



# AGENDA

Meeting of the  
Risk and Audit Committee

**Wednesday 13 March 2024**  
commencing at 3.30pm

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



## CORE COUNCILLOR ROLE AND RESPONSIBILITIES

The Governance role entails:

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

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

Our commitments to best support each other and meet the challenges and opportunities of 2024 include:

### CLEAR AND RESPECTFUL COMMUNICATION

We are committed to:

Actively listening and not interrupting;

Remaining conscious of 'tone', body language, and amount of time speaking (allowing time for others);

Responding/answering in a timely manner; and

Being honest, reasonable, and transparent.

### TRUST AND RESPECT

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

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

### CONTINUOUS LEARNING AND IMPROVEMENT

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

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

NONE OF US IS AS SMART AS ALL OF US

# Risk and Audit Committee

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

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## **Purpose**

The Risk and Audit Committee is responsible for:

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

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

## **Terms of Reference:**

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

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

#### **Internal Audit**

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

#### **Other Matters**

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

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

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

**Special Notes:**

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

**Oversight of Policies:**

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

# Appendice - Common Delegations

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

## General Principal

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

These Committees will:

## Strategy, plans and policy

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

## Bylaws

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

## Consultation and engagement

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

## Submissions and legislation

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

**Contracts**

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

**Other**

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

# Risk and Audit Committee

Clocktower Chambers,  
Palmerston Street, Westport



13 March 2024 03:30 PM

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**RISK AND AUDIT COMMITTEE**

**13 MARCH 2024**

**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

13 MARCH 2024

AGENDA ITEM: 2

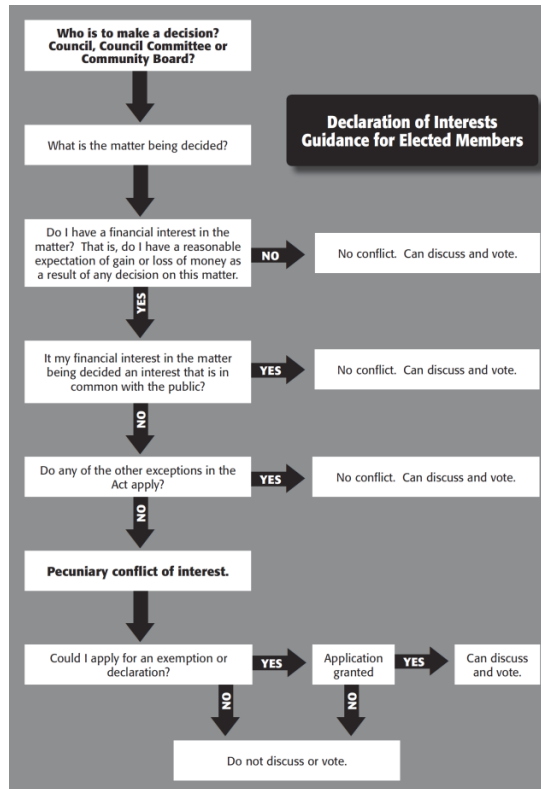
Prepared by Douglas Marshall  
Chief Financial Officer

## 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**

**13 MARCH 2024**

**AGENDA ITEM: 3**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**CONFIRMATION OF PREVIOUS MINUTES**

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**1. DRAFT RECOMMENDATION**

**That the Risk and Audit Committee receive and confirm Public minutes from the meeting of 14 February 2024.**

**MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 3.30PM ON WEDNESDAY 14 FEBRUARY 2024 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.**

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

**IN ATTENDANCE:** S Gibling (CEO), D Marshall (Chief Financial Officer), L Brooks (Finance Manager), J Salmond (Senior Project Lead PMO), G Barrell (Governance Secretary), C Wilson (Governance Assistant)

**MEETING DECLARED OPEN AT: 3.30pm**

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**1. APOLOGIES (Page 10)**

**Discussion:**

N Tauwhare.

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

**Mayor J Cleine/DM A Basher**  
12/12  
**CARRIED UNANIMOUSLY**

**2. MEMBERS INTEREST (Page 11)**

**Discussion:**

Mayor J Cleine declared he has an interest in Agenda Item 6. He is a trustee of Buller Health Trust and Buller Resilience Trust. He will manage this interest by not participating in that item.

S Roche declared she also has an interest in Agenda Item 6. She is currently undertaking some contract work for Buller Health Trust. She will manage this interest by not participating and will pass the Chair to DM A Basher for that item.

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

**Cr P Grafton/Cr J Howard**  
12/12  
**CARRIED UNANIMOUSLY**

### 3. **CONFIRMATION OF MINUTES (Page 12)**

#### **Discussion:**

Cr C Reidy noted that under the Action Points, D Marshall was asked to email details of the LTP budget in order to confirm if the budget dates being July 2023-June 2031 were correct.

Cr C Reidy also noted he had not been advised how much of the arrears was interest accrued (\$850k as noted in the total arrears) in the Debt Recovery Report from Agenda Item 11.

ACTION POINT: D Marshall to circulate information on both items to all councillors.

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

**DM A Basher/Cr T O'Keefe**  
12/12

**CARRIED UNANIMOUSLY**

### 4. **ACTION POINTS (Page 20)**

#### **Discussion:**

**228 Strategic Risk Register:** D Marshall advised that he is due to meet with P Rossiter and a report strategy will be presented for adoption prior to Mr Marshall's departure from Buller District Council in June.

Noting the timelines may alter dependent on the adoption of the 2024 meeting calendar.

