dredging (currently being undertaken) provide further cash to keep the dredge operational until the Marpol regulations apply to the emissions from the dredges' engines, which means the dredge can't be operated from about March 2025.

From March 2025, decisions will need to be made as to how the Westport harbour is dredged with a different vessel. *Progress update March 2023.*

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

Council to consider through the District Plan (TToPP) and additional regulations. Other infrastructure options and funding opportunities to be explored, alongside strategic planning for growth and development, with considerations to reforms, rebuild programmes, resilience and climate change. *Progress update February 2023.*

**17. Legal Compliance for Reserves**

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

Currently working on developing AMPs / RMPs for all subcommittees – two members of BDC staff now have ongoing communications with the groups with oversight from Group Manager. *Progress update June 2023.*

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

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

**Cr G Weston/Cr P Grafton**

**11/11**

**CARRIED UNANIMOUSLY**



## **11. CAPITAL RECEIPTS AND EXPENDITURE REPORT (Page 124)**

### **Discussion:**

Douglas Marshall spoke to this report presenting an overview of the capital income and expenditure results compared to the annual budget for the three months ending 30 October 2022. Any variances forecast for the following nine months to 30 June 2022 are highlighted.

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

Cr C Reidy noted from page 130 that there were a number of items he was struggling to understand and highlighted the IT projects in support services of \$354k. He has found in the annual plan a \$ value of \$158k additional which will be funded by reserves – this means there are additional projects and what are they?

Douglas Marshall noted the IT project is funded and undertaken over multiple years but may occur over a shorter period.

**ACTION POINT:** He will review what was reported in the Annual Plan compared to what is being funded/undertaken now.

There was a question as to who the temporary village belonged to. R Townrow advised that the houses were owned by Ministry of Business, Innovation and Employment (MBIE)

M Williams said that \$15.2m was invested by MBIE for building infrastructure and houses. \$7m was the total for housing with the rest going to infrastructure and a few other things that MBIE allocated it to.

MBIE will be looking to divest the infrastructure to Council. Housing will eventually belong to Council. 10-year time frame on the temporary village site.

It was noted that Stafford and Queen are different. The Stafford St land is invested in the Resilience Trust. The houses belong to council.

In Queen St, the land belongs to council and the houses belong to MBIE.

The people moving from Stafford Street housing to the temporary housing will pay rent to Temporary Accommodation Services (TAS).

Stafford Street, Queen Street and Alma Road rents stand with TAS, not council.

There was clarification that Kainga Ora gifted the Stafford Street houses to council. TAS manages these houses.

Queen Street is on council land. TAS owns and manage the buildings them. It will not be gifted to council.

All costs presently are on TAS, and they are paying rates.

Mayor J Cleine clarified the difference between social housing and temporary housing.

R Townrow spoke regarding an enquiry on the money spent on the Carnegie Library. In the AP, a decision was made to keep seed funding in the budget to allow an interested group to fundraise to strengthen building to enable it to be useable. Council input was \$500k anticipating external funding matching to come.

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

**Cr L Webb/Cr P Grafton**  
**10/11**  
**Cr C Reidy against**  
**CARRIED**

**12. BDC MULTI-YEAR PROJECTS FUNDING REPORT (Page 132)**  
**Discussion:**

Douglas Marshall spoke to the report that Council budgets for annual operating and capital expenditure are prepared and approved during the Annual Plan or Long-Term Plan process each year.

**RESOLVED** that Council receive the Buller District Council Multi-Year Projects Funding Schedule (marked as Appendix A) for information.

**Cr A Pfahlert/Cr J Howard**  
**10/11**  
**Cr C Reidy against**  
**CARRIED**

- There being no further business the meeting concluded at 2.38pm.
- **Next meeting:** 15 February 2023, Clocktower Chambers, Westport

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

## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 4**

**Prepared by** Douglas Marshall  
Chief Financial Officer

#### **ACTION POINTS**

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**1. DRAFT RECOMMENDATION**

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

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
203	<p><b>23 Nov 2022</b></p> <p><b>Council Report Adoption WAA 2021</b></p> <p>S Mason will check and clarify regarding the large difference in the wages for the dental practice between 2021 and 2020.</p>	D Marshall	<p>D Marshall noted at December RAC that this point will be fully addressed for RAC February 2023</p> <p>The Buller Health Trust financial statements were presented to the council meeting of the 22 November 2022. The financial statements were for the financial period ending 30 June <b>2021</b>.</p> <p>A council question related to why there was such a difference in the wages paid between the 2021 financial year and the 2020 financial year.</p> <p>The following explains the difference for Coast Medical and Westport Dental:</p> <p><b>Coast Medical</b></p> <ul style="list-style-type: none"> <li>• The existing privately owned medical centre notified the community in November 2019 that it would be closing its doors on the 31 March 2020.</li> <li>• The trust, which only provided dentist services at that time, purchased the medical centre practice.</li> <li>• Accordingly, the 2020 financial result for the medical centre is for 3 months, whereas the 2021 financial result is for 12 months.</li> <li>• The trust has employed 2 GP's since November 2020 where the previous privately owned centre only employed 1 GP. The trust now employs an additional 2 nurses above the level of the previous centre.</li> <li>• The increased size and complexity of the trust activities meant a General Manager is now employed as opposed to a Practice Manager</li> </ul>	15 Feb 2023

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:																				
			<b>Westport Dental</b> <ul style="list-style-type: none"><li>In 2020, the trust only employed 1 full time dentist while for a good period of 2021, 2 full time dentists were employed</li><li>Locums were utilised as demand required which resulted in higher cost in 2021 than 2020</li></ul>																					
204	<b>23 Nov 2022</b> <b>CAPITAL RECEIPTS AND EXPENDITURE REPORT</b> Douglas Marshall noted the IT project is funded and undertaken over multiple years but may occur over a shorter period. He will review what was reported in the Annual Plan compared to what is being funded/undertaken now.	D Marshall	<p>The following summary notes the financial position for this important programme of works to improve the council’s information management flows. The predominant benefit is moving our paper-based systems to a digital based approach</p> <p><b>Information Management Programme</b> <b>Financial summary as at 31 December 2022</b></p> <table><tr><th>Financial periods</th><th>Forecast</th><th>Actual</th><th>Budget</th></tr><tr><td>To 30 June 2022</td><td>\$102,000</td><td>\$102,000</td><td>\$328,000</td></tr><tr><td>July 2022 to June 2023</td><td>\$300,000</td><td>\$153,000</td><td>\$219,000</td></tr><tr><td>July 2023 to June 2031</td><td>\$245,000</td><td></td><td>\$100,000</td></tr><tr><td><b>Total</b></td><td><b>\$647,000</b></td><td><b>\$255,000</b></td><td><b>\$647,000</b></td></tr></table>	Financial periods	Forecast	Actual	Budget	To 30 June 2022	\$102,000	\$102,000	\$328,000	July 2022 to June 2023	\$300,000	\$153,000	\$219,000	July 2023 to June 2031	\$245,000		\$100,000	<b>Total</b>	<b>\$647,000</b>	<b>\$255,000</b>	<b>\$647,000</b>	15 Feb 2023
Financial periods	Forecast	Actual	Budget																					
To 30 June 2022	\$102,000	\$102,000	\$328,000																					
July 2022 to June 2023	\$300,000	\$153,000	\$219,000																					
July 2023 to June 2031	\$245,000		\$100,000																					
<b>Total</b>	<b>\$647,000</b>	<b>\$255,000</b>	<b>\$647,000</b>																					

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
205	<b>14 Dec 2022</b> <b>Punakaiki Lease</b> Bring report to RAC re Punakaiki Lease	D Marshall	<p>The report on the Punakaiki lease covers a number of matters including</p> <ul style="list-style-type: none"> <li>• The current lease arrangement</li> <li>• Future development of the campground by the leasee</li> <li>• Operation of the wastewater effluent site for the campground</li> </ul> <p>This last bullet point requires a review of different options which is taking a little bit longer to complete.</p> <p>Staff will give verbal updates over the next couple of meetings until a final options report can be prepared for the Committee consideration</p>	15 Feb 2023

## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 5**

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

**Attachment 1:** RAC Work Plan

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

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

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

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

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

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

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



## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 6**

**Prepared by** Eric de Boer  
Manager Infrastructure Delivery

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachment 1** Waka Kotahi NZTA Procedural Audit Report

#### **WAKA KOTAHI NZTA PROCEDURAL AUDIT**

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

Waka Kotahi NZTA invests \$16.5M into roading and land transport services across the Buller District in the funding period 2021-24.

While Waka Kotahi funds Buller District Council's land transport activity through its National Land Transport Programme (NLTP). It is the Buller District Council who is responsible for the management of the land transport activity within the district (excluding State Highways but including the Karamea Special Purposes Road).

The procedural investment audit was completed for the 1 July 2019 to 30 June 2022 period. The audit was undertaken during the week 31 October – 3 November 2022 in Westport.

Auditors recognised that Council's primary focus over the last year has been on the district's recovery following two major flood events in July 2021 and February 2022. And that this has also led to a number of financially assisted arrangements for both resilience and recovery, funded through various revenue streams.

Several non-compliance issues were identified during the audit, mainly in the area of procurement. Council is actively working on improving its quality assurance processes in this area to ensure risks are better managed and to comply with the Waka Kotahi procurement procedures.

There is an improvement plan in place to address the audit findings.

## 2. RECOMMENDATION

- a. That the Risk and Audit Committee note the findings of the Waka Kotahi Procedural Audit.
- b. That the Risk and Audit Committee support the improvement plan.

## 3. DISCUSSION

The Waka Kotahi procedural audit report is included as Attachment 1. The overall audit rating assessment found that some improvement was needed.

Across the audit categories, the findings ranged from 'effective' to 'significant improvement needed'.

### AUDIT RATING ASSESSMENT

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	Effective
3	Procurement Procedures	Significant Improvement Needed
4	Contract Management	Some Improvement Needed
5	Professional Services	Effective
Overall Rating		Some Improvement Needed

The table below captures the official audit recommendations. Many of these have already been completed and implemented at the end of last year.

We recommend that Buller District Council:		Implementation Date
R2.1	Meets the condition of funding for the JLCLR Programme by updating actual project expenditure by the 31st of August for the FY recently completed.	21 <sup>st</sup> Nov 2022
R2.2	Reviews the validity of the Mirfins Bridge retention balance of \$25,196.63.	
R3.1	Ensures tender estimates are readily available for audit purposes either through tender evaluation reports or supporting documents filed.	30th Nov 2022
R3.2	Applies better quality assurance across its procurement processes to ensure compliance with Waka Kotahi procurement procedures and minimise risk of a challenge to the process.	4th Nov 2022
R4.1	Urgently investigates the findings from the post construction drive over and takes action where necessary to address the safety concerns raised.	In progress
R4.2	Ensures road safety audits are considered for all non-maintenance projects and that this is imbedded into the project management processes.	30th Nov 2022

#### 4. IMPROVEMENT PLAN

Staff have discussed the audit finding and have the following improvement plan in place.

##### **Finance**

Mirfins Bridge retentions payment investigation to be concluded and as it appears this amount has been incorrectly expensed and it will need to be credited back to a Waka Kotahi subsidised account.

Management team to work together to ensure that all activities within council that have a fair claim to subsidised rate support from Waka Kotahi are included in the expense accounting and made eligible for funding assistance support.

**Procurement Processes and Organisational Systems**

This is the category we scored the lowest on; with some errors brought in by our external professional engineering support contractors. Manager Infrastructure Delivery will run a process with each supplier to debrief, learn and ensure future lessons are applied.

BDC Procurement Manager to review the recommendation and then audit current work programme to ensure a quality assessment is undertaken that verifies that all of our current Land Transport related procurement is to specifications; especially the current Low Cost Low Risk programme, the road rehabilitation works programme and the Return to Service (RTS) Road Flood Damage repair programme.

All tender estimates to be included in each tender assessment report that goes to a Delegated Financial Authority.

**Contract Management**

The final Road Safety Audit recommendations for Kohaihai Seal Extension project are completed.

Ensure that Road Safety Audits are undertaken at all appropriate stages of the delivery project to meet the NZTA Safe Systems in Design processes.

Road Engineering Staff are booked to undertake the Road Safety Audit Training, online courses (5 Modules) between 21 February and 9th March 2023.

**Professional Services**

Management to review the Professional Services Business Unit on-charges in our organisation to ensure we are maximising the financial support from Waka Kotahi.

INVESTMENT AUDIT REPORT



## Procedural Audit of Buller District Council

### Monitoring Investment Performance

Report of the investment audit carried out under Section 95(j)(ii)(iii) of the Land Transport Management Act 2003.

Tony Pinn

9 January 2023

<b>Approved Organisation (AO):</b>	Buller District Council
<b>Waka Kotahi NZ Transport Agency Investment (2021 – 2024 NLTP):</b>	\$16,516,854 (Budgeted programme value)
<b>Date of Investment Audit:</b>	31 <sup>st</sup> October – 3 <sup>rd</sup> November 2022
<b>Auditor(s):</b>	Tony Pinn - Senior Investment Auditor
<b>Report No:</b>	<b>RATPI - 2205</b>

**AUTHORITY SIGNATURES**

Prepared by:




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 Tony Pinn, Senior Investment Auditor

Approved by:




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 Yuliya Gultekin, Practice Manager Audit & Assurance

20/01/2023

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 Date
**DISCLAIMER**

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THIS REPORT, THE FINDINGS, OPINIONS, AND RECOMMENDATIONS ARE BASED ON AN EXAMINATION OF A SAMPLE ONLY AND MAY NOT ADDRESS ALL ISSUES EXISTING AT THE TIME OF THE AUDIT. THE REPORT IS MADE AVAILABLE STRICTLY ON THE BASIS THAT ANYONE RELYING ON IT DOES SO AT THEIR OWN RISK, THEREFORE READERS ARE ADVISED TO SEEK ADVICE ON SPECIFIC CONTENT.

## EXECUTIVE SUMMARY

Waka Kotahi funds Buller District Council's land transport activity through its National Land Transport Programme (NLTP). Buller District Council is responsible for the management of the land transport activity, excluding the state highways, within the Buller District. This procedural investment audit was completed for the 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2022 period.

Funding assistance for the three financial years to 30<sup>th</sup> June 2022 was successfully reconciled against the Council's General Ledger records.

Council's primary focus over the last year audited has been on the district's recovery following two major flood events in July 2021 and February 2022. This has also led to a number of financially assisted arrangements for both resilience and recovery, funded through various revenue streams.

Buller District Council's Procurement Strategy is currently endorsed, and Waka Kotahi approval has been granted for an extension of the expiry date till the 31<sup>st</sup> of March 2023. Council should note that revised procurement strategies must be submitted to Waka Kotahi for endorsement 40 working days prior to the current strategy expiry date.

Several non-compliance issues were identified during our review of procurement. Council urgently needs to improve its quality assurance processes in this area to ensure risks are better managed and to comply with the Waka Kotahi procurement procedures. It was noted that Council intends to create a panel of suppliers for reinstatement work. Council will need to seek approval from Waka Kotahi if it proceeds with this advanced procurement procedure.

Council's inhouse professional services capability has been strengthened significantly since the previous audit, and a dedicated Project Management Office (PMO) has been set up to deliver professional services across a range of transport activities. However, charges relating to this activity appear to be very low and may not reflect this new structure. We suggest that these are reviewed to ensure all eligible costs are being captured and claimed.

**AUDIT RATING ASSESSMENT**

Subject Areas		Rating Assessment*
1	Previous Audit Issues	N/A
2	Financial Processes	Effective
3	Procurement Procedures	Significant Improvement Needed
4	Contract Management	Some Improvement Needed
5	Professional Services	Effective
Overall Rating		<b>Some Improvement Needed</b>

\* Please see Introduction for Rating Assessment Classification Definitions

Note: Before being finalised this report was referred to Buller District Council for comment. Its responses are incorporated throughout the relative sections of this report.



## RECOMMENDATIONS

The table below captures the audit recommendations. Agreed dates are provided for the implementation of recommendations by the approved organisation.

We recommend that Buller District Council:		Implementation Date
R2.1	Meets the condition of funding for the LCLR Programme by updating actual project expenditure by the 31st of August for the FY recently completed.	21 <sup>st</sup> Nov 2022
R2.2	Reviews the validity of the Mirfins Bridge retention balance of \$25,196.63.	
R3.1	Ensures tender estimates are readily available for audit purposes either through tender evaluation reports or supporting documents filed.	30th Nov 2022
R3.2	Applies better quality assurance across its procurement processes to ensure compliance with Waka Kotahi procurement procedures and minimise risk of a challenge to the process.	4th Nov 2022
R4.1	Urgently investigates the findings from the post construction drive over and takes action where necessary to address the safety concerns raised.	In progress
R4.2	Ensures road safety audits are considered for all non-maintenance projects and that this is imbedded into the project management processes.	30th Nov 2022

# 1. INTRODUCTION

## 1.1. Audit Objective

The objective of this audit is to provide assurance that Waka Kotahi investment in Council's land transport programme is being well managed and delivers value for money. We also seek assurance that the Council is appropriately managing risk associated with Waka Kotahi investment. We recommend improvements where appropriate.

## 1.2. Assessment Ratings Definitions

	Effective	Some Improvement Needed	Significant Improvement Needed	Unsatisfactory
<b>Investment management</b>	Effective systems, processes and management practices used.	Acceptable systems, processes and management practices but opportunities for improvement.	Systems, processes and management practices require improvement.	Inadequate systems, processes and management practices.
<b>Compliance</b>	Waka Kotahi and legislative requirements met.	Some omissions with Waka Kotahi requirements. No known breaches of legislative requirements.	Significant breaches of Waka Kotahi and/or legislative requirements.	Multiple and/or serious breaches of Waka Kotahi or legislative requirements.

## 2. ASSESSMENT FINDINGS

Our findings relating to each subject area are presented in the tables below. Where necessary, we have included recommendations and/or suggestions.

### 1. Previous Audit Issues

The previous procedural audit was completed in August 2019, there were seven recommendations from that audit.

That Council:

1. Ceases applying the 2.25% administration on-charge and applies the actual costs of administration to financially assisted activities.
2. Settles the outstanding balance in the retention account.
3. Reviews its Procurement Strategy and seeks endorsement from the Transport Agency.
4. Ensures there is a Qualified Proposal Evaluator on the tender evaluation team for all NZ Transport Agency financially assisted contracts with an estimated value exceeding \$200,000.
5. Confirms it understands the Road Safety Audit requirements and ensures these procedures will be followed for future improvement and renewal activities.
6. Documents its contract management and monitoring activities.
7. Reviews its in-house professional services costs for Transport Agency financially assisted activities.

These recommendations have been addressed but we suggest that Council reviews number 7 again to ensure all costs continue to be captured (see section 5).

\* \* \*

### 2. Financial Processes

#### Effective

Claims for funding assistance for the three financial years from 1<sup>st</sup> of July 2019 to the 30<sup>th</sup> of June 2022 were successfully reconciled against Council's General Ledger (GL) records.

Transaction testing was successful across several work categories with costs being eligible for funding assistance and posted to the correct Waka Kotahi work categories. The balance of the retentions account was confirmed and balanced to the liability account; however, we identified an amount \$25,196.63 relating to the "Mirfins Bridge" project which now appears outdated (reconciliations notes state 2018). If this amount has been incorrectly expensed, it will need to be credited to a Waka Kotahi subsidised account.

We noted the GL account numbers did not use any identifiers which link directly to Waka Kotahi work categories. Whilst this is not a requirement, most Councils set up account codes to easily identify subsidised activities by adding, for example, prefixes which match the three-digit Waka Kotahi work category.

We also question the need to have separate GL codes for Westreef Services and other contractors for each work category when this information can be extracted through other reporting. Council may wish to consider account codes structure as part of the review of its finance system.

#### Emergency Works (EW) expenditure

Council claimed approximately \$3M for Emergency Works in 2021/22. Whilst this was initially difficult to reconcile, we were able to confirm suitable qualifying expenditure, provided through Council's project accounting system, which is currently being setup. However, our review did not determine the breakdown of individual work charged i.e., reinstatement v resilience costs.

#### Low Cost, Low Risk (LCLR)

A condition of funding relating to this activity states that *'by 31 August for each of the second and third years the current NLTP Low cost, Low risk template must be updated to reflect actual project expenditure in the previous year and cash-flows for committed activities and projects planned to commence in the balance of the NLTP period'*. Whilst there are LCLR spreadsheets attached in TIO they do not reflect the actual TIO claim for any of the FY's audited, even if the actual expenditure equals \$0 the spreadsheets are required to be updated and uploaded.

#### Special Purpose Road

Council maintains a Special Purpose Road in Karamea which currently attracts 100% funding from Waka Kotahi. There was a clear separation of this activity within Council's land transport disbursement account and a sample of expenditure on this activity was also correctly verified during transaction testing

Overall, the financial processes have improved since our last audit and stronger linkages are evident between the Finance and Engineering sections of Council.

Recommendations	<p>That Buller District Council:</p> <p>R2.1 Meets the condition of funding for the LCLR Programme by updating actual project expenditure by the 31st of August for the FY recently completed.</p> <p>R2.2 Reviews the validity of the Mirfins Bridge retention balance of \$25,196.63.</p>
Suggestion	<p>That Council considers reviewing its General Ledger account structure to provide better linkages to Waka Kotahi work categories.</p>
Buller District Council's comment	<p>R2.1: LCLR Programme has been updated with actual expenditure and uploaded to TIO on 21<sup>st</sup> Nov 2022 – Completed</p> <p>R2.2: Council has reviewed the retention which was dated in 2019 and will correct it – Completed</p>

\*\*\*

3. Procurement Procedures	Significant Improvement Needed
<p>Council has a current Waka Kotahi endorsed Procurement Strategy which expires on the 1<sup>st</sup> of January 2023; however, an extension has been approved by Waka Kotahi through to 31<sup>st</sup> March 2023. Council should note that revised procurement strategies must be submitted to Waka Kotahi for endorsement 40 working days prior to the current strategy expiry date.</p> <p>We reviewed 6 contracts for compliance with Waka Kotahi Procurement procedures. All generally complied but we noted the following departures:</p>	

**Advertising**

We found some contracts were advertised only through Tenderlink. It is a requirement under section 10.6a (1.) of the Waka Kotahi Procurement Manual to advertise on the Government Electronic Tender Service (GETS). as a minimum.

**Non-Price Attributes**

Three non-price attributes are mandatory in the quality method of supplier selection i.e.

- Relevant Experience
- Relevant Skills
- Methodology

We found the Reseals RFT and the Seal Extension RFT did not comply by omitting the attributes methodology and relevant experience respectively.

**Tender Notification**

From the information provided we could not find evidence of tender notification for any of the contracts awarded.

The following should be provided as a minimum to all tenderers

- name of the successful supplier
- price of the successful proposal (where the supplier selection method was other than quality-based)
- the number of conforming proposals received
- range of grades for each non-price attribute (where attributes are graded) and, for each supplier, their individual non-price attribute grades
- when the price quality supplier selection method is used, the margin between the proposal submitter's supplier quality premium and the supplier quality premium for the preferred supplier

**Unsustainable Tender Bids**

The tender evaluation report for the Kohaihai Seal Extension Contract stated that the Tender Evaluation team (TET) had concerns that the lowest tender bid may be unsustainable. The TET then considered the tender by applying a Waka Kotahi (State Highways) unsustainable tender methodology whereby prices may not be considered below 10% of the mean price. This was not disclosed in the Request for Tender document. Even though the price was eventually accepted, Council may have been at risk of a challenge if this clause was used to disqualify a tenderer.

**Estimates**

We were unable to obtain estimates for the maintenance, road marking, and reseals contracts. Either through the tender evaluation reports or supporting documents provided. Estimates should be disclosed in tender evaluation reports and be available for audit purposes and for Council's own management to make decisions based on all relevant information pertaining to the procurement. Estimates are also critical in accessing value for money, particularly where there is only one bidder as was the case for the \$6.7M road maintenance contract.

**PQM Weightings - West Coast Councils Regional Bridge and Structures Asset Management Services**

Scoring of non-price attributes must be out of 100. The amounts entered in the evaluation spreadsheet were divided by 10. The tender evaluation team, by scoring non-price attributes out of 10, not 100, have shown that they either did not know, or were temporarily unaware of the fact, that the specified supplier selection method was the Waka Kotahi price quality method. This mistake could easily have led to the contract being awarded to the wrong tenderer.

Given the large range between the two tenderers scores, a Quality Based method of selection may have been a more appropriate method of procuring this professional services contract.

**Propose Supplier Panel**

Although outside the scope of this audit, Council's presented its plan to establish a panel of suppliers to carry out reinstatement works following a number of weather events across the district. Whilst there may be merit in this procurement plan, it is considered to be an advanced procedure thereby requiring Waka Kotahi approval. This plan has now been paused so that the necessary approvals can be gained to meet Waka Kotahi procurement requirements.

**Conclusion**

Although the issues raised did not adversely affect the final outcomes in these tenders, they did not comply with Waka Kotahi requirements. This is a concern given Council engaged experienced professional services consultants to oversee tender evaluations.

Council needs to improve its quality assurance processes to avoid non-compliance with Waka Kotahi procurement procedures and the risk of potential challenges from unsuccessful tenderers.

Recommendations	<p>That Buller District Council:</p> <p>R3.1 Ensures tender estimates are readily available for audit purposes either through tender evaluation reports or supporting documents filed.</p> <p>R3.2 Applies better quality assurance across its procurement process to ensure compliance with Waka Kotahi procurement procedures and minimise risk of a challenge to the process.</p>
Buller District Council's comment	<p>R3.1 Agreed, Council has heavily invested in improved and matured Project Management Office (PMO) systems. We have newly introduced system for contract management and appointed a PMO Manager Procurement. Tender estimates, evaluation and tender documents are being stored systematically. – Completed</p> <p>R3.2: Point related with PQM weighting is noted and discussed with tender evaluation panel to use PQM sheet with scoring from 0-100. Council has heavily invested in improved and matured Project Management Office (PMO) systems. We have newly introduced system for contract management and appointed a PMO Manager Procurement.</p>

\* \* \*

4. Contract Management	Some Improvement Needed
<p>Monitoring of the network condition and contractor performance is managed in-house through the business unit. Regular staff contact and meetings with the physical works contractor were evident through the contract files.</p> <p>We reviewed the detailed design and post construction road safety audits reports (RSA's) for the Kohaihai seal extension project.</p> <p>The detailed design report was complete, all findings were closed out and actions documented.</p> <p>However, the post construction RSA consisted of an email with a series of bullet points after a drive over of the site by a consultant. This does not meet the requirements of an RSA. Also of concern were a few safety issues identified in the email e.g., <i>detached overhead cables which could be a hazard if blown onto the roadway</i>. had no documented evidence other than a plan to follow up with the contractor on whether these issues had been remedied.</p> <p>This could expose Council to an unnecessary risk, if for example its inaction subsequently leads to a serious injury or fatality. A full post construction RSA should have been carried out on this project with any findings closed out and documented Council's decisions.</p> <p>Council appears to have a good understanding of the road safety audit requirements, but it needs to ensure these are imbedded into the project management processes including the management of external consultants. It is understood that this process is currently being developed in-house.</p>	
Recommendations	<p>That Buller District Council:</p> <p>R4.1 Urgently investigates the findings from the post construction drive over and takes action where necessary to address the safety concerns raised.</p> <p>R4.2 Ensures road safety audits are considered for all non-maintenance projects and that this is imbedded into the project management processes.</p>
Buller District Council's comment	<p>R4.1: Post construction RSA for 'Kohaihai Road' is in progress.</p> <p>R4.2: Agreed SSA/RSA's at preliminary and final stages will be considered for all non-maintenance BDC projects. Engineering Manager has approved online study programme via NZTA for 2023 for our key Road Engineering Coordinator and Return To Services (EW141) Project Engineering staff.</p>

\* \* \*

5. Professional Services	Effective
<p>Council's professional services are provided through an in-house business unit complimented by external consultants for specialised services. We noted that inhouse capability has been strengthened significantly since the previous audit, and a dedicated Project Management Office (PMO) has been set up to deliver professional services across a range of transport activities.</p> <p>The previous audit recommended that Council reviews its in-house professional services costs, and this has been addressed. However, with the recent changes to the structure and functions of the transport unit, we suggest it may be timely to review both the in-house business unit and administration costs. This will ensure all eligible expenditure relating to the transport activity is being captured.</p>	

Suggestion	We suggest that Council considers reviewing its in-house professional services and administration costs charged to financially assisted accounts.
Buller District Council's comment	R5.1 – Agreed: PSBU Engineering Manager will run a process with Corporate Services to review extend of fair charges in AO's activities under the oncost model.

**ACKNOWLEDGEMENT**

The co-operation and assistance given by Buller DC staff and their positive responses to the audit findings were much appreciated.



## APPENDIX A

## Audit Programme

Previous audit outcomes – from last procedural audit undertaken in August 2019
Land Transport Disbursement Account
Final claims 2019/20, 2020/21 2021/22
Transactions (accounts payable)
Retentions Account
Procurement Procedures
Contract Variations
Contract Management
Road Safety Audits
Professional Services
Transport Investment On-line (TIO) Reporting
Other issues that may be raised during the audit
Close-out meeting

## APPENDIX B

## Contracts Audited

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Physical Works			
19-20-03	1	Jul 20	Maintenance Roading contract	Westreef Services Ltd	Estimate Let Price Final Cost	Not provided \$6,706,477 Ongoing
20-21-01	3	Oct 21	Reseals 21-22-01	Downer	Estimate Let Price Final Cost	Not provided \$1,736,713 ongoing
21-22-02	3	Oct 21	Road Marking	Spraymarks Ltd	Estimate Let Price Final Cost	Not provided \$326,774 ongoing
20-21-04	4	Sept 20	Kohaihai Seal Extension 20-21-04	Avery Ltd	Estimate Let Price Final Cost	\$1,070,705 \$648,243 \$900,6156
20-21-01	1	July 20	Glasseye Bend 20-21-01	Westreef Services Ltd	Estimate Let Price Final Cost	\$90,000 \$99,916 \$95,104
			Professional Services			
22-23-02	2	Aug 22	West Coast Councils Regional Bridge and Structures Asset Management Services	WSP	Estimate Let Price Final Cost	\$700,000 \$515,925 ongoing

## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 7**

**Prepared by:** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Manager Finance

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

**Appendices:** A - Half Yearly Financial Statements to 31 December 2022  
B - Non-Financial Performance December 2022

#### **HALF YEAR REPORT: 31 DECEMBER 2022**

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

To provide Council with a financial performance update for the six-month period ending 31 December 2022.