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

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

**CARRIED UNANIMOUSLY**

### 5. **RISK AND AUDIT WORKPLAN REPORT (Page 23)**

#### **Discussion:**

Proposed changes to governance structure will impact on proposed workplan for 2024.

S Roche requested that the Strategic Risk Register be included in the Workplan for March.

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

**Cr G Weston/Cr A Pfahlert**  
**11/1**  
**Cr C Reidy against**  
**MOTION CARRIED**

**6. COUNCIL CONTROLLED ORGANISATION (CCO) FINANCIAL REPORTING EXEMPTION (Page 25)**

**Discussion:**

Noting the change to Recommendation 3 should have the words Buller Health Trust changed to Buller Resilience Trust. This change has been reflected below in the Resolution.

S Roche handed the Chair to DM A Basher.

D Marshall confirmed that the Council ownership of Buller Resilience Trust was under 50% and will check and confirm whether the statement that Council owns less than 50% of Buller Health Trust was correct.

D Marshall to check and confirm the details for Buller Health Trust.

It was noted that the reference on Page 27 last paragraph, to Council Finance and Audit Committee, be amended to Risk and Audit Committee.

D Marshall confirmed these areas will be checked and tidied up.

It was noted that Councillors knew very little about the Trustees. D Marshall was asked who was responsible for loans etc as a CCO as this could be a risk to Council.

D Marshall will provide more information on the Trustees and how they were appointed.

**RESOLVED** that the Risk and Audit Committee recommend to the Council that it resolves the following;

1. Given the nature and scope of the activities of Denniston Heritage Charitable Trust, and cost benefit available from being exempted, Council, per section. 7 of the Local Government Act 2002, exempts Denniston Heritage Charitable Trust as a Council Controlled Organisation.
2. Given the nature and scope of the activities of Buller Health Trust, and cost benefit available from being exempted, Council, per section. 7 of the Local Government Act 2002, exempts Buller Health Trust as a Council Controlled Organisation.

3. Given the nature and scope of the activities of Buller Resilience Trust, and cost benefit available from being exempted, Council, per section. 7 of the Local Government Act 2002, exempts **Buller Resilience Trust** as a Council Controlled Organisation.

**Cr C Reidy/Cr P Grafton**  
**10/10**  
**Mayor J Cleine and S Roche abstained**  
**CARRIED UNANIMOUSLY**

The Chair was passed back to S Roche.

7. **WESTPORT AIRPORT AUTHORITY – HALF YEARLY REPORT TO 31 DECEMBER 2023 (Page 31)**  
**Discussion:**

It was noted that salaries and wages are higher than budgeted. D Marshall advised there are compliance and maintenance activities that come with fixed costs. D Marshall will check budget details and circulate an email to all councillors.

**RESOLVED** That the half yearly report for the Westport Airport Authority to 31 December 2023 be received by the Risk and Audit Committee for information.

**Cr P Grafton/Mayor J Cleine**  
**12/12**  
**CARRIED UNANIMOUSLY**

D Marshall requested that Agenda Item 8 be moved down the order to allow for Harbourmaster D Venz to attend to speak to his report.

8. **(On Agenda as Item 9) HALF YEARLY FINANCIAL REPORT TO 31 DECEMBER 2023 (Page 47)**  
**Discussion:**

Nil.

**RESOLVED** that the Risk and Audit Committee receive the Half Year report for the six months ended 31 December 2023 for information.

**Cr A Pfahlert/Cr T O'Keefe**  
**12/12**  
**CARRIED UNANIMOUSLY**

9. **(On Agenda as Item 10) INVESTMENTS AND BORROWINGS REPORT AS AT 31 DECEMBER 2023 (Page 58)**  
**Discussion:**



Nil.

**RESOLVED** that the Risk and Audit Committee receive the Investments and Borrowings report as at 31 December 2023 for information.

**Cr R Sampson/Cr J Howard**  
**12/12**  
**CARRIED UNANIMOUSLY**

D Venz arrived at 3.55pm

**10. (On Agenda as Item 8) PORT AND DREDGE – FEBRUARY 2024 OPERATIONS REPORT (Page 39)**

**Discussion:**

D Marshall spoke to the report noting that a lot more sounding work is now able to be done at the port thanks to there being a crew now at the port. This is very positive and will show how the bar moves so quickly.

S Roche requested for clarity that the definition of a 'closed account' be explained. D Marshall spoke that money coming in and money going out stays in that account. Water accounts are closed accounts also. For the dredge, a running balance is kept as to whether in surplus or deficit.

Mr Marshall spoke further that as an example, the dredge is starting to have some good commercial contracts which has allowed it to run with less maintenance issues and we started to see a small surplus in December. A report for the future options of the dredge will come to councillors in the near future.

Noting these accounts do not impact on rates.

D Marshall to confirm whether the ratepayer is paying the interest on the debt.

When asked how long until the closed account moves into positive, D Marshall advised that the dredge does start to turn on projected dredging works surpluses; depending on what rehabilitation work needs to be done over the next approximately 10 years in the LTP.

Harbour wharfage fees being charged create better turnover and putting it in a better position. Annual deficit figure starts to reduce with this.

Does the dredge offset the harbour? This would be ideal. Anticipates it should start to look good in approximately 7 years' time.

It was requested that the Cobden Street slumping and the Buller coal shed, both being ongoing issues, be put onto the Action Point list.

D Marshall advised they have been monitoring Cobden site for 9 -12 months. Engineers advised it is a stormwater pocket affecting this and is not able to be claimed through flood recovery. This will be put into the Action Points.