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

**That the Finance, Risk and Audit Committee receive the half year report for the six months ended 31 December 2022 for information.**

##### **3. ANALYSIS & DISCUSSION**

###### **3.1 Statement of Financial Performance**

###### **Operating Result**

Council has budgeted for a half yearly deficit of \$1.874m. The actual result is a surplus of \$3.092m which is a favourable difference of \$4.966m.

Please refer to the explanation for major variances section on pages 7 – 8 of the half yearly financial statements in Appendix A for an analysis between major variances to budget.

###### **3.2 Non- Financial Key Performance Indicators**

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

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

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

## **4 CONSIDERATIONS**

### **4.1 Strategic Impact**

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

### **4.2 Significance Assessment**

The Significance and Engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant for the purpose of public consultation but is an important component of monitoring progress against the 2021-2031 Long-Term Plan.

### **4.3 Values Assessment**

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

A performance reporting system aligns most strongly with Integrity.

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

### **4.4 Risk Analysis**

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

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

**4.5 Policy / Legal Considerations**

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

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

**4.6 Tangata Whenua Considerations**

Not applicable.

**4.7 Views of Those Affected**

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

**4.8 Costs**

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

**4.9 Benefits**

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

**4.10 Media / Publicity**

There are no media or publicity opportunities with this report.

**BULLER DISTRICT COUNCIL**

**Financial Report (unaudited)**

**For the Period Ending 31 December 2022**

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Explanation of Major Variances	Pages 7-8

**BULLER DISTRICT COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Notes	Parent Dec-22 Actual \$000	Parent Full Year Budget \$000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		2,736	897
Trade and Other Receivables	1	2,805	5,980
Derivative Financial Instruments		0	0
Inventories		16	19
Other Current Assets		253	224
Short Term Investments		14,324	13,034
Assets Held for Sale		5	0
<b>Total Current Assets</b>		<b>20,138</b>	<b>20,154</b>
<b>NON CURRENT ASSETS</b>			
Investment in Council Controlled Organisations		19,538	20,216
Other Investments	2	709	0
Investment Property		10,985	10,270
Infrastructural Assets	3	417,038	379,501
Other Non-Current Assets	4	27,241	29,765
Derivative Financial Instruments		1,055	0
Deferred Tax		0	0
Intangible Assets	5	14	400
<b>Total Non-Current Assets</b>		<b>476,581</b>	<b>440,152</b>
<b>Total Assets</b>		<b>496,719</b>	<b>460,306</b>
<b>CURRENT LIABILITIES</b>			
Cash and Cash Equivalents		0	0
Trade and Other Payables	6	4,525	6,407
Derivative Financial Instruments		0	566
Tax Payable		0	0
Employee Benefits		651	721
Provisions		35	34
Current Portion of Borrowings	7	5,000	142
<b>Total Current Liabilities</b>		<b>10,210</b>	<b>7,870</b>
<b>NON CURRENT LIABILITIES</b>			
Derivative Financial Instruments		0	1,102
Provisions		1,981	1,836
Bond Deposits		208	334
Employee Entitlements		161	161
Deferred Tax		0	0
Borrowings	7	28,214	38,888
<b>Total Non-Current Liabilities</b>		<b>30,564</b>	<b>42,321</b>

**BULLER DISTRICT COUNCIL  
STATEMENT OF FINANCIAL POSITION (Page 2)  
AS AT 31 DECEMBER 2022**

	<b>Parent Dec-22 Actual \$000</b>	<b>Parent Full Year Budget \$000</b>
<b>EQUITY</b>		
Accumulated Funds	184,307	181,994
Reserves	6,147	4,405
Asset Revaluation Reserve	265,492	223,716
<b>Total Equity</b>	<b>455,946</b>	<b>410,115</b>
<b>Total Liabilities &amp; Equity</b>	<b>496,719</b>	<b>460,306</b>



**BULLER DISTRICT COUNCIL  
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Notes	Parent Dec-22 Actual \$000	Parent Dec-22 Budget \$000	Parent Full Year Budget \$000
<b><u>CONTINUING OPERATIONS</u></b>				
<b>OPERATING REVENUE</b>				
General Rates		5,072	5,072	10,159
Targeted Rates (excluding Metered Water)		3,720	3,697	7,409
Metered Water Charges		61	39	150
Rate Penalties		76	75	235
Subsidies and Grants	8	11,655	2,279	6,906
Investment Income	9	276	717	1,735
Other Income		0	0	0
Development and Financial Contributions		120	27	53
Fees & Charges	10	2,356	2,948	6,080
Gain on Sale of Investment Property		0	0	158
Vested Assets		0	0	50
<b>Total Operating Revenue</b>		<b>23,336</b>	<b>14,854</b>	<b>32,935</b>
<b>OPERATING EXPENDITURE</b>				
Employment Costs	11	4,173	3,736	7,398
Depreciation & Amortisation		3,628	3,644	7,283
Finance Costs	12	736	639	1,408
Other Expenses	13	11,697	8,709	15,558
Assets Written Off		10	0	476
<b>Total Operating Expenditure</b>		<b>20,244</b>	<b>16,728</b>	<b>32,123</b>
<b>Net Surplus (Deficit) from continuing operations</b>		<b>3,092</b>	<b>(1,874)</b>	<b>812</b>
<b>Net Surplus (Deficit) before Taxation</b>		<b>3,092</b>	<b>(1,874)</b>	<b>812</b>
Income Tax Expense		0	0	0
<b>Net Surplus (Deficit) after Taxation</b>		<b>3,092</b>	<b>(1,874)</b>	<b>812</b>
<b>Other Comprehensive Revenue &amp; Expense</b>				
Gain on Revaluations of Assets Held for Sale		0	0	0
Increase/(decrease) in Infrastructure Revaluation Reserves		0	0	0
Gain/(Loss) on Investment Recognised in Asset Revaluation Reserve		0	0	0
<b>Total Comprehensive Revenue &amp; Expense</b>		<b>3,092</b>	<b>(1,874)</b>	<b>812</b>

**BULLER DISTRICT COUNCIL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	<b>Parent Dec-22 Actual \$000</b>	<b>Parent Full Year Budget \$000</b>
<b>Equity as of 1 July</b>	<b>452,854</b>	<b>409,303</b>
Total Comprehensive Income	3,092	812
Transactions with Owners recorded directly in Equity	0	0
<b>Total Equity at End of Year</b>	<b>455,946</b>	<b>410,115</b>
<b>Components of Equity</b>		
Accumulated Funds	184,307	181,994
Reserves	6,147	4,405
Asset Revaluation Reserve	265,492	223,716
<b>Total Equity at End of Year</b>	<b>455,946</b>	<b>410,115</b>

**BULLER DISTRICT COUNCIL  
STATEMENT OF CASHFLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Notes	Parent Dec-22 Actual \$000	Parent 2022/2023 Budget \$000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
<i><b>Cash was provided from:</b></i>			
Rates		9,229	17,718
Other Income		14,712	13,274
Interest Received		206	435
Tax Received		0	0
Dividends & Subvention Payments Received		0	1,300
		<b>24,147</b>	<b>32,727</b>
<i><b>Cash was applied to:</b></i>			
Payments to Suppliers and Employers		17,129	21,691
Interest Paid		736	1,048
Income Tax Paid		0	0
Net GST Movement		(386)	357
		<b>17,479</b>	<b>23,099</b>
<i><b>Net Cash From Operating Activities</b></i>	14	<b>6,668</b>	<b>9,628</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
<i><b>Cash was provided from:</b></i>			
Disposal of Fixed Assets		0	0
Investment Realised		16,579	2,161
		<b>16,579</b>	<b>2,161</b>
<i><b>Cash was applied to:</b></i>			
Purchase of Fixed Assets		9,917	14,455
Purchase of Investments		14,507	183
Purchase of Intangibles		0	0
		<b>24,424</b>	<b>14,638</b>
<i><b>Net Cash from Investing Activities</b></i>	15	<b>(7,845)</b>	<b>(12,477)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
<i><b>Cash was provided from:</b></i>			
Loans Raised		0	3,891
<i><b>Cash was applied to:</b></i>			
(Drawdown)/repayment of loans		0	145
<i><b>Net Cash from Financing Activities</b></i>		<b>0</b>	<b>3,746</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>(1,177)</b>	<b>(897)</b>
<b>OPENING CASH AS AT 1 JULY</b>		<b>3,913</b>	<b>0</b>
<b>CLOSING CASH AS AT 31 DECEMBER</b>		<b>2,736</b>	<b>897</b>

**BULLER DISTRICT COUNCIL  
EXPLANATION OF SIGNIFICANT VARIANCES  
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. Trade and other receivables of \$2.8m is less than the annual year budget of \$6m by \$3.2m. This is due to the timing of budget/phasing including grants receivable for projects.
2. Other investments consist of borrower notes held with LGFA of \$455k, RC bond deposits held of \$237k and shares in NZLG Insurance. These are not budgeted for.
3. Infrastructural assets to the value of \$417m have exceeded the annual budget of \$380m by \$37m. The increase is due to asset revaluations performed in the 2021/2022 year which does not get budgeted in the Annual Plan.
4. Other non-current assets of \$27m is less than the annual budget of \$30m by \$3m. This is due to projects being delayed including the Brougham House upgrade.
5. Intangible assets of \$14k is less than the annual budget of \$400k by \$386k. The variance is due to Council's Information Management project which has not been completed as of yet but is included in the annual budget.
6. Trade and other payables of \$4.5m is less than the annual budget of \$6.4m by \$1.9m. This is due to the timing of budget/phasing including capital projects.
7. Current and non-current borrowings of \$33.2m is less than the annual budget of \$38.8m by \$5.5m. This is due to the timing of budget/phasing.
8. Subsidies and grants of \$11.7m have exceeded the year-to-date budget of \$2.3m by \$9.4m. Council has received \$8.7m of grants for flood recovery which has not been budgeted for. The remainder of the variance includes Mayor's Taskforce for Jobs and National Transition Unit funding. Refer also to the Capital Receipts and Payments report on this agenda.
9. Investment income of \$276k is less than the year-to-date budget of \$717k by \$441k. This is due to the timing of the subvention payment from WestReef Services Ltd which has been phased to be received in part by December 2022 in the budget, however Council has not yet received the payment.
10. Fees and charges of \$2.4m is less than the year-to-date budget of \$2.9m by \$587k. The variance is mainly attributable to Westport Gravel Removal Income in the Harbour Activity which is delayed due to the timing of this work starting because the dredge worked in Nelson prior to starting in Westport. The Nelson visit also allowed the maintenance programme to occur.

11. Employee costs of \$4.2m have exceeded the year-to-date budget of \$3.7m by \$437k. The variance includes additional wages paid for National Transition Unit which is offset by external grant funding and NEMA funded flood recovery workstreams.
12. Finance costs of \$736k have exceeded the year-to-date budget of \$639k by \$97k. The variance is due to: \$47k higher interest on external loans; the remainder of the variance relates to internal interest charges and bank fees.
13. Other expenses of \$11.7m have exceeded the budget of \$8.7m by \$3m. The majority of the variance is due the timing of dredge slipping costs incurred and unbudgeted flood recovery expenditure.
14. Cashflows from operating activities actual to date \$6.668m is reported against a full year budget of \$9.628m. The positive result is due to higher grant funding received to date. There is also corresponding higher than budgeted payments to suppliers and employers for the full year.
15. Cashflows from investing activities actual to date (\$7.845m) is less than the full year budget of (\$12.477m). The result is due to timing of purchases of fixed assets being \$4.5m less than the total annual budget.

KPI met	●
KPI not met	■

Segment	Key performance indicator	Target	Achieved	Achievement
Regulatory services	Quality assurance requirements for building consent are met.	≥ 100% of building consents are technically correct and granted within statutory timeframes.	■	July 2022 96.15%, Aug, Sept, Oct, Nov and December 2022 100%. The average for the period is 99.36%. The statutory time frame for BC has been exceeded for the following reason: Email was received in Buller that was not transferred to Alpha for review.
		≥ Continue to retain accreditation by passing the biennial IANZ Audits.	●	Biennial IANZ Audit Passed Dec 2021. Passed accreditation despite the flood and and COVID relates setbacks.
Roading & transport	Maintaining safety quality of the road network	No changes or reduction in the safety quality of the roading network from the previous financial year.	●	New asset management contract for roading and Bridges. No extra grading required.
Water supplies	Maintain safe drinking water standards.	≥ Full compliance (100%) with the Drinking Water Quality Assurance ( bacteria compliance criteria)	■	Not achieved. Punakaiki UV non-compliance.
		≥ Full compliance (100%) the with Drinking Water Quality Assurance rules (protozoa compliance criteria)	■	Not achieved. No water supply has met protozoa compliance.
Wastewater	Wastewater and sewerage systems provide adequate capacity in relation to dry weather overflows.	Less than five sewerage overflows per 1,000 connections.	●	Expected to have achieved, based on partial analysis. There have been a lot of weather events that have had a negative impact; the dry weather performance is at adequate capacity, but note further developments in Westport need to be balanced against wet weather capacity. characterise and then correct problems. Improvements are expected to be significant in the next two quarters.
Stormwater	The number of flooding events in the stormwater systems is managed to a target level of service set in the performance measure.	For each flooding event, the number of habitable floors affected ( expressed per 1,000 properties connected Councils stormwater system) is not more than five houses flooded for each event.	●	Expected to have achieved, based on partial analysis. There have been a lot of weather events that have had a negative impact. Ongoing recovery works have been delayed due to funding. Improvements are expected to be significant in the next two quarters.
Solid waste	Ensure ethical, economical, and efficient waste management service	100% compliance with regulations set in the RMA, and the resource consents and environmental national regulations.	■	Not achieved, breaches in Birchfield Legacy Landfill.
	Concepts of sustainability and social responsibility are equally valued alongside cost.	Undertake two community engagement events, and two community education events to encourage the reduction of waste generated and increase of diversion from landfill.	■	Not achieved, however on target to achieve for the year. Composting workshop undertaken in January 2023. Bins Audit Programme is running since December 2022 to end of February 2023. Illegal Dumping campaign developed during summer 2022/2023.
Community services	The community feels informed, included, and empowered to access Council services and resources.	A biennial customer satisfaction survey will be carried out, and will ask how satisfied the community is with the information they receive from Council and their opportunities to engage with Council.	●	Survey due next year, booked in and will be taking place, with results presented by June 2023.
Governance, representation	Provide annual budgeting and financial planning processes.	≥ Meet statutory deadlines for councils LTP, AP before 30th June in each respective year.	●	Achieved
		≥ Meet statutory obligations for requests for information under LGOIMA, greater than or equal to 90% of the time.	●	90% Target achieved.
		≥ To meet legislative requirements for strategic planning workshop held with Councillors.	●	Achieved
Support Services	High functioning Health and Safety committee that empowers employees, contractors, and visitors.	100% compliance with health and Safety Work Act 2015 ( HSWA 2015).	●	100% Compliance achieved.
Property	The district's parks, reserves, cemeteries and other amenities are maintained to ensure we are providing compliant, safe and vibrant social spaces for the Community and visitors.	Receive and review monthly reports from the Reserves and Public Amenities Contractor. An up-to-date register of Council owned and operated buildings and associated infrastructure is maintained.	●	Service requests continue to be monitored and reviewed for trends. Buildings and fleet register is regularly updated and assets reviewed in line with policy. Contractor reports are checked each month and quarterly meetings held to monitor obligation.
Commercial infrastructure- airport	An airport facility that is safe, compliant and available for use. Providing a high level of customer service and community opportunity.	Complete and annual customer survey. Retain CAA certification 100% of the time. Judged against projected income and expenses	●	CAA approval of SMS as being Present and Suitable (next 12 months to show SMS is operating and effective.) Continued positive customer feedback. No survey has been completed in 2022, the process is currently under way.
Buller Holdings Limited	Achieving budget revenue and expenditure.	Operate within budget		Awaiting final report form BHL.
	Delivery of unaudited quarterly reports by due date.	Provision of quarterly reports to Council by due dates.	●	Achieved

## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 8**

**Prepared by** Neil Engelbrecht  
Financial Accountant

Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

#### **INVESTMENTS AND BORROWINGS – As at 31 December 2022**

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

This report summarises Council's cash investments and borrowings for the month of December 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 Changes to the Report**

An additional graph has been included to illustrate the investments held with each trading bank by maturity date, amount and rate earned.

###### **3.2 Investments**

Investments have decreased by \$500k since the last report to 31 October 2022. The call account reduced from \$2.3m at 31 October 2022 to \$1.8m at 31 December 2022.

###### **3.3 Bank Balance**

Council's trading bank closing balance have increased by \$552k since the last report to 31 October 2022. The balances increased from \$166k at 31 October 2022 to \$718k at 31 December 2022.

###### **3.4 Interest Revenue**

Interest revenue to the end of December is \$384k against a YTD budget of \$398k and a full year budget of \$797k.

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

### **3.5 Borrowings and Net Debt Position**

Total borrowings remains at \$33.2m. Net debt (borrowings less term investments and call account balance) has decreased by \$500k since last reported to \$16.34m due to the net movements in investments noted above.

### **3.6 Compliance with Treasury Management Policy**

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

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

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

## **4. CONSIDERATIONS**

### **4.1 Strategic Impact**

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

### **4.2 Significance Assessment**

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

### **4.3 Values Assessment**

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

Treasury management functions and reporting align most strongly with the values of Future Focussed and Integrity.

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



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

#### **4.4 Risk Analysis**

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

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

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

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

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

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

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

None identified.

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

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

#### **4.8 Costs**

There are no extraordinary costs relating to investments and borrowings.

#### **4.9 Benefits**

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

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

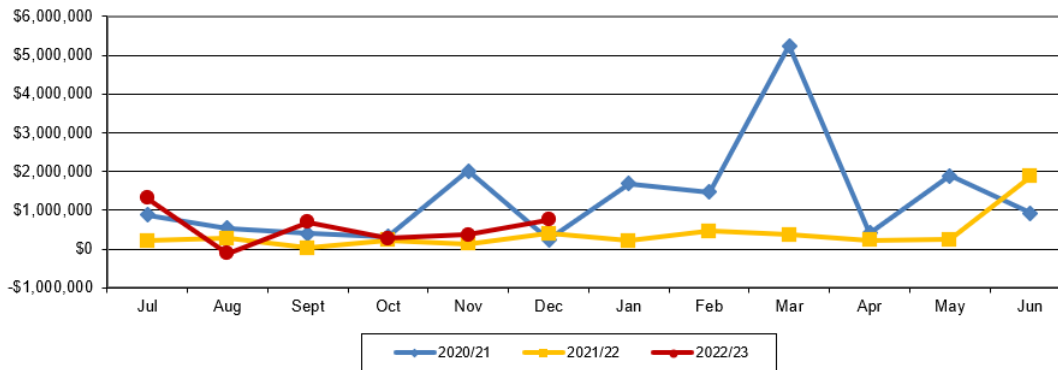
None identified

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 31-Dec-22	Last Report 31-Oct-22	Last Year 30-Jun-22
Trading Account Council	\$718,347	\$166,480	\$1,866,900

### 2. MONTH END BANK BALANCES



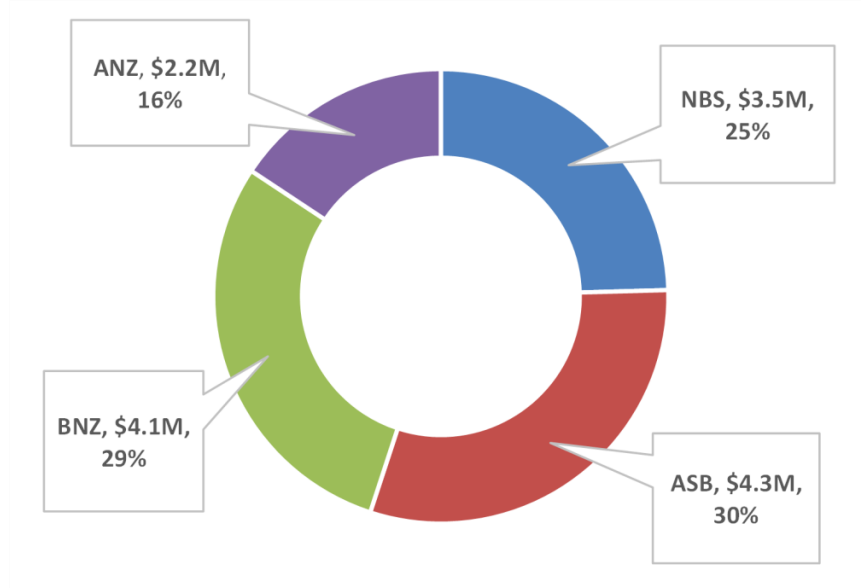
### 3. SUMMARY OF INVESTMENTS

	This Month 31-Dec-22	Last Report 31- Oct -22	Last Year 30-Jun-22
Term deposits (Includes Call Account)	16,377,151	16,877,151	17,532,141
Other loans (Includes loan to Holding Company)	1,610,982	1,610,982	1,610,982
<b>Total Investments</b>	<b>\$17,988,133</b>	<b>\$18,488,133</b>	<b>\$19,143,123</b>

### 3.1 Term Deposits

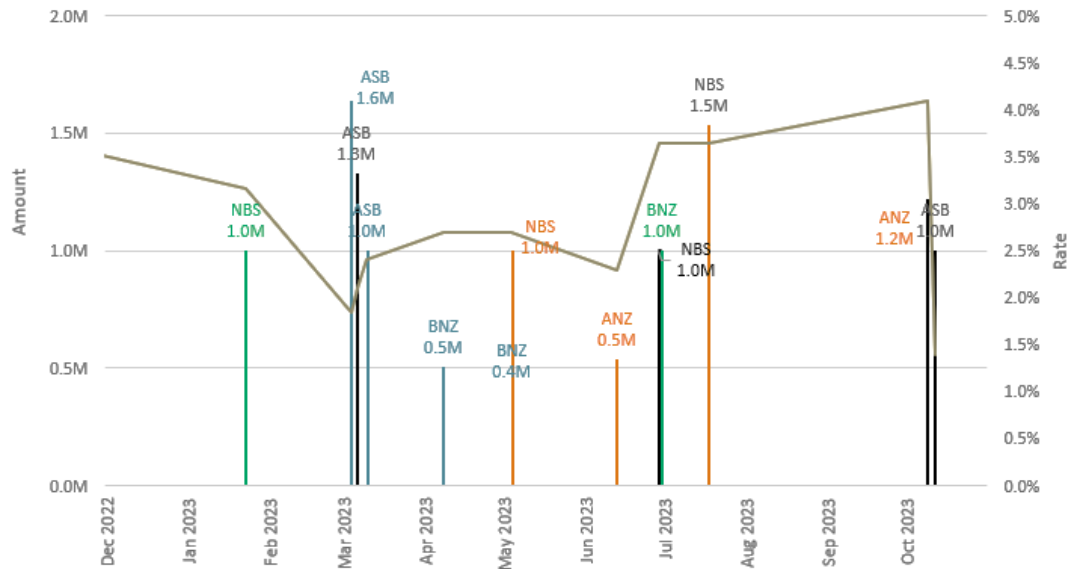
Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	ASB	1,325,000.00	6-Mar-22	6-Mar-23	2.10%
Term Deposit	BNZ	1,000,000.00	10-Mar-22	10-Mar-23	2.40%
Term Deposit	BNZ	500,000.00	8-Apr-22	8-Apr-23	2.70%
Term Deposit	NBS	400,000.00	4-May-22	4-May-23	2.70%
Term Deposit	ANZ	1,000,000.00	4-May-22	4-May-23	2.70%
Term Deposit	ASB	1,000,000.00	22-Jun-22	23-Jan-23	3.16%
Term Deposit	NBS	1,000,000.00	29-Jun-22	29-Jun-23	3.65%
Term Deposit	BNZ	1,000,000.00	30-Jun-22	30-Jun-23	3.65%
Term Deposit	NBS	1,534,037.53	18-Jul-22	18-Jul-23	3.65%
Term Deposit	ANZ	1,214,500.00	10-Oct-22	9-Oct-23	4.10%
Term Deposit	ASB	1,000,000.00	12-Oct-22	12-Oct-23	4.20%
Term Deposit	BNZ	1,636,800.00	4-Dec-22	4-Mar-23	1.85%
Term Deposit	NBS	534,037.52	13-Dec-22	13-Jun-23	2.30%
Term Deposit	ASB	977,775.52	23-Dec-22	23-Jun-23	4.55%

### 3.2 Term Deposits Summary by Trading Bank



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

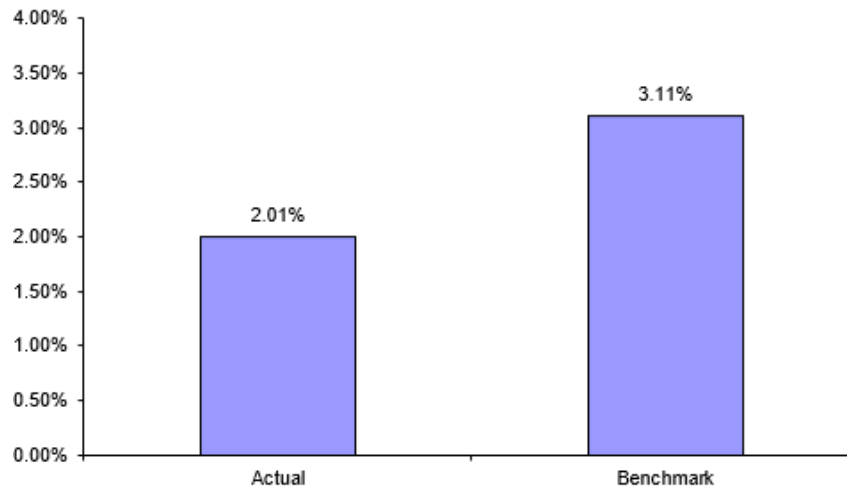
### 3.3 Term Deposits Summary by Maturity Date



### 3.4 Local Government Funding Agency Borrower Notes

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

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



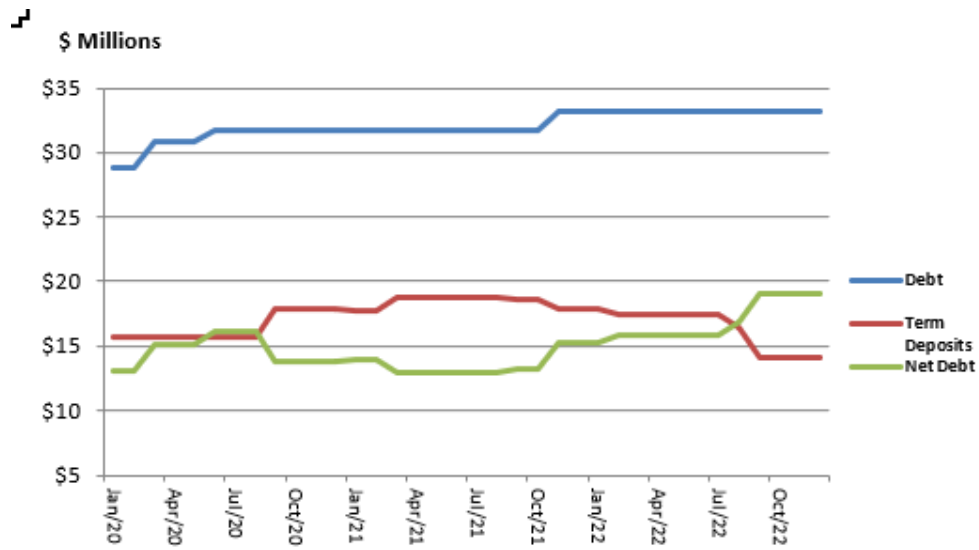
#### 5. INTEREST REVENUE

	Actual YTD	Budget YTD	Budget Full Year
Interest Revenue	\$384,458	\$398,348	\$796,699

#### 6. SUMMARY OF BORROWINGS

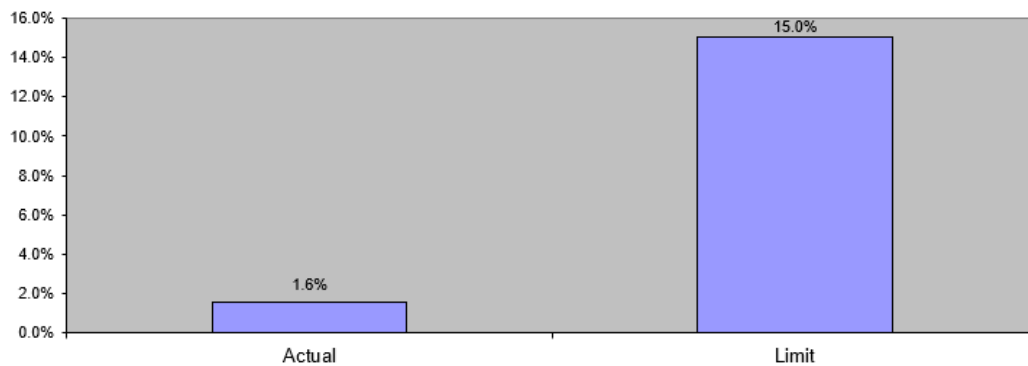
	This Month 31-Dec-22	Last Report 31- Oct -22	Last Year 30-Jun-22
<b>External Debt</b>			
Westpac Loan Facility	13,213,860	13,213,860	13,213,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	<b>\$33,213,860</b>	<b>\$33,213,860</b>	<b>\$33,213,860</b>
Weighted Average Interest Cost	3.04%	4.23%	4.07%
<b>Net Debt</b>			
Total Borrowings	33,213,860	33,213,860	33,213,860
Less: Term deposits (including Call Account)	16,377,151	16,877,151	17,532,141
	<b>\$16,836,709</b>	<b>\$16,336,709</b>	<b>\$15,681,719</b>