Regarding the coal shed D Marshall advised they will look in three months' time to see if any change. This will be put into the Action Points.

D Venz spoke regarding the soundings. Having a protector in the fleet is vital. When we have a weather event it changes the dynamics of the bar very quickly. Realtime soundings allow us to see the progress straight away.

Mr Venz presented visual indicators of the work and movement of sand.

There is currently a NAV warning out with Maritime NZ because anything under 1.5 metres chart datum requires people to cross the bar with caution. Big high tides this month will ease things. This is very useful for local fishermen to understand the current situation. The periods between swells is key and having the correct equipment to allow for accurate readings is very important.

Aiming to do these checks weekly unless there is an event.

This information will be vital for the Mineral Sands barge. Westland Mineral Sands and the Master of the Sands barge are very positive about the harbour improvements.

**RESOLVED** that the Port and Dredge Operations Report as of February 2024 be received for information.

**Cr G Weston/Cr P Grafton**  
**12/12**  
**CARRIED UNANIMOUSLY**

**11. RAC PROJECT STATUS REPORTS OCTOBER 2023 – NEMA AND BOF (PROJECTS IN PARTNERSHIP) (Page 62)**

**Discussion:**

Mayor J Cleine clarified the way the PIP projects were funded and the packages that became available to Buller.

Clarification was sought as to who decides what projects are required to be undertaken. Whether it was NEMA and PIP or Buller District Council.

Mayor J Cleine clarified that PIP NEMA projects were instigated and planned based on BDC technical team advice in the aftermath of floods. This was worked through in collaboration with NEMA for submission and subsequent approval by the minister.

As the projects progress to delivery there have been various changes in scope in response to both technical advice and procurement. PIP is providing project governance over those types of changes in collaboration with both technical team and NEMA.

**NEMA**

**Stormwater**

Regarding Coates St flood protection. There is now a new plan but there was one endorsed 10 years ago by Tonkin + Taylor. Mayor J Cleine clarified that the area has changed a lot. When looking to do the initially decided process, it was discovered it would now not be viable so there is currently further investigation being done.

Looking to address the one in 10 year flood; not a normal heavy rain event.

**Westport Port Repairs**

D Marshall confirmed the peer review that was recommended by the Deputy CEO of NEMA has been completed and recommend no changes to design and methodology. Procurement of repairs will come to Buller District Council.

**BOF FUNDING**

Regarding Page 80, Mayor J Cleine confirmed that the items in the report are pending approval from DIA.

It was noted that Council is awaiting further funding for water tanks. The question of why we are seeking further funding when we had already approved \$20k for this was asked. D Marshall clarified this is likely a timing issue as far as minutes etc go. He will check and advise on this.

**RESOLVED** that Risk and Audit Committee receive the Reports and Minutes from the December meeting.

**Cr C Reidy/Cr R Sampson**  
**12/12**  
**CARRIED UNANIMOUSLY**

**12. PUBLIC EXCLUDED REPORT: (Page 89)  
Discussion:**

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

Item No.	Minutes/ Report of:	General Subject	Reason For Passing Resolution under LGOIMA
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	<p><b>(s 7(2)(i))</b> - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or</p> <p><b>(s 7(2)(j))</b> - prevent the disclosure or use of official information for improper gain or improper advantage.</p>
PE 2	Douglas Marshall - Chief Financial Officer	Projects in Partnership – IAF Funded Projects – February	<p><b>(s 7(2)(c)(i))</b> – Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would:</p> <p>Be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied;</p> <p><b>(s 7(2)(i))</b> - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>

**S Roche/DM A Basher  
12/12  
CARRIED UNANIMOUSLY**

**RISK AND AUDIT COMMITTEE**

**13 MARCH 2024**

**AGENDA ITEM: 4**

**Prepared by** Douglas Marshall  
Chief Financial Officer

**Attachment 1** Action Points

**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:
			Mr Marshall notes that the information included in the 2021-2031 LTP outlines the IM programme that is being implemented by Council. Some parts, such as Sharepoint becoming the default system for staff to use to document creation is proceeding, while digitisation of property files has a significant cost and is being done as budget allows.	
230	<b>13 December 2023</b> <b>PIP IAF Update</b> D Marshall to check and correct, original budget and recovery budget having the same figures, but two different totals. To provide update and more clarity and information to Councillors for early 2024.	D Marshall	The CFO has followed up this matter. There was an early report provided to the PIP Committee (also provided to RAC) which had an error in it. When the final budgets were agreed with Kainga Ora the next report showed a different budget which is now what is being used for reporting purposes.	Early 2024
231	<b>13 December 2023</b> <b>ACTION POINTS</b> DM to email all councillors details of LTP budget in order to confirm if the budget dates being July 2023-June 2031 were correct.	D Marshall	D Marshall confirms that the budget is correct.	March 2024 RAC
232	<b>13 December 2023</b> <b>DEBT RECOVERY REPORT 31 OCT 2023</b> D Marshall to advise all councillors how much of the arrears was interest accrued (\$850k as noted in the total arrears)	D Marshall / L Brooks	<p>A question was raised about the amount of interest charged on overdue sundry debtor accounts at prior Risk and Audit Committee meetings. Sundry debtors. When overdue, do not have any interest charged. For interest to be charged, and collected, a terms of trade must be signed up to prior to customers placing orders with Council. This is not a Council practice.</p> <p>Rates debtors have a penalty charge imposed of 10% as per the Local Government (Rating) Act 2002. The total penalties charged within our outstanding rates value are noted in this agenda's Debt Management report.</p>	March 2024 RAC

## RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
233	<b>14 Feb 2024</b> <b>PE: PIP IAF Funded Projects</b> Staff to ensure climate change adaptation is identified in SRR	D Marshall	Risk identified and will be included within the Strategic Risk Register review due to be completed by June 2024	March 2024 RAC  June 2024
234	<b>14 Feb 2024</b> <b>DREDGE</b> A number of matters identified in the Feb RAC meeting to be reported back on in March	D Marshall	A report is included on the agenda in relation to this action point	March 2024 RAC
235	<b>14 Feb 2024</b> <b>Slumpage in wharf back wall</b>  Staff noted that harbour land adjacent to Cobden St has problem with slumpage in the wharf back wall. Council Engineers advised that the slumpage relates to a broken stormwater pipe and repair costs are not able to be claimed via the flood recovery process. The repairs will be funded from the Council stormwater and harbour accounts.	D Marshall	Staff to advise when work is complete	June 2024
236	<b>14 Feb 2024</b> <b>Crack in Buller Coal Ltd shed floor</b>  Recent media coverage was discussed about this topic. The shed is located on council owned land and councillors were concerned there might be an exposure to the council if this cracking became a larger problem. Staff advised that the problem is not that of council, but councillors asked to keep the matter on the Action Points for future monitoring.	D Marshall	Staff to advise if any further issues arise.	On Going



## **RISK AND AUDIT COMMITTEE**

**13 MARCH 2024**

**AGENDA ITEM: 5**

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

### **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.**

#### **2. INTRODUCTION**

With the change to the reporting period of Risk and Audit from monthly to bi-monthly, staff are rescheduling the work plan.

The assumption is that the bi-monthly schedule will be:

- February
- April
- June
- August
- October
- December

If possible, staff would prefer to issue an update plan on that schedule for this March meeting but if not they will do so for the April Risk and Audit meeting.

## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 6

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

### PORT & DREDGE – REPORTING ON INTEREST CHARGES

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#### 1. REPORT SUMMARY

This report updates the committee on a number of matters relating to the operations of the Westport Port and the dredge Kawatiri as of February 2024.

#### 2. DRAFT RECOMMENDATION

**That the Port & Dredge Operations report as of March 2024 be received for information.**

#### 3. ISSUES AND DISCUSSION

##### 3.1 Interest Charge on Closed Accounts

A question was raised at the February 2024 meeting regarding the charging of interest on the port and dredge closed account(s) if they are in deficit.

The reason this question was of interest, is that both account(s) do not receive any rates income, but if they are in deficit, there must be a cost on ratepayers if no interest charged.

Staff gave a verbal comment that interest was charged but proposed that it would be best if they confirmed that answer at the next committee meeting.

The following report is consistent with last month, but now identifies interest costs for the port; but they need to be calculated for the dredge.

The interest calculations will be updated as part of the 30 June 2024 reporting cycle.

Westport Harbour & Kawatiri Dredge Financial Results				
	2023	2024		Account
	Actuals	Dec actuals	Total budget	Total
<b>Port</b>				
Income	198,923	107,789	177,155	1,234,266
Salaries	174,283	120,299	201,923	1,115,459
Interest	58,424		58,421	296,249
Depreciation	98,400	-	160,692	420,750
Direct Costs	419,220	262,160	304,866	2,252,674
Overheads	86,436	44,778	89,556	336,297
<b>Net Surplus/(Deficit)</b>	<b>(637,840)</b>	<b>(319,448)</b>	<b>(638,303)</b>	<b>(3,187,165)</b>
<b>Dredge</b>				
Income	2,312,682	1,773,218	3,680,505	9,142,380
Salaries	202,263	164,966	151,014	729,051
Interest	-	-	87,220	-
Depreciation	12,659	-	7,392	25,273
Direct Costs	1,451,518	1,376,491	1,765,826	6,780,052
Dredge Slipping	1,579,849			2,147,285
Overheads	127,787	74,706	149,412	364,770
<b>Net Surplus/(Deficit)</b>	<b>(1,061,394)</b>	<b>157,055</b>	<b>1,519,641</b>	<b>(904,051)</b>
<b>Total Net Surplus/(Deficit)</b>	<b>(1,699,234)</b>	<b>(162,393)</b>	<b>881,338</b>	<b>(4,091,217)</b>
<b>Capital</b>				
Port	13,659	296,708	10,505	1,440,679
Dredge	45,785	0	-	261,312
<b>Total capital</b>	<b>59,445</b>	<b>296,708</b>	<b>10,505</b>	<b>1,701,991</b>
<b>Borrowings</b>				
Loans raised	1,600,000			2,940,000
Loans repaid	-			-
<b>Net borrowings</b>	<b>1,600,000</b>			<b>2,940,000</b>
<b>Net Activity Surplus/(Deficit)</b>	<b>(47,619)</b>	<b>(459,101)</b>	<b>1,038,917</b>	<b>(2,407,184)</b>

## 4. CONSIDERATIONS

### 4.1. Significance Assessment

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

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

### 4.2. Values Assessment

The Buller District Council values are: One Team; Community Driven; We Care; Integrity; and Future Focussed. This report presents the significant projects which are important for the community and the future of the district. Reporting on the significant projects provides an opportunity to review if the areas of focus align with our values.