## 7. DEBT AND INVESTMENTS 3-YEAR TREND

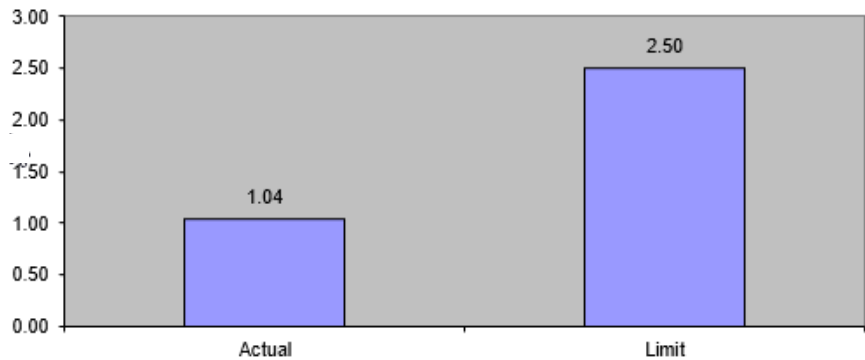


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council's Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include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

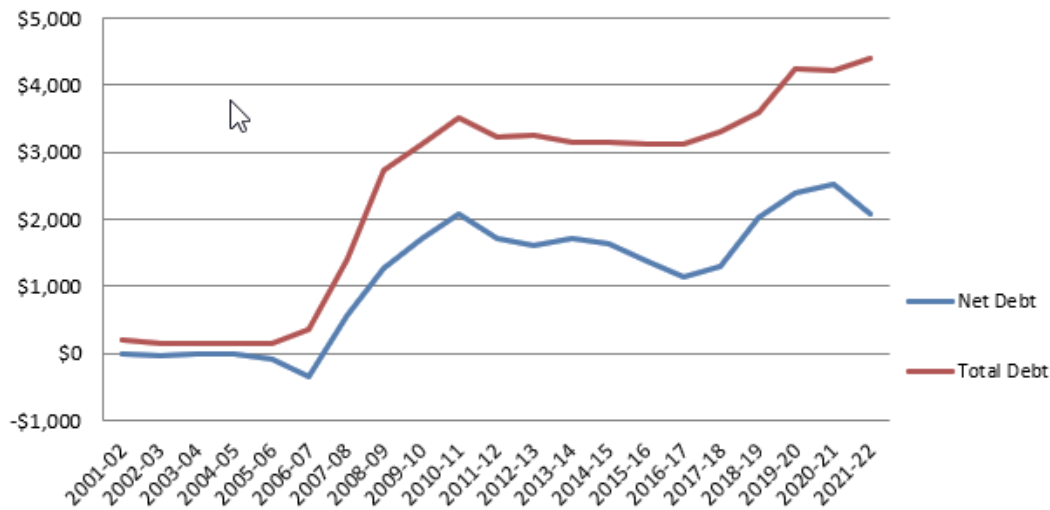
### 7.1 Interest Expense / Total Income



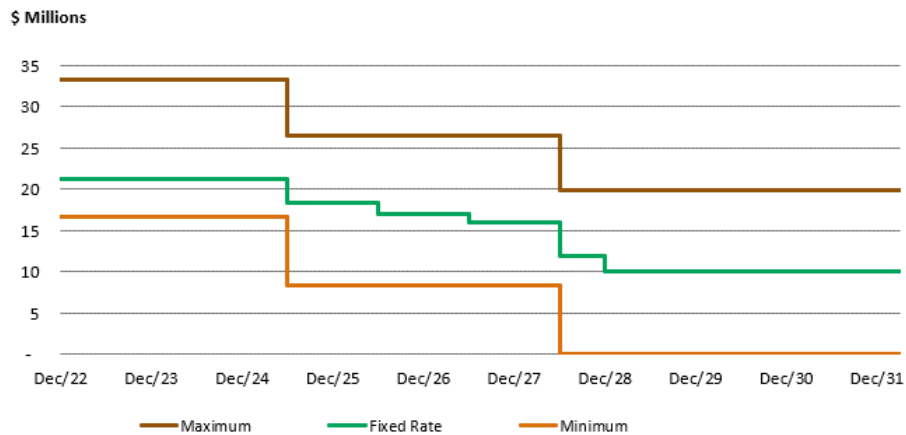
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

### **AGENDA ITEM 9**

**Prepared by** Julia Gear  
Management Accountant

Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Appendices** A - Detailed Schedule of Capital Receipts and Expenditure  
B - Chief Executive KPIs

### **CAPITAL RECEIPTS AND EXPENDITURE REPORT**

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

This report presents an overview of the capital receipts and expenditure results compared to the annual budget for the six months ending 31 December 2022. Any variances forecast for the following six months to 30 June 2023 are highlighted.

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

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

#### **2. RECOMMENDATION**

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

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

There are no variances to budget identified which requires an approval from Council as at 31 December 2022. It should be noted that the planned delivery timeframe for various projects has been extended and the expected total capital expenditure is estimated to be 83% of this year's Annual Plan budget and prior year carryover budgets. The unspent portion will be carried forward into the next financial year.



### 3.1 Total Results

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

	YTD Actual	YTD Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget
Capital Funding, Subsidies & Grants	896,950	3,628,070	(2,731,120)	■	8,167,142	9,572,123	85%
Total Capital Expenditure	10,879,478	17,671,326	6,791,848	●	23,344,844	27,992,333	83%
Flood Recovery Capital Funding	8,790,957	0	8,790,957	●	14,890,580	0	N/A
Flood Recovery Expenditure	8,913,654	0	(8,913,654)	■	15,044,458	0	N/A
Better Off Capital Funding	49,104	0	49,104	▲	860,000	0	N/A
Better Off Capital Expenditure	49,104	0	(49,104)	▲	860,000	0	N/A

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

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

### **3.2 Variations**

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

In addition to the funding and expenditure planned for in the Annual Plan, Council will receive funding from NEMA, MBIE, Waka Kotahi and the Better Off package to fund capital projects this year. \$3.5m of Better Off funding has been allocated to Council via the three waters reform support package and some of this is allocated to capital projects.

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

It should be noted that the budgets for the flood recovery roading projects are an allocation of the overall roading programme. The allocation for each project is based on estimates arrived at after assessing each defect site. As designs are completed and the scope of work is finalised, the funding may be reallocated across the projects within the programme.

## **4. CHIEF EXECUTIVE KPIS**

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

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

The KPIs are:

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

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

## **5. CONSIDERATIONS**

### **5.1 Strategic Impact**

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

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

### **5.2 Significance Assessment**

The significance and engagement policy sets out the criteria and framework for a matter or transaction to be deemed significant. The content included in this report is not considered significant by nature as value, as Council's capital programme is integral to service provision.

### **5.3 Risk Analysis**

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

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

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

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

### **5.4 Policy / Legal Considerations**

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

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

**5.5 Values**

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

**5.6 Tangata Whenua Consultation Considerations**

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

**5.7 Views of Those Affected**

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

**5.8 Costs**

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

**5.9 Benefits**

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

**5.10 Media / Publicity**

There are no media or publicity opportunities with this report.

	YTD Actual	Net Available Budget as at 30 June 2022	YTD Annual Plan Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Project Budget	Full Year Forecast Variance to Budget	Explanation of Variances of \$50,000 or greater
<b>Capital Funding</b>										
Community Services	0		0	0	0	▲	0	0	0	
Westport Harbour	76,974		0	0	76,974	●	350,000	0	350,000	Full year forecast variance: MBIE funded Port Precinct project
Water Supplies	0		1,138,064	1,138,064	(1,138,064)	■	3,232,867	2,276,128	956,739	Full year forecast variance: \$206k MOH funding and \$650k Better Off Funding for Waimangaroa Water Supply and \$100k loan for Reefton Whole of Supply Upgrade. YTD variance: Loan funding for Westport Trunkmain \$1.65m, Reefton whole of supply upgrade \$645k & Punakaiki \$80k. All funding and loans not received/drawn down yet
Airport	0		0	0	0	▲	0	0	0	
Community Facilities	182,873		461,942	461,942	(279,070)	■	627,552	1,097,552	(470,000)	Funding received to date: MBIE grant Halls & War Memorials and TIF grant for Reefton Toilets. Full year forecast variance: additional \$40k unbudgeted TIF funding for Reefton toilets and \$510k loan funding will not be drawn down this year
Roading & Urban Development	578,407		762,214	762,214	(183,807)	■	3,666,743	3,666,743	0	Full Year Budget: Waka Kotahi funding, \$300K TIF funding for Westport Town Precinct & Pathways & \$260k Loan Funding for District Revitalisation
Infrastructure Delivery	8,696		0	0	8,696	▲	0	0	0	Sale of motor vehicle
Regulatory Services	0		0	0	0	▲	0	0	0	
Solid Waste	50,000		35,700	35,700	14,300	▲	71,400	71,400	0	MFE grant Karamea Weighbridge & Loan funding Maruia transfer station
Support Services	0		109,650	109,650	(109,650)	■	219,300	219,300	0	Loan funding Information Management drawn down at completion
Wastewater	0		1,120,500	1,120,500	(1,120,500)	■	0	2,241,000	(2,241,000)	Loan funding for Westport Wastewater will not be drawn down this year
Stormwater	0		0	0	0	▲	0	0	0	
<b>Total Capital Income</b>	<b>896,950</b>		<b>3,628,070</b>	<b>3,628,070</b>	<b>(2,731,120)</b>	<b>■</b>	<b>8,167,862</b>	<b>9,572,123</b>	<b>(1,404,261)</b>	
<b>Capital Expenditure</b>										
Community Services	93,929	35,000	79,785	114,785	20,856	▲	276,995	276,995	0	Full Year Budget: Includes website, library books, NBS Theatre roof
Westport Harbour	76,974	0	0	0	(76,974)	■	350,000	0	(350,000)	Full Year Forecast Variance: MBIE funded Port Precinct project
Water Supplies	7,029,248	7,682,272	1,128,440	8,810,712	1,781,463	●	11,311,542	11,104,803	(206,739)	Full year budget: includes Westport Trunkmain projects. Full year prediction: includes expenditure funded by MOH for Waimangaroa Upgrade.
Airport	23,263	0	42,051	42,051	18,788	▲	127,544	127,544	0	
Community Facilities	1,008,000	3,380,714	685,265	4,065,979	3,057,979	●	2,519,401	5,459,071	2,939,670	Full year forecast variance: Brougham House and Carnegie Library projects will not be completed this year. Additional \$40k TIF funded expenditure for Reefton Toilets.
Roading & Urban Development	686,068	(59,839)	848,676	788,837	102,770	●	4,241,590	4,301,428	59,839	YTD Variance: relating to 3 year roading programme timing. Full year forecast variance: overspend on district revitalisation in previous year
Infrastructure Delivery	0	0	294	294	294	▲	890	890	0	
Regulatory Services	44,428	40,000	13,188	53,188	8,760	▲	80,000	80,000	0	Full year budget: 2x Vehicles
Solid Waste	89,943	159,464	73,989	233,453	143,510	●	383,865	383,865	0	Karamea Landfill Upgrade & Westport/Reefton Asset Maintenance work in progress
Support Services	406,753	442,428	135,913	578,341	171,589	●	854,649	854,649	0	IT projects
Wastewater	1,043,631	1,433,478	1,064,684	2,498,162	1,454,530	●	2,458,613	4,662,613	2,204,000	Full year forecast variance: timing of Westport Wastewater
Stormwater	377,242	360,112	125,412	485,524	108,282	●	740,475	740,475	0	
<b>Total Capital Expenditure</b>	<b>10,879,478</b>	<b>13,473,629</b>	<b>4,197,697</b>	<b>17,671,326</b>	<b>6,791,848</b>	<b>●</b>	<b>23,345,564</b>	<b>27,992,333</b>	<b>4,646,769</b>	
<b>Flood Recovery Funding, Subsidies &amp; Grants</b>										
Flood Recovery Funding, Subsidies & Grants	8,790,957		0		8,790,957	●	14,890,580	0	14,890,580	NEMA Tranche 2 projects, MBIE funding & Waka Kotahi funded roading projects.
<b>Total Flood Recovery Funding, Subsidies &amp; Grants</b>	<b>8,790,957</b>		<b>0</b>		<b>8,790,957</b>	<b>●</b>	<b>14,890,580</b>	<b>0</b>	<b>14,890,580</b>	
<b>Flood Recovery Expenditure</b>										
Flood Recovery Expenditure	8,913,654		0		(8,913,654)	■	15,044,458	0	(15,044,458)	NEMA Tranche 2 projects, MBIE funding & Waka Kotahi funded roading projects
<b>Total Flood Recovery Expenditure</b>	<b>8,913,654</b>		<b>0</b>		<b>(8,913,654)</b>	<b>■</b>	<b>15,044,458</b>	<b>0</b>	<b>(15,044,458)</b>	
<b>Better Off Funding</b>										
Better Off Funding	49,104		0		49,104	▲	860,000	0	860,000	\$650k also allocated to Waimangaroa Water Upgrade (Represented in Water Supplies Funding section)
<b>Total Better Off Funding</b>	<b>49,104</b>		<b>0</b>		<b>49,104</b>	<b>▲</b>	<b>860,000</b>	<b>0</b>	<b>860,000</b>	
<b>Better Off Capital Expenditure</b>										
Better Off Expenditure	49,104		0		(49,104)	▲	860,000	0	(860,000)	Costs to date for smoke testing in Westport. Full year prediction is for various Three Waters projects
<b>Total Better Off Expenditure</b>	<b>49,104</b>		<b>0</b>		<b>(49,104)</b>	<b>▲</b>	<b>860,000</b>	<b>0</b>	<b>(860,000)</b>	

**Key**

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

## Appendix B

Table 1: KPI 1

Capital expenditure projects over \$750,000 must be achieved within +/- five percent					
Over \$750,000 Project	Project Budget	Project Expenditure to Date (December 2022)	Project Status or Percentage of Completion		
Waimangaroa Water Upgrade	\$2,519,912	\$1,357,852	To be completed this financial year within budget		
		Forecast cost to complete:		Initial Funding	Final funding
			BDC	2,300,000	1,663,173
		\$1,135,756	MoH	-	206,739
			Better Off	-	650,000
Westport Trunkmain Terrace project	\$1,325,980	\$1,220,659	Project complete, final costs to be confirmed		
		Forecast cost to complete: \$22,949			
Westport Trunkmain Town project - Stage 1a	\$3,430,000	\$3,420,182	Original \$5.08m budget divided into two stages as early commissioning of pipeline was completed for Stage 1a section of the Trunkmain in December. Remainder of budget/project represented in Stage 1b below		
Westport Trunkmain Town project - Stage 1b	\$1,650,000	\$60,270	Project in progress. Expected to complete within budget this financial year		
		Forecast cost to complete: \$1,589,730			
Carnegie Library Strengthening	\$1,020,000	\$27,157	Project continuing with engagement with working group. Concept design options being sought.		
Westport Wastewater Pipeline & Pumpstation	\$2,274,048	\$161,867	Agreement reached to continue with mitigation implementations. Cost for upgrades for backflow prevention, screening requirements and tracks/earthworks. To submit consent application in March/April 2023.		
Temporary Village Alma Road	\$7,530,000	\$5,629,068	MBIE and NEMA funded. \$7.5m of original \$15m budget funded and procured directly by MBIE. Project expected to be completed in March 2023 within budget		
Reefton Historic Landfill	\$1,074,000	\$259,300	NEMA funded flood recovery project. Design & resource consent application underway. Expected to be completed in May 2023 within budget		
		Forecast cost to complete: \$814,700			
Tiphead rock revetment wall repair	\$1,000,000	\$162,312	NEMA funded flood recovery project. Physical works commenced January 2023, expected to be completed in March 2023 under budget		
		Forecast cost to complete: \$607,134			
Kawatiri Wharf Flood Repairs	\$5,920,000	\$112,414	NEMA funded flood recovery project. Preliminary design completed. Expected to complete project within budget in 2024		
		Forecast cost to complete: \$5,806,534			
Bluff Seven Sisters: Flood Recovery Rooding Programme	\$1,777,504	\$386,619	Waka Kotahi funded flood recovery works. Report and concepts drafted. Current cost estimate is within expectations and allocation. Construction to start end of July 2023		
Denniston Road 4 Underslip: Flood Recovery Rooding Programme	\$1,008,236	\$54,031	Waka Kotahi funded flood recovery works. Concept and Options reports completed. Resource consent application lodged. At this stage the anticipated cost is within allocation. The works are planned to start on site in May 2023.		
Denniston Road 2: Flood Recovery Rooding Programme	\$756,549	\$51,317	Waka Kotahi funded flood recovery works. Concept and Options reports completed. Resource consent application lodged. At this stage the anticipated cost is within allocation. The works are planned to start on site in May 2023.		