### 4.3. Policy/Legal Considerations

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

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

### 4.4. Strategic Impact

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

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

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

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

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

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

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

**4.5. Risk Analysis**

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

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

**4.6. Policy / Legal Considerations**

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

**4.7 Tangata Whenua**

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

**4.8 Views of Those Affected**

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

**4.10 Media / Publicity**

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

## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 7

**Prepared by** Douglas Marshall  
Chief Financial Officer

**Approved by** Steve Gibling  
CEO

### STRATEGIC RISK REGISTER UPDATE MARCH 2024

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#### 1. REPORT SUMMARY

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

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

#### 2. RECOMMENDATION

**That the Risk and Audit Committee note the updates received for the Strategic Risk Register as at December 2023.**

#### 3. BACKGROUND

Workshops are now planned for reviewing the Strategic Risk Register with staff and elected members. The elected member workshop is scheduled for 27 March commencing at 9am. Information will be issued prior to this meeting by the review facilitator Phil Rossiter.

Four staff workshops will be held from now until early April.

The information from all five workshops will then be collated and a report made to Risk and Audit – April/May and the proposed register moving forward. The expectation will be that an updated risk register and reporting format will be in place by 30 June 2024.

## Update on Risk Management Progress

Changes to this report since the last report in December 2023 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.

The resource consent issued for this work requires monitoring reports to be provided to the regional Council. These reports are prepared by using drones to take aerial photographs which are then compared with the previously taken photographs. This process also informs the Council's risk. The monitoring report will shortly be prepared and a report on findings made to the Council.

Nothing further to report at the date this report prepared.

*Progress update June 2024.*

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

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

Bundles of tender work now being issued to the contracting market per procurement process approved by Waka Kotahi. Update report to Council and PIP due in October 2023

The last Risk and Audit Committee noted the challenges with protecting old landfills in river beds and that every time there is a major flood event, there is a higher than desirable possibility of a old landfill being exposed if material covering/protecting the landfill is removed by the flood. Further work on identifying this risk is required.

Nothing further to report at the date this report prepared.

*Progress update June 2024.*

### 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 have reviewed the Co-Investment Business Case and announced on the 12 May that funding of \$22.9 million would be provided to assist with mitigating future Westport flooding. This was significantly less in \$ terms than requested. The Council is represented on the Buller Flood Resilience Group which has commenced its work and will respond to this funding proposal.

Further flood mitigation assessments 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. Part of the business case request was for stormwater infrastructure upgrade of \$12 million which was declined but it would be considered as part of the Government's Affordable Water programme. It is important to remember that the mitigation options for Westport stormwater range as high as \$41.5 million but this option has been selected due to its lowest financial cost.

The Resilient Westport project is advancing. The Council's role in the integrated Project in Partnership with the West Coast Regional Council relates to the provision and funding of stormwater pump out systems. This is a current focus for the team following the announcements regarding the changes to the Three Waters legislation. Council staff are currently scoping up a revised project scope to identify the resources and funding required to complete this aspect of the project. This issue will be discussed with the community as part of the Resilient Westport project discussions and also within the draft enhanced annual plan discussions and / or the Long-term Plan subject to the availability of detailed project information.

*Progress update June 2024*

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

No changes to control plan.

The Water Services Entities Act 2022 was amended in late August 2023 to establish 10 water services entities based on existing regional boundaries. This legislation allowed a staggered timeframe for establishing the entities with entity I, being the Canterbury/West Coast regional entity, commencing on 1 July 2025.

The legislation was repealed in February by the new government. The repeal process did not provide any financial support from the new Government's approach to implementing their water reforms.

The draft enhanced annual plan will focus on ensuring funding for operating costs and depreciation/renewal of assets is provided by targeted rates and user charges as deemed appropriate. There will also be a focus on determining community support for a regional approach to the provision of the 3 waters activities in the future.



These matters will be discussed/consulted on with the community as part of the draft enhanced annual plan discussions and / or the Long-term Plan subject to the availability of detailed project information.

*Progress update June 2024*

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

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

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

A group comprising of Council staff, lifeline services, emergency services, key suppliers of consumable goods, contractors and Civil Defence volunteers are enhancing planning and knowledge in how to respond to the Alpine fault occurring. This work is currently Westport focussed but will extend to the balance of the district in 2024.

Further work related to evacuation procedures for Westport is being undertaken as part of the Buller Flood Resilience Group.

*Progress update June 2024.*

## **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.

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

A report on progress to 30 June 2023 was presented to the October 2023 RAC meeting.

*Progress update June 2024.*

## **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 12-months albeit in a different format however this still provides opportunities to support apprenticeships etc.

The Mineral Sands project is advancing with the first load of sands leaving New Zealand via Nelson Port due to the delay in their barge arriving in New Zealand. Council has commenced the process of having pilots trained to transit the barges out of Westport, while plans for installing the equipment on the Council's crane wharf will shortly be available for review.

*Progress update June 2024*

## **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 **April 2024** while contracts with Nelson Port for dredging (currently being undertaken) provide further cash to keep the dredge operational.

The Marpol regulations, which anticipated the dredge not being able to be operated after March 2025 with the current engine emissions, have been amended allowing the dredge to continue. More detail was included in the dredge report to the May 2023 Risk & Audit committee meeting.

**Condition assessments for the dredge to remain operational over the next 10 years have now been received and reports being prepared for Council consideration in March 2024.**

*Progress update March 2024 to Council*

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

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

**No change to above commentary.**

*Progress update June 2024*

### **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.

*No change to above commentary.*

*Progress update June 2024*

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

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

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

There was a smallish crowd who were well engaged.

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

*The national regulator for water services Taumata Arowai, will be providing an update to the water sector entities, and their communities, in the coming months on progress with regulation compliance as a result of the new Governments approach to water reforms.*

*Progress update June 2024*

**New items identified by elected member and Council to be considered for the next strategic risk review that have been included in this report for completeness.**

#### **SCADA system**

These systems allow the Council to monitor and thus more effectively manage its water and water supply activities on a 24 hour 7 day a week basis. A recent outage resulted in consideration by 3 waters staff about the risks that the Council faces from a SCADA outage the following note captures staff thoughts and will be progressed further with the next strategic review.

Two scenarios that need to be addressed:

Minor outages, hardware or software failures, comms issues, general issues that are usually resolved in a few days.

Major outages, eg AF8 - Brougham House destroyed, cell sites incapacitated, roads blocked, infrastructure damage, not resolved for weeks or months

Minor outages - having solutions like the secondary alerts which run in conjunction with existing systems. They would have less functional alerting, but still provide alerting when other forms are unavailable. (Note: all SCADA systems still work and show alerts on screens no matter what the alerting is doing)

The ability to fail over to the disaster recovery (DR) site in Auckland and keep access available, and backup comms eg a portable starlink and a laptop might suffice. Maybe using existing call care service to monitor and alert SCADA during after-hours etc

Major Outage - As the SCADA systems can run in the DR site, the plants will still be monitored (assuming comms at the sites still working), and if civil defence is operating, we could allocate resources to monitor the SCADA screens from in the EOC, sending alerts manually via whatever methods available. Below are some points of resiliency we discussed and while all might not be achievable, they are starting points for discussion:

- All critical staff having mobiles capable of Cell over wifi tech on their phones, if cell towers are down, no calls or txts are working, but cell over wifi can work with eg starlink.
- Portable Starlink device(s) that can be taken to site with a laptop to manage plant (or starlinks permanently at all sites with auto failover).
- Multiple licensing of SCADA alerting systems? Then if needed to run from the DR site, we can license the systems on the spot. Also ensuring multiple recipients for any important licensing/support emails etc.
- Multiple alerting systems with third party contractors (eg call care) able to supply staff to have eyes on glass 24/7 – support agreements setup ahead of time
- Laptops set up for controlling plants ready to deploy (combined with above starlink device in a box)
- Resilience of comms and devices at sites like Westreef. Should our main contractor have similar setups to us? Would they operate from civil defence etc? (civil defence has multiple resilient comms and backup power available)
- Having a clear ‘run book’ of what to do in these scenarios, so everyone know what needs to be done, who needs to do it and how to do it.

### **Disaster Recovery/Business Continuity Plan (DR/BCP)**

This process has undergone significant enhancements, with ongoing efforts to finalize additional functionalities, notably automation for testing and the transition to the new process will provide a seamless DR process.

Our service provider is located in a facility in the North Island with a sister DR site for replication purposes.

BDC is actively sending data to this facility to achieve recovery points at different intervals. All this data is immutable, and if required, we can run our entire environment from the north island facility using their infrastructure.

We will be implementing four automated tests per year for the DR site to ensure our environment meets expected standards and data accessibility. One successful manual test has already been completed.

### **Lifting of Pump Stations Effected by Flooding July 2021**

Only 3 pump stations have been able to be lifted based on the budget available for this work. The risk therefore remains that the balance of the pump stations bot lifted are susceptible to future floods which create the impact that July 2021 did.

### **Brougham House**

The Council adopted resolutions regarding Brougham House, a future Civil Defence emergency operations centre (EOC) and seismic strengthening at Victoria Square grandstand and the Westport Library. Regular reporting on improvements to the four buildings will be to the Council and the Strategic Risk Register will be updated during the coming workshops to provide the detail on the risks with these four buildings and how they will be mitigated.

## **4. ISSUES & DISCUSSION**

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

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

Discussions have been had with the company that helped prepared the original Buller District Council's Risk Management Framework to work out a work programme and timing for updating the register.

This review will also involve an update of the risk schedule for the Council and a review of how we report risk in the future.

*Risk Assessment Matrix to Enable Easy Review.*

**Table 7: Risk Assessment Matrix**

		Risk Assessment Matrix				
<b>Consequence</b>	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				

# RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 8

**Prepared by** Linda Eggers  
Human Resources and Health & Safety Support Officer

**Reviewed by** John Salmond  
Senior Project Lead

## HEALTH AND SAFETY REPORT – NOVEMBER 2023 – JANUARY 2024

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### 1. REPORT SUMMARY

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

### 2. RECOMMENDATION

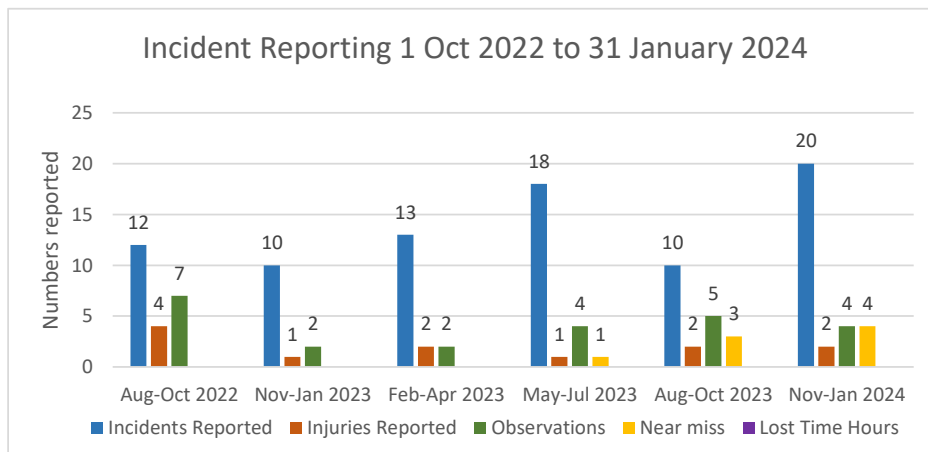
**That the Risk and Audit Committee receive the Health and Safety report for information.**

### 3. ISSUES & DISCUSSION

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

Council adopted the new Health and Safety Management System July 2021, with implementation occurring across all of Council's operations. Employees were recently given the opportunity to attend further training on Damstra to assist them with some challenges they were experiencing in relation to certain aspects of its functionality.