Table 2: KPI 2

Changes which are +/- five percent of a project must be approved by Council				
Project +/- five percent	Project Budget	Projected Expenditure	Project Status or Percentage of Completion to Date	Required Variation and Approval Status
Punakaiki Land	\$0	\$261,537	Unbudgeted legal cost on land acquisition under Public Works Act. Not yet complete.	Costs require Council approval when resolution reached

## **RISK AND AUDIT COMMITTEE**

**15 FEBRUARY 2023**

**AGENDA ITEM: 10**

**Prepared by** Mike Williams  
Acting Chief Executive

**Attachment 1** Projects in Partnership NEMA Update

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

---

#### **1 REPORT SUMMARY**

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

#### **2 DRAFT RECOMMENDATION**

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

#### **3. NEMA Reports**

- NEMA claims paper (T1) for endorsement
- NEMA Financials T1 & T2

##### **PiP Reports**

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

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

- Buller District Ports Package



## Buller Recovery – Projects in Partnership

**Title:** Financial Update – NEMA Claim endorsement Request

**Date:** 7 February 2023

**Principal Author:** Penny Bicknell, Programme Manager - Recovery

**Authorised by:** Rachel Townrow, Deputy Chief Executive

### Purpose

To provide the Projects in Partnership Meeting with a summary of funding to date under the NEMA appropriations and request a claim for reimbursement

### Recommendations

1. It is recommended that the Projects in Partnership Group:
  - **Notes** the summary of claims paid to date against the NEMA appropriations.
  - **Endorses** the proposed claims for reimbursement noting that all expenditure is subject to eligibility assessment for reimbursement by the NEMA Financial Assurance team.
    - i. \$52,537 for Immediate Response & Recovery Costs
2. As a result of the 15th – 18th July 2021 flood, Central Government supported the Westport Community and Buller District Council (BDC) through the provision of funding for response and recovery purposes. BDC received two appropriations to enable response and recovery activities to occur:
  - An immediate \$1 million advance for welfare resulting in a claim of \$322,694. The balance of this advance has been offset against Infrastructure claims.
  - A subsequent \$8 million through Cabinet.
3. The first funding allocation request ('Tranche 1') was put to Cabinet to support BDC's ongoing service to the Westport community.
  - \$1.00m was allocated for Community Hub & Navigators costs – this has been drawn down and completed
  - \$1.45m was allocated for Immediate Response & Recovery costs
  - \$1.5m was allocated for Solid Waste Management (\$270k has been reappropriated by Cabinet for February waste removal and \$380k for emergency Westport Water works). Final Claim has been submitted to NEMA
  - \$650k was allocated for infrastructure costs to the boundary for the Temporary Village at Alma Road. This appropriation was finalised in December 2022



4. Below is a summary of claims for the \$1.45m Immediate Response & Recovery costs appropriation

<b>CLAIMS AGAINST \$1.45M IMMEDIATE RESPONSE &amp; RECOVERY COSTS</b>	
TOTAL CLAIMS REIMBURSED TO DATE	\$441,717
NET SURPLUS TO CARRY FORWARD	\$1,008,283
<b>TOTAL FOR ENDORSEMENT</b>	<b>\$52,537</b>
NET SURPLUS TO CARRY FORWARD	\$955,745

<b>DETAILS OF CLAIM BY CRITERIA FOR \$1.45M IMMEDIATE RESPONSE &amp; RECOVERY COSTS</b>	
1. Wages for Response	
2. IT Equipment, office set-up, office operating costs, software and training for Recovery Office and surge staff. (Surge staff refers to those Council services that have increased as a result of the flood event e.g., finance)	
3. Rent and overhead costs for Recovery Teamwork space	
4. Supporting well-being needs of affected communities	\$44,089
5. Operating costs to give effect to the Recovery Action Programme (RAP)	\$ 7,845
6. Technical and professional advice to inform the scope of the RAP	\$ 603
7. Response costs not covered by existing policies	
8. Remediation work for Council owned assets affected by the flood	
9. Insurance excess costs for Council owned assets	
<b>Total</b>	<b>\$52,537</b>

**NEMA Tranche 1 Programme  
For Period 2022/23 - December**

	ORIGINAL BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims to Submitt	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE	
<b>Grand Total</b>	<b>0</b>	<b>4,428,431</b>	<b>(3,587,965)</b>	<b>0</b>	<b>0</b>	<b>6,491,694</b>	<b>53,791</b>	
<b>Community Hub</b>							<b>0</b>	
Expenses	1,000,000	1,000,000			(0)	1,000,000	0	NEMA funding of \$1m finalised with \$8k claim in September. \$500k from DIA
Revenue	(1,000,000)		(1,000,000)		0	(1,000,000)	0	lotteries budgeted through to 31 January 2023
<b>Immediate Response and recovery costs</b>								
Expenses	1,450,000	494,255		52,537	955,746	1,450,000	0	Appropriation extended to FY23. Most expenses will be for Flood Recovery
Revenue	(1,450,000)		(441,718)		(1,008,282)	(1,450,000)	0	Events/Wellbeing
<b>Initial Response</b>							<b>0</b>	<b>\$284k used to fund Infrastructure costs and \$393k for Feb 22 Infrastructure</b>
Expenses	1,000,000	322,694			0	322,694	677,306	July and Feb welfare claims total \$322,694. The balance of the \$1m refunded
Revenue	(1,000,000)		(322,694)	0	0	(322,694)	(677,306)	through Infrastructure claims. This appropriation is closed
<b>Solid Waste Management</b>							<b>0</b>	
Expenses	1,500,000	909,043		59,770	0	909,043	590,957	July 21 appropriation - \$380k reappropriated to Westport Emergency Water &
Revenue	(1,500,000)		(849,273)	0	(59,770)	(909,043)	(590,957)	\$270k for February Waste removal. Final claim to be put to PIP for endorsement in December
<b>Temporary Village Infrastructure - NEMA Funded</b>							<b>0</b>	
Expenses	650,000	650,000			0	650,000	0	Time extended due to weather and supply issues. Final claim for endorsement
Revenue	(650,000)		(650,000)	0	0	(650,000)	0	and close out - November
<b>Westport Water</b>							<b>(623,515)</b>	<b>\$393k funded through Initial Response funding</b>
Expenses	1,685,000	1,182,349			0	1,182,349	(502,651)	60% eligible (subject to review). 40% appropriation through Cabinet. Claim
Revenue	(1,685,000)		(1,182,349)	0	(0)	(1,182,349)	502,651	finalised with NEMA in October \$489,605.
Eligible costs approved by NEMA	647,172							
Less BDC Threshold for July event	(173,850)							
Claimable Portion	473,322							
NEMA 60% contribution	283,993 (deducted from the \$1m advance)							

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

	ORIGINAL BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims to Submit	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
<b>WP1 Drinking Water Repairs</b>	<b>0</b>	<b>87,241</b>	<b>(73,350)</b>	<b>(13,890)</b>	<b>(13,890)</b>	<b>0</b>	<b>0</b>
Expenses	329,848	87,241			242,607	329,848	0
Revenue	(329,848)		(73,350)	(13,890)	(256,498)	(329,848)	0
<b>WP2 Stormwater Repairs</b>	<b>0</b>	<b>96,263</b>	<b>(54,158)</b>	<b>(42,105)</b>	<b>(42,105)</b>	<b>0</b>	<b>0</b>
Expenses	456,600	96,263			360,337	456,600	0
Revenue	(456,600)		(54,158)	(42,105)	(402,442)	(456,600)	0
<b>WP3 Wastewater Repairs</b>	<b>0</b>	<b>298,609</b>	<b>(108,569)</b>	<b>(190,040)</b>	<b>(190,040)</b>	<b>0</b>	<b>0</b>
Expenses	480,400	298,609			181,791	480,400	0
Revenue	(480,400)		(108,569)	(190,040)	(371,831)	(480,400)	0
<b>WP4 CCTV and Cleaning</b>	<b>0</b>	<b>989,085</b>	<b>(481,378)</b>	<b>(507,707)</b>	<b>(507,707)</b>	<b>0</b>	<b>0</b>
Expenses	1,183,903	989,085			194,818	1,183,903	0
Revenue	(1,183,903)		(481,378)	(507,707)	(702,525)	(1,183,903)	0
<b>WP5 3W Inspections</b>	<b>0</b>	<b>28,550</b>	<b>(21,127)</b>	<b>(7,423)</b>	<b>(7,423)</b>	<b>0</b>	<b>0</b>
Expenses	61,000	28,550			32,450	61,000	0
Revenue	(61,000)		(21,127)	(7,423)	(39,873)	(61,000)	0
<b>Project Management WP 1-5</b>	<b>0</b>	<b>225,939</b>	<b>0</b>	<b>(225,939)</b>	<b>(225,939)</b>	<b>0</b>	<b>0</b>
Expenses		225,939			(225,939)		
Revenue	0		0	(225,939)	0	0	0
<b>WP6 3W Betterment Projects</b>	<b>0</b>	<b>38,098</b>	<b>0</b>	<b>(38,098)</b>	<b>(38,098)</b>	<b>0</b>	<b>0</b>
Expenses	1,582,000	38,098			1,543,902	1,582,000	0
Revenue	(1,582,000)		0	(38,098)	(1,582,000)	(1,582,000)	0
<b>WP7 Westport Port Repairs</b>	<b>0</b>	<b>112,414</b>	<b>0</b>	<b>(112,414)</b>	<b>(112,414)</b>	<b>0</b>	<b>0</b>
Expenses	5,920,000	112,414			5,807,586	5,920,000	0
Revenue	(5,920,000)		0	(112,414)	(5,920,000)	(5,920,000)	0
<b>WP8 Westport Dredging Project</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenses	4,716,000	0			4,716,000	4,716,000	0
Revenue	(4,716,000)		0	0	(4,716,000)	(4,716,000)	0
<b>WP9 Inangahua River Projects</b>	<b>0</b>	<b>294,077</b>	<b>(173,557)</b>	<b>(120,520)</b>	<b>(120,520)</b>	<b>0</b>	<b>0</b>
Expenses	1,224,000	294,077			929,923	1,224,000	0
Revenue	(1,224,000)		(173,557)	(120,520)	(1,050,443)	(1,224,000)	0
<b>WP10 Tiphead Repairs</b>	<b>0</b>	<b>162,312</b>	<b>(44,982)</b>	<b>(117,330)</b>	<b>(117,330)</b>	<b>0</b>	<b>0</b>
Expenses	1,000,000	162,312			837,688	1,000,000	0
Revenue	(1,000,000)		(44,982)	(117,330)	(955,018)	(1,000,000)	0
<b>Programme Management</b>	<b>0</b>	<b>37,278</b>	<b>(4,385)</b>	<b>(32,893)</b>	<b>(32,893)</b>	<b>0</b>	<b>0</b>
Expenses	190,440	37,278			153,162	190,440	0
Revenue	(190,440)		(4,385)	(32,893)	(186,055)	(190,440)	0
<b>TOTAL</b>							
Expenses	17,144,191	2,369,865		0	14,774,326	17,144,191	0
Revenue	(17,144,191)		(961,506)	(1,408,359)	(16,182,685)	(17,144,191)	0
Threshold Deduction	174,914		174,914			174,914	
<b>Total</b>	<b>174,914</b>	<b>2,369,865</b>	<b>(786,592)</b>	<b>(1,408,359)</b>	<b>(1,408,359)</b>	<b>174,914</b>	<b>0</b>

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



### Programme/Project Details

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

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

Aspect	Status	Comments
<b>Overall:</b>	A	Project planning well underway and on track. Initial investigation and design work advanced. Current scheduling indicates physical works should commence around May 2023, subject to timely project decisions.
<b>Budget:</b>	A	The budget of \$5,919,587 was based on an estimate and conceptual repair design which introduces a degree of risk (about budget adequacy), however planning and risk mitigation work is underway to ensure a fit-for-purpose repair can be achieved with the available budget and there are no significant red flags or indications at this point that it will not be. Until tenders are received that confirm otherwise, the status of this aspect will be kept as amber to reflect the degree of uncertainty.
<b>Scope:</b>	A	A high-level scope has been developed and is being refined based on a combination of user-input and a recently completed detailed structural site inspection. There is a requirement to agree the Importance Level of the repair. This has been under discussion/deliberation with NEMA and is on-going.
<b>Resource:</b>	G	Resources required for this initial stage of the project are secured. Additional resources will be required as the project progresses.
<b>Schedule:</b>	A	A programme has been developed and is generally on target, however the failure to identify the timeframe involved in NEMA providing endorsement on the Importance Level of the repaired wharf will delay the design progression and overall programme. The programme currently indicates project completion by May 2024 however the key determinant of this will be the construction/repair duration that will only be confirmed once tenders are received. Several milestones (Importance Level decision for repair work and Kiwirail building demolition) need to be satisfied in the next reporting period to avoid notable schedule slip.
<b>Risks / Issues:</b>	A	A number of risks have been identified and mitigations and management actions are underway and on-going and tracking to plan. The status of this aspect is amber to reflect the presence of risks and their potential to adversely impact the project, if not controlled.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
<p>The project is generally tracking to schedule (other than some delays in determining the Importance Level of the repair), with all key planning, investigation, and design inputs substantially progressed. A preliminary design has been completed to enable a constructability review and market engagement in relation to key identified risk mitigation measures. Risks have been identified and mitigations are in place and being worked on (as above). Kiwirail has confirmed demolition of their adjacent buildings at their cost which will significantly simplify and de-risk access and repair works (and removes one project ISSUE). Pro's and con's of IL3 vs IL4 have been documented and discussed with NEMA in an attempt to align on the repair goal. Resources required for this early stage of the project have been secured. Stakeholder mapping has occurred and their needs identified. The budget is currently considered adequate and specific steps are being taken to ensure this remains the case.</p>	<p>Define and agree on Importance Level repair goal and initiate constructability review of preliminary IL3 repair design.</p>

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

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Conceptual engineering design	23-Sep-22	23-Sep-22	100%	0
Geotechnical investigation & assessment	11-Nov-22	11-Nov-22	100%	0
Topographical survey acquisition	9-Nov-22	9-Nov-22	100%	0
Detailed engineering inspection and assessme	16-Nov-22	16-Nov-22	100%	0
Kiwirail liaison and building fate determinatio	28-Feb-23	28-Jan-23	100%	0
Preliminary engineering design	14-Dec-22	14-Jan-23	100%	0
Construction supplier engagement/validation	18-Jan-23	10-Feb-23	0%	0
Developed engineering design	15-Feb-23	3-Mar-23	0%	0
Statutory approvals	10-May-23	10-May-23	0%	0
Detailed design	12-Apr-23	14-Apr-23	0%	0
Construction procurement	7-Jun-23	31-May-23	0%	0
Construction	8-May-24	1-May-24	0%	0

Financials							
Budget and expenditure summary							
Programme/Project Item	Original Budget	Current Budget	Actual To 31/12/2022	Forecast cost to complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$108,000	\$58,539	\$50,120	\$108,659	\$659	
Consents/Approvals (Phase 4)	\$0	\$61,200	\$0	\$61,200	\$61,200	\$0	
Design (Phase 4)	\$0	\$150,000	\$36,275	\$119,715	\$155,990	\$5,990	
Construction (Phase 4)	\$0	\$5,432,387	\$0	\$5,423,689	\$5,423,689	-\$8,698	
Closeout (Phase 5)	\$0	\$12,000	\$0	\$12,000	\$12,000	\$0	
Project Management	\$0	\$156,413	\$17,600	\$139,810	\$157,410	\$997	
Contingency	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$0	\$5,920,000	\$112,414	\$5,806,534	\$5,918,948	-\$1,052	

## Risks/Issues/Outcomes

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

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



## Communications

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

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

## Risk Key

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

Table 5: Likelihood of Occurrence

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

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

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



### Programme/Project Details

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

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

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

## Current Updated Programme

Previous Reporting Period	Next Reporting Period
<p>The 3W Repairs Programme (Workpackages 1 - 5) is nearing completion with only portions of 8 faults still being worked on. It is anticipated that with the exception of the Brougham street brick arch, all other work will be closed out by the end of March 2023, with most remaining works to be undertaken at the start of the summer months. We are still forecasting an underspend of between \$250,000 - \$300,000 (roughly aligns with the contingency value apportioned to the programme), allowing for no further concealed repairs coming to light. The CCTV Programme of work has come to a conclusion after 16 months, with a number of major faults being identified for the Council BAU 3W team to plan and rectify outside of this scope.</p>	<p>Completing the Westport Waste water treatment plant fault repairs will be a key focus and priority for January/February. These include the third and final grit cleanout which also allows for access to undertake the diffusers for replacement. Additionally locking down the Brougham brick arch repairs scope and receiving pricing will be a key objective for this same period. Once the project team receives supplier estimates for the Brougham Street Brick Arch Repair (via westreef/Hydrotech) this will be submitted to NEMA for final approval.</p>

## Updated Project Road Map/Schedule

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

Milestones					
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments	
Westport WWTP Diffusers Replacement	1-Mar-23	1-Apr-23	10%	0	
Westport WWTP Grit Cleaning	1-Mar-23	1-Mar-23	66%	0	
CCTV - Final Remaining Sites	16-Dec-22	18-Nov-22	100%	0	
Domett St Tomo - Damaged Pipe Repair	16-Feb-23	23-Dec-22	25%	0	
Cats Creek - Clean out Flood Silt	1-Oct-22	1-Oct-22	100%	0	
Westport Waste Pump Stations - Remaining	31-Mar-23	31-Mar-23	80%	0	
Waimangaroa Drinking Water Repair	1-Feb-23	1-Feb-23	70%	0	
Reefton Reservoir Access Track	1-Mar-23	31-Dec-22	20%	0	
Avery Culvert - Outlet Wall Repair	31-Mar-23	31-Mar-23	3%	0	
Brougham St Brick Arch - CCTV and Clean-out	31-May-23	31-Dec-22	3%	0	
Reefton Brick Arch CCTV	31-Dec-22	18-Nov-22	100%		
Emergency works, repairs and clean ups pos	31-May-22	31-May-22	100%	0	

Financials							
Budget and expenditure summary							
Programme/Project Item	Original Budget	Current Budget	Actual To 31/12/2022	Forecast cost to complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Design (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Construction (Phase 4)	\$1,962,180	\$1,962,180	\$1,496,557	\$334,000	\$1,830,557	-\$131,622	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$226,837	\$226,837	\$245,097	\$44,000	\$289,097	\$62,261	
Contingency	\$322,734	\$322,734	\$0	\$0	\$0	-\$322,734	
Total	\$2,511,751	\$2,511,751	\$1,741,655	\$378,000	\$2,119,655	-\$392,096	

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

## Communications

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

#### Key achievements/outcomes

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

### Risk Key

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

Table 5: Likelihood of Occurrence

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

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

## Project Status Report – NEMA Tranche 2 – 3W Betterment, Workpackage 6 – December 2023



### Programme/Project Details

Location and Region:	Westport 3W Reticulated Networks
Project Budget:	\$1,582,000
Reporting Period:	For the month ending 30 December 2022
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Project Manager:	Robert Poole, Consultant, SBA Civil
Programme Outcomes:	The programme of works objective is to provide 3W flood resilience to select priority assets across the reticulated networks (Stormwater, Wastewater and Drinking Water) for Westport.

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

Aspect	Status	Comments
Overall:	G	The Programme has been prioritised (by BDC) and accepted by NEMA.
Budget:	G	\$1,582,000
Scope:	G	This programme of works includes the following projects from both the July 2021 and February 2022 flood events: <ul style="list-style-type: none"> <li>- Lifting flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height (1 in 100yr)</li> <li>- Provide backflow prevention to 5no. Stormwater outfall locations</li> <li>- WWTP Grit and Sediment Removal Plant &amp; Replacement Screen</li> <li>- Coates St SW Upgrade</li> <li>- Westport Domain SW Reinstatement</li> <li>- Alternative Drinking Water Supply Investigation</li> <li>- Mill St and Roebuck SW Upgrade</li> </ul>
Resource:	G	TBC – subject to procurement by Panel Selection. Design to be Directly Appointed as resource availability is known.
Schedule:	G	Physical works will start in January 2023.
Risks / Issues:	G	A brief risk register has been included as part of this report. <b>*A more comprehensive Risk Register will be developed as project planning progresses*</b>

Current Updated Programme	
Last Month (November)	Current Month (December) & Next Month (January)
1) Final project prioritisation list submitted to NEMA 2) NEMA approval received (24/11/22) 3) Procurement plan finalised and approved 4) Procurement of designers	1) Continuation of design work 2) Commencement of physical work 3) Ordering of long lead items

Project tasks	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Comments
<b>Lifting Wastewater Pump Stations Above 1% AE Level</b>		Design	Design	Physical Works	Physical Works	Lifting 7-9no flood damaged Wastewater Pump Station electrical cabinets above the 1% AEP flood height in Westport. <b>*Project delivery will extend beyond June 2023*</b>
<b>SW Backflow Prevention - Install Wastops</b>			Lead Time	Lead Time	Physical Works	Installation of 5no. backflow prevention devices within the Westport SW network.
<b>WWTP – Grit/Sediment and Screen Plant</b>		Design	Design	Design	Design	Installation of a new combined Grit/Sediment and Screen plant at the Westport WWTP. <b>*Project delivery will extend beyond June 2023*</b>
<b>Coates Street SW Upgrade - Stage 1</b>		Design	Design	Physical Works	Physical Works	Design and installation of Open Swale drains along Coates/ Forbes Street in Westport.
<b>Westport Domain SW Reinstatement</b>			Physical Works	Design	Physical Works	Reinstatement of an old SW drain through the Westport Domain.
<b>Alternative Drinking Water Supply Investigation</b>			Design	Design	Design	Design and investigation of an alternative Drinking Water supply for Westport. <b>*Project delivery will extend beyond June 2023*</b>
<b>Mill St and Roebuck SW Upgrade</b>		Design	Design	Physical Works	Physical Works	Upgrading two weak nodes of Westport's SW network on Mill and Roebuck Streets. Installation of new manholes.



Milestone	Baseline Date	Actual Date	% Complete	Comments
1) Programme Completion	31 <sup>st</sup> March 23	TBC - subject to procurement	5%	

### Project Financials

Project Item	Project Budget	Costs to Date to 27/1/22	Forecast Cost to Complete	Variance from Project Budget	Commentary
Lifting Wastewater Pump Stations Above 1% AE Level	\$313,200	-	\$313,200	-	-
SW Backflow Prevention - Install Wastops	\$178,350	-	\$178,350	-	-
WWTP – Grit/Sediment and Screen Plant	\$435,000	-	\$435,000	-	-
Coates Street SW Upgrade - Stage 1	\$217,500	-	\$217,500	-	-
Westport Domain SW Reinstatement	\$13,050	-	\$13,050	-	-
Alternative Drinking Water Supply Investigation	\$174,000	-	\$174,000	-	-
Mill St and Roebuck SW Upgrade	\$45,240	-	\$45,240	-	-
Project Management	\$205,660	\$38,098	\$167,562	-	Feasibility and investigation undertaken on Coates St and Lifting WW Pump Station projects.
<b>Total</b>	<b>\$1,582,000</b>	<b>\$38,098</b>	<b>\$1,543,902</b>	<b>-</b>	

Risks & Issues			
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)			
Risk/Issue	Consequence	Likelihood	Mitigation
Completion of works within NEMA funding timeframe	Moderate	Unlikely	Communicate and work with NEMA on project timelines that could potentially be delayed.
Reduced scope due to available funding constraints	Minor	Possible	Each project can be reduced in scope if forecast costs are higher than anticipated.
Consent and Planning Delays	Unlikely	Unlikely	No Resource Consents are currently foreseen, but this may change as design progresses. Project team to manage timeline and scope within budgets and NEMA's funding timeframes.
Procurement Risk	Moderate	Possible	Current Procurement Plan relies on the use of a yet to be established Procurement Panel. Any risk that this may hold up delivery by mid-December will need to trigger a change in the Procurement Plan.

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

Table 5: Likelihood of Occurrence

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

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

## PMO -Project Report - Flood Recovery - Return to Service - Work Package 10 - Tiphead Rock Revetment Wall Repairs



### Programme/Project Details

<b>Location and Region:</b>	Westport Tiphead, Coates Road
<b>Project Budget:</b>	\$1,000,000
<b>Reporting Period (ending):</b>	December-2022
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA
<b>Project Manager:</b>	Robert Poole
<b>Programme Outcomes:</b>	This Project covers repair of flood damage sustained to the BDC Port asset know as the 'Tiphead', a rock revetment training wall, located at the entrance to the Buller River (Westport Port).

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

Aspect	Status	Comments
<b>Overall:</b>	G	Project construction phase began on 16/1/23
<b>Budget:</b>	G	The design, procurement and project management elements of this project will exceed budget due to insufficient allowance at the time of budget preparation. Overall, the project is on track to be delivered well under budget and movement within cost centres has been endorsed by Cabinet, subject to NEMA approval.
<b>Scope:</b>	G	Scope has been defined and IFC drawings have been completed by Riley Consultants Ltd.
<b>Resource:</b>	G	Project is adequately resourced with Rosco Contractors undertaking the project and SBA Civil providing Project Management resource to BDC
<b>Schedule:</b>	G	The project is on track for practical completion on 1/3/23 and a further 8 days required for replanting and site disestablishment The designer has undertaken 1 site inspection and another is scheduled for week commencing 30.1.23
<b>Risks / Issues:</b>	G	Suitability of the rock has been verbally approved by the designer (Riley). BDC await written confirmation of this.

Current Updated Programme	
Previous Reporting Period	Next Reporting Period
The project design and investigations are now completed, with the Tender being concluded and Rosco Contracting selected for this project. Final design has been completed with construction drawings now issued. Physical works started on the 16th January 2023, with an anticipated 6 week programme. with practical completion programmed for 1st March 23.	Continuation of construction work through placement of approx. 5000ton of rock placed by 1st March 23.

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

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Design	1-Oct-22	1-Oct-22	100%	0
Survey and Modeling	25-Nov-22	25-Nov-22	100%	0
Survey -Initial Site Setout	25-Nov-22	25-Nov-22	100%	0
Survey - Site Extent and Finalise Extent with	16-Jan-22	16-Jan-22	100%	0
Tender to Market	2-Dec-22	2-Dec-22	100%	0
Tender Close	2-Dec-22	2-Dec-22	100%	0
Physical Works on site	21-Feb-23	9-Mar-23	0%	0
Practical Completion (based on estimated du	22-Feb-23	1-Mar-23	0%	0
0	0-Jan-00	0-Jan-00	0%	0
0	0-Jan-00	0-Jan-00	0%	0
0	0-Jan-00	0-Jan-00	0%	0
0	0-Jan-00	0-Jan-00	0%	0

Financials							
Budget and expenditure summary							
Programme/Project Item	Original Budget	Current Budget	Actual To 31/12/2022	Forecast cost to complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$0	\$0	\$0	\$0	\$0	\$0	
Design (Phase 4)	\$70,000	\$70,000	\$63,491	\$14,000	\$77,491	\$7,491	
Construction (Phase 4)	\$780,000	\$780,000	\$0	\$539,135	\$539,135	-\$240,865	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$100,000	\$100,000	\$98,820	\$54,000	\$152,820	\$52,820	
Contingency	\$50,000	\$50,000	\$0	\$0	\$0	-\$50,000	
<b>Total</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$162,311</b>	<b>\$607,135</b>	<b>\$769,446</b>	<b>-\$230,554</b>	

Risks/Issues/Outcomes		
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)		
Risk ID - Risk/Issue	Mitigation	Residual Risk
WP10 - Tiphead / 3 - Elevated Risk of Flood Damage During Construction	The Methodology needs to remain fluid enough to protect works at short notice.	10
WP10 - Tiphead / 9 - Risk of road layout confusion Plant on vehicle collisions	TMP to be reviewed with BDC roading team	10
WP10 - Tiphead / 10 - Site vehicles crossing a popular cycle track	TMP to be reviewed with BDC roading team	10
WP10 - Tiphead / 2 - The position of the site is open to Public interaction, and a heightened risk profile	Strict protocols allowed for within the tenderer/contractor HSE and Methodology to mitigate public interaction	10
WP10 - Tiphead / 8 - Risk that contractors do not meet the necessary legal requirements for HS&E through lack of on site presence from qualified HS&E staff	Monitored through regular site visits,	10
WP10 - Tiphead / 6 - Risk or unintended confusion for aircraft approaching as works site sits under the south-west bound flight path	Engagement with airport and contractor has confirmed that there is no requirement to change work methods. Airport appreciated the engagement	5
WP10 - Tiphead / 7 - Airport regulations require site shut down for periods where aeroplanes are approaching the work area	Engagement with airport and contractor has confirmed that there is no requirement to change work methods. Airport appreciated the engagement	5

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 - Full-time - Part-time - Contractor
Project Manager	3	0	0	0	0	0	0	Contractors
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

The following table shows total current, past, and expected future jobs		
Current Jobs	No. of people previously but no longer employed on the project	Expected jobs in the future
0	0	0

## Communications

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

The local Kawatiri MTB Group and a volunteer group who have managed planting within the extent of works have met onsite before construction began with the contractor and BDC to discuss the works, agreeing methods to salvage the recently planted native plants.