From 1 November 2023 to 31 January 2024, there have been a range of incidents reported:



Incidents reported relate to public interaction of a moderate nature, plant and equipment, security breach and property damage incidents of a minor nature. The Injury reported was of a minor nature, with first aid treatments applied.

Four observations were submitted:

- Abusive member of public
- Security Breach
- Building interior – Plaster damaged

### **Incidents**

- Personal Safety for staff from members of public, occurring over four sites.
- Building security – Unsecured doors at end of shifts.
- Airport incidents
  - Bird Strikes
  - Beacon Light.
  - AWS not transmitting in certain weather conditions.
  - SxS radio power issue
  - Vegetation growth around Airport area.

### **Near Misses**

- Reefton – Staff member allergies
- Airport – Increase bird/wildlife.
- Third Party – Slip on Denniston Rd while repairs taking place.

### **Employee Welfare:**

BDC remains steadfast in its commitment to fostering a workplace free from bullying and harassment. We encourage all employees to actively participate in maintaining our positive work environment and report any concerns promptly.

Our focus is to sustain a safe work environment, addressing bullying and harassment in compliance with health and safety laws and clearly defined policies.

Employees are encouraged to report incidents through various channels and investigations into reported cases are conducted promptly, leading to appropriate actions and disciplinary measures if needed.

To further support the management of behaviours in our workplace we are placing greater focus on continuous improvement through the current policies, ongoing training and awareness programs.



Current welfare initiatives include:

- Employee Assistance Programme, which offers free counselling and a dedicated staff wellbeing supporter.
- WARN (Wellness, Awareness, Resilience & Negotiation) e-learning.

We are currently also continuing to deliver comprehensive training for several employees as Mental Health First Aiders.

BDC has several current risk mitigations in place for employees, varying from:

- Health & Safety Inductions and new starter Risk Assessments
- Development of workers working with angry and aggressive customers
- Scenario training for workers working with angry and aggressive customers
- Building upgrades including security screens and doors, CCTV installed
- Immediate Support training via activation of the Green Button.

There are further control measures required to be implemented to enable a safer environment for BDC workers to ensure that we are meeting our obligations.

The following training will be delivered across this calendar year for key staff, including:

- De-escalation training of workers
- Review of policy and procedures for post incident trauma
- Launch awareness campaigns through posters, emails, and company newsletters, highlighting the negative impacts of Bullying and Harassment.
- Conduct communication skills workshop
- Dynamic risk assessment training and development supporting detailed risk assessments prior to activity occurring

Whilst considerable progress has been made there still significant improvements required which include the imbedding of training and development, cultural transformation and understanding of Health & Safety process and procedures.

### **Health & Safety Committee**

The Health & Safety Committee meet monthly. On 23 November, five staff members were trained as Health & Safety Representatives, with the remaining representatives to be trained in the second quarter of 2024.

### **Site Audits**

Every Health & Safety Representative is tasked with conducting site audits for all locations within the upcoming months. Any identified issues will be addressed, and actions will be taken during the subsequent Health & Safety meetings.

### **Health and Safety Organisational Next Steps**

In recent months, we have undertaken a comprehensive evaluation of our approach to Health and Safety within the organisation. This involved an in-depth internal assessment of our Health and Safety protocols, where potential risks were identified and include a plan to progress.

Consequently, we've established all our risks, and came up with a strategy which outlines our future course of action. This blueprint involves heightened emphasis on visibility, entailing strategies to enhance the prominence of Health and Safety across all facets of our operations.

One of the first steps we will undertake is ensuring that the leadership of Health and Safety starts from the manager/team leader of each area. They will be responsible for ensuring that health and safety becomes business as usual, with a viewpoint to report back to the Senior Leadership Team on a monthly basis. This will then drive an overall quarterly report to come to RAC with a breakdown of each area.

As part of this process, they will be doing more audits of their areas, taking necessary steps to mitigate any risks, and of course resolving any issues that may arrive.

We're also about to start a process of recruiting a dedicated Health and Safety Advisor. This role will drive our commitment to Health and Safety, aligning with our broader mission to create a secure and safe working environment which focuses on the well-being of our employees.

## RISK AND AUDIT COMMITTEE

13 MARCH 2023

AGENDA ITEM: 9

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments** 1 BHL Group Combined Statement of Intent 2025

### STATEMENT OF INTENT – BULLER HOLDINGS LTD GROUP FOR THE YEAR ENDED 30 JUNE 2025

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#### 1. REPORT PURPOSE

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

#### 2. REPORT SUMMARY

The Local Government Act (2002) requires the board of a CCO to deliver a draft Statement of Intent to Council each year to allow for review and comment on the content. The Act also requires the board to deliver a final Statement of Intent before 30 June. The Statement of Intent was provided to Council on 13 February 2024.