## Risk Key

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

Table 5: Likelihood of Occurrence

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

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

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



### Programme/Project Details

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

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

Aspect	Status	Comments
<b>Overall:</b>	G	River training design has been completed by WSP. Resource consent application is underway by WSP. Stage One of the river training has been completed by Rosco Contracting. Stage two of the river training if required will take place February 2023
<b>Budget:</b>	G	Forecasted to spend \$93k of the \$150k budget
<b>Scope:</b>	G	The toe of the Reefton Campground stop bank was eroded as a result of both the July 2021 and February 2022 flood events. The Inangahua Riverbed changed course which necessitates the need for recontouring of the river fairway (river training).
<b>Resource:</b>	G	Brendon Russ (BDC-Project Manager), Mark Healey (WSP-Design) & Anne McNoe (WSP-Resource consent application)
<b>Schedule:</b>	G	Design work completed by WSP, Resource consent application by WSP is underway and is expected to be completed by February 2023. Stage one of the river training works have been completed by Rosco Contracting. Stage two river training if required will commence in February 2023.
<b>Risks / Issues:</b>	G	Risk & opportunities register updated and included as part of this report.



Current Updated Programme	
Previous Reporting Period	Next Reporting Period
<p>River training works on the Inangahua River opposite the camping ground have been completed by Rosco Contractors under emergency works provisions of the RMA. WSP have been engaged to prepare and submit a resource consent application for the works.</p> <p>The river training may need to be altered slightly in the near future to better direct the water into the centre of the channel. Also the river training could potentially have affects on the True left bank where a new power station is being constructed.</p> <p>The Reefton water intake immediately downstream from the river training have reported a drop in water levels, which is currently being investigated.</p>	<p>Inspections of the river training to check if any adverse effects are taking place.</p>

Updated Project Road Map/Schedule													
Project task	2022						2023						Comments
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Planning and BDC Approvals													
Resource Consent													WSP has been engaged for the resource consent application for river training and rock revetment works
Design													WSP have been engaged to design the proposed river training works
Construction Stage One – River Training													Completed By Rosco Contracting
Construction Stage Two – River Training													Will only take place if required
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Milestone 1 - Planning and Scope Approval	1-Aug-22	1-Aug-22	100%	0
Milestone 2 - Resource Consent Granted	28-Feb-23	28-Feb-23	65%	0
Milestone 3 - Design	1-Jul-22	1-Jul-22	100%	0
Milestone 4 - Contract Awarded - Stage One	1-Aug-22	1-Aug-22	100%	0
Milestone 5 - Construction Commenced - Stage One	1-Aug-22	1-Aug-22	100%	0
Milestone 6 - Completion - Stage One	31-Aug-22	31-Aug-22	100%	0
Milestone 7 - Contract Awarded - Stage Two	15-Feb-22	15-Feb-23	0%	0
Milestone 8 - Construction - Stage Two	28-Feb-23	28-Feb-23	0%	0

Financials							
Budget and expenditure summary							
Programme/Project Item	Original Budget	Current Budget	Actual To 31/12/2022	Forecast cost to complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$0	\$0	\$0	\$0	\$0	\$0	
Consents/Approvals (Phase 4)	\$10,000	\$10,000	\$0	\$10,000	\$10,000	\$0	
Design (Phase 4)	\$5,000	\$5,000	\$0	\$5,000	\$5,000	\$0	
Construction (Phase 4)	\$115,500	\$115,500	\$30,248	\$30,000	\$60,248	-\$55,252	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$12,000	\$12,000	\$4,528	\$5,472	\$10,000	-\$2,000	
Contingency	\$7,500	\$7,500	\$0	\$7,500	\$7,500	\$0	
Total	\$150,000	\$150,000	\$34,776	\$57,972	\$92,748	-\$57,252	

Risks/Issues/Outcomes								
Key risks and/or issues arising are detailed below (NB level of risk is relative to this project)								
Risk ID - Risk/Issue				Mitigation				Residual Risk
10229 / 1 - Flooding of the Inangahua River means that the river reverts towards the campground stopbank				On going maintenance required on the temporary stop bank				10
10229 / 2 - Reefton township water intake is found to have reduced capacity due to river retrainment and Reefton water supply is reduced				none				10
10229 / 3 - Retrospective resource consent delays works or requires further works				Maintain close comms with resource consent manager				6
Total				0	0	0	0	

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
0	0	0

## Communications

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

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

## Risk Key

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

Table 5: Likelihood of Occurrence

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

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

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



### Programme/Project Details

<b>Location and Region:</b>	Reefton – West Coast
<b>Project Budget:</b>	\$1,074,000
<b>Reporting Period (ending):</b>	December-2022
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA
<b>Project Manager:</b>	Brendon Russ
<b>Programme Outcomes:</b>	Historic Reefton Landfill: The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.

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

Aspect	Status	Comments
<b>Overall:</b>	G	Design & resource consent application is underway by WSP. Contractors on the BDC "Return to Service Approved Contractors Panel" currently on GETS will be invited to tender for this project.
<b>Budget:</b>	G	\$1,074,000
<b>Scope:</b>	G	The Reefton Historic Landfill was scoured out as a result of the February 2022 flood event. The Inangahua River watercourse is now exposed to the contents of the historic landfill, with the landfill sidewall now requiring reinstatement to return it to its pre-flood condition.
<b>Resource:</b>	G	Brendon Russ (BDC-Project Manager), Mark Smith (WSP-Design) & Anne McNoe (WSP-Resource consent application)
<b>Schedule:</b>	G	WSP design to be completed early February 2022. Work to commence onsite mid-February.
<b>Risks / Issues:</b>	G	Risk & opportunities register updated and included as part of this report.

Current Updated Programme													
Previous Reporting Period						Next Reporting Period							
<p>Initial landfill clean-up and river retrainment to protect site has been undertaken.</p> <p>WSP have been engaged to design on the remedial works required for the Historic Reefton Landfill</p> <p>Once design is received, works will commence to encapsulate the site and reinstate rock protection</p> <p>WSP have been engaged to prepare a resource consent application for the river training works that have already taken place and also for the construction of the replacement rock revetment.</p> <p>WSP have fallen behind on th delivery of the desgin by two weeks</p>						<p>Design suitable for tendering to be received on 25 January 2023. Tender documents to be prepared and going out to tender on 6 February 2023.</p>							
Updated Project Road Map/Schedule													
	2022				2023								
Project task	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Comments
Planning and BDC Approvals													Project Budget approved July 2022.
Resource Consent													WSP has been engaged for the resource consent application for river training and rock revetment works.
Design													WSP have been engaged to design on the remedial works required for the Historic Reefton Landfill
Contract Award													
Construction													Construction is expected to take 2-3 months
Handover and Asset Manager Acceptance													

Milestones				
Milestone / Task	Baseline Finish	Forecast/Actual Finish	% completion	Comments
Milestone 1 - Planning and Scope Approval	30-Sep-22	30-Sep-22	100%	0
Milestone 2 - Resource Consent Granted	28-Feb-23	31-Jan-23	30%	0
Milestone 3 - Design	12-Feb-23	12-Feb-23	80%	0
Milestone 4 - Tender	17-Feb-23	17-Feb-23	0%	0
Milestone 5 - Contract Awarded	24-Feb-23	24-Feb-23	0%	0
Milestone 6 - Construction Period	30-Apr-23	31-May-23	0%	0
Milestone 7 - Handed over and Asset Manager acceptance	5-May-23	5-May-23	0%	0

Financials							
Budget and expenditure summary							
Programme/Project Item	Original Budget	Current Budget	Actual To 31/12/2022	Forecast cost to complete	Estimate at Completion	Project Variance	Commentary
Business Case (Phase 0)	\$0	\$0	\$0	\$0	\$0	\$0	
Planning (Phase 1 - 3)	\$10,515	\$10,515	\$10,515	\$0	\$10,515	\$0	
Consents/Approvals (Phase 4)	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$0	
Design (Phase 4)	\$106,225	\$106,225	\$46,004	\$60,221	\$106,225	\$0	
Construction (Phase 4)	\$787,640	\$787,640	\$179,924	\$607,716	\$787,640	\$0	
Closeout (Phase 5)	\$0	\$0	\$0	\$0	\$0	\$0	
Project Management	\$85,920	\$85,920	\$22,857	\$63,063	\$85,920	\$0	
Contingency	\$53,700	\$53,700	\$0	\$53,700	\$53,700	\$0	
Total	\$1,074,000	\$1,074,000	\$259,300	\$814,700	\$1,074,000	\$0	

## Risks/Issues/Outcomes

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

Risk ID - Risk/Issue	Mitigation	Residual Risk
10019 / 1 - Caused by flooding of the Inangahua River combined with the temporary nature of the current stop bank	On going maintenance required on the temporary stop bank	10
10019 / 2 - Caused by excavation of contaminated ground	Agree method with contractor then follow up with regular site inspections by BDC	10
10019 / 3 - resource consent will be required for this project before commencement	Monitor outputs and seek early warning on any issues	6

## Communications

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

An update to the community was given during the month of November, updating the public on progress with this project

Internal BDC stakeholders are being updated on a regular basis

## Risk Key

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

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

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

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

### Project Details

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

### Project Overview (High-Level Summary)

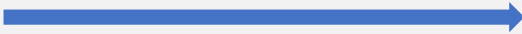
Aspect	Status	Comments
<b>Overall:</b>	<b>G</b>	The project is following its planned trajectory, albeit with known and accepted delays in several key project components due to Covid-19 and Westport flood factors. Work on the final project tasks is nearing completion and will be completed within the next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



## State of Play

Last Month	Next Month
<ul style="list-style-type: none"> <li>The harbourmaster office upgrade was completed and is incomparable compared with its previous state.</li> <li>The site entry/exit upgrade was practically completed, with minor touch-up chip-sealing occurring to ensure a consistent and high-quality finish.</li> <li>Data connection relative to the precinct-wide security system was substantially progressed.</li> </ul>	<ul style="list-style-type: none"> <li>Collate documentation and paperwork relating to upgrade works on the harbourmaster office.</li> <li>Complete livening of security system.</li> <li>Complete touch-up chip-sealing on Port entry/exit.</li> <li>Complete wharf edge strengthening (final task) in the bulk precinct.</li> <li>Host MBIE/Kānoa representatives on site inspection.</li> </ul>

## Project Road Map/Schedule

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

Milestones				
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme A: Westport gravel removal and seawall repairs</b>				
Award design contract	30/09/2020	21/12/2020	100	Engineer (WSP ChCh) appointed for expert input and advice on wharf structures. Hydrological and survey input appointed for gravel extraction
Award procurement contract	30/10/2020	1/04/2021	100	Gravel extraction is river based; therefore, dredge is required and will be used
Obtain all consents	30/11/2020	1/04/2021	100	Consents in place for river-based dredging
Award construction contract	30/11/2020	30/04/2021	100	Gravel extraction is river-based; therefore, dredge is required
Complete construction	30/04/2021	30/06/2022	100	Complete. 155,720m <sup>3</sup> of gravel removed
Opening event	31/03/2022	31/08/2022	0	To be determined/confirmed
Milestone	Baseline Date	Actual/Target Date	% Complete	Comments
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>				
Award detailed design contract	30/10/2020	31/01/2021	100	Innumerable design tasks – not one design contract
Award procurement contract	30/10/2020	30/06/2022	100	Final tasks (harbourmaster office upgrade and site entry/exit upgrade) assigned to contractors
Obtain all consents	31/12/2020	30/06/2022	100	Building consent secured for harbourmaster office upgrade
Obtain all property rights	31/12/2020	31/05/2021	100	No issues
Award construction contract	28/02/2021	10/07/2022	100	Final construction elements awarded
Complete construction	28/02/2022	28/02/2023	95	Forecast for completion in February 2023
Opening event	31/03/2022	31/03/2023	0	To be determined/confirmed

## Financials

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

Programme/Project Item	Indicative Cost	Actual Spend	Forecast (remaining) cost to complete	Project Variance	Commentary
<b>Work Programme A: Westport gravel removal and seawall repairs</b>					
Project management and coordination	\$75,000	\$114,985	\$0	-\$39,985	Additional planning and task coordination required
Engineering assessments and design	\$35,000	\$36,945	\$0	-\$1,945	Additional engineering assessment and design required
Consents	\$10,000	\$0	\$0	\$10,000	No consents identified as required
Procurement, legal and tenders	\$20,000	\$0	\$0	\$20,000	Less legal/procurement input forecast
Civils works/site works for gravel extraction	\$1,400,000	\$1,662,500	\$0	-\$262,500	Significant gravel volumes identified requiring extraction
R&M to seawalls/wharf back-sheathing	\$460,000	\$17,980	\$0	\$442,020	Nil variance forecast at this stage. Project estimate considered realistic.
<b>Component Total</b>	<b>\$2,000,000</b>	<b>\$1,832,410</b>	<b>\$0</b>	<b>\$167,590</b>	<b>Forecast surplus to be used to support Component B</b>
<b>Work Programme B: Westport bulk shipping and fishing precincts</b>					
Project management and coordination	\$40,000	\$32,015	\$10,000	-\$2,015	Additional planning and task coordination required
Procurement, legal and tenders	\$20,000	\$15,829	\$0	\$4,171	Less legal/procurement input forecast
Design and engineering assessment and consents	\$30,000	\$99,977	\$2,500	-\$72,477	Intensive engineering design and assessment input required
Civil works/site works	\$1,210,000	\$1,170,786	\$126,785	-\$87,571	Modest (5%) variance planned and forecast.
<b>Component Total</b>	<b>\$1,300,000</b>	<b>\$1,318,607</b>	<b>\$139,285</b>	<b>-\$157,892</b>	<b>Forecast deficit supported by surplus from Component A</b>
<b>PROJECT Total</b>	<b>\$3,300,000</b>	<b>\$3,151,017</b>	<b>\$139,285</b>	<b>\$9,698</b>	<b>Minor positive variance (surplus) forecast at this stage</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)	0	0	0	0	0	0	0	Component completed
B (Bulk and Fishing Precinct)	15	0	13	0	1	0	1	2 BDC staff; 13 contractors/ consultants
<b>Total</b>	<b>15</b>	<b>0</b>	<b>13</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
13	Nil (for the reporting period)	Approximately 5 roles/jobs are forecast to be required for the remaining project task

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

Nil

## Risks/Issues/Opportunities

Key risks and/or issues arising are detailed below

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

## Social Procurement Outcomes

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

Outcome	Measure	Status/Comments
Employment of targeted workers	Prioritising workers identifying as: 1) Local (in-region) workers; 2) Māori or Pasifika; 3) Employment of women prioritised where possible	13 of the 15 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: - protecting or enhancing the local ecosystem and its indigenous biodiversity - actively seeking to minimise the carbon impact of project delivery, to support the transition to a net zero emissions economy - minimising waste, re-using materials, and where possible incorporating the principles of the circular economy - using water resources efficiently - using low-impact, sustainably and locally sourced materials and products; and/or - including resilience to the impacts of a changing climate	In-progress. Biggest impact and contribution to environmental responsibility will be delivered via the construction (and operational) phase of the project. Several planned works relate specifically to environmental risks. This measure will be monitored and reported as the project progresses

## Communications

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

Completion of the project and Component B by the end of this year provides an opportunity for external communications in the New Year celebrating the achievements.

## Additional/Other Information

Nil.

## Photographs for the period



**Harbourmaster office (before/during)**



**Harbourmaster office (after)**



**Port entry/exit (before/during)**



**Port entry/exit (after)**