The Council has three CCOs: Buller Holdings Limited, WestReef Services Limited; and Buller Recreation Limited which are required to provide a SOI each year. This is the first year the SOI have been provided as one document. This is possible because these companies operate as the “Buller Holdings Group”, and the only variation to the content of the SOI for each is the financial and non-financial targets which are set out in the tables at the latter part of the group SOI.

#### 3. DRAFT RECOMMENDATION

**That the Risk and Audit Committee:**

- (a) **receive the draft Statement of Intent for the Buller Holdings Group, which incorporates Buller Holdings Limited, WestReef Services Limited and Buller Recreation Limited for the year ended 30 June 2025.**

- (b) Instruct Buller District Council Staff to reinforce the requirement for the 2024-2025 \$1.3 million distribution to be paid in full to Buller District Council with the Board of Buller Holdings Limited**

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

Part 5 section 64 of the Local Government Act (2002) sets out that the purpose of a Statement of Intent is to:

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

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

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

The Statement of Intent links the CCO's activities into Council's 2024/2025 annual planning budget processes and provides opportunities for Council to review the goals and negotiate key performance targets. The scope, objectives and performance targets of Council's CCOs summarised in the 2021-2031 Long-Term Plans and 2024-2025 Enhanced Annual Plan are based on the content of the Statement of Intent. Our community has the opportunity to review and provide feedback on this information as part of the enhanced Annual Plan engagement process.

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

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

The Statement of Intent is required to set out the non-financial and financial targets. The financial targets include three years' key performance indicators which include the next financial year and the following two future years. A review of the Statement of Intent has been completed and the changes are noted below.

Under Section 64(3)(b), a Statement of Intent can be prepared for more than one CCO. The reference to each of the Council CCOs reflects staff comments on each CCO included in the SOI.

### **Buller Holdings Ltd**

The 2024/2025 financial year has included uplifted capital budgets for the development of a new depot for WestReef Limited funded by a combination of debt and equity (cash reserves). In the prior year's SOI, the forecast cost for 2024-2025 year was \$2.3m and this has been updated to \$4.15m.

The annual forecast shareholder distributions to the Council do not change at \$1.3 million over the three years of the SOI.

Westreef are forecasting additional revenue and corresponding additional expenditure, with a slight improvement on the forecast net operating surplus for the next year above that previously advised in the prior year Statement of Intent.

However, the December 2023 half year results of Buller Holdings Ltd Group indicated the results were not tracking as favourably as projected and the distribution may be at risk for the year ended 30 June 2024.

The SOI indicates that overall, despite seeing a forecast lift in revenue, trading conditions may be difficult.

In practice, the Council's 2024/2025 Enhanced Annual Plan is prepared based on a \$1.3m distribution, so the amount of the distribution BHL are proposing is what BDC requires. This is a matter which has been noted in the resolution above and requires further discussion and understanding as the 2024-2025 Enhanced Annual Plan is progressed over the next few weeks.

### **Westreef Services Limited**

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

Provision for Capital has been updated to reflect the change in timing and works programme relevant to the new depot site. In the prior year Statement of Intent \$2.3m was forecast for capital spending, this has been updated to \$4.15m. The change is required for the second stage of the Depot development and is subject to the company receiving finance approval.

### **Buller Recreation Limited**

There are some minor changes to the budgeted revenue and expenses for both the years ended 2025 and 2026.

Council has sought more information on the service level fee increase requested for 2024/2025. The prior year Service Level fee was \$851k. A request to increase this to \$906k was indicated in the prior Statement of Intent. The \$55k increase has been factored into the Buller District Council Draft Enhanced Annual Plan 2024-25 and is a matter for further discussion.

Buller Recreation are making changes to their service levels to reduce costs into the future. From 1 April 2024 the aquatic side of functions will close one hour earlier each day (5 days a week). Membership rates are also increasing. These changes are included in the SOI.

### **Overall Statement of Intent**

An update is required at section 9.

Group Performance Targets for Buller Holdings Limited in the Operational Objective section needs to be changed. A key performance measure relates to a meeting with the CCTO Committee but that is no longer appropriate as this committee does not exist.

The actual practice should be that the Mayor, Chairperson of Risk and Audit Committee and a councillor (on a rotational basis), meet with BHL representatives on a formal basis 3 times per annum. This is a minor matter that has been shared with Buller Holdings Limited and does not require a resolution of this committee.

## **6. OPTIONS**

Not Applicable.

## **7. CONSIDERATIONS**

### **7.1 Strategic Alignment**

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

### **7.2 Significance Assessment**

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

**7.3 Tangata Whenua Considerations**

No specific considerations have been identified.

**7.4 Management Implications**

Council and BHL will engage to ensure that the SOI is formally adopted by 30 June to meet the requirements of section 64 of the Local Government Act (2002), and Schedule 8 of that Act.

**7.5 Policy Framework Implications**

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

It also affects the requirement for general rates which is dependent upon the service level fee paid by Council to Buller Recreation Limited, as well as the subvention/distribution payment made to Council. These three significant transactions are set out in the Revenue and Financing Policy, and then included in the Funding Impact Statement (Rates Policy).

**7.6 Legal Implications**

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

**7.7 Financial / Budget Implications**

There are no unbudgeted costs or financial implications.

**7.8 Consultation Considerations**

Nil consultation considerations identified.

**BULLER**  
**Holdings Ltd**

**BULLER HOLDINGS GROUP**

**STATEMENT OF INTENT**

**FOR THE YEAR ENDED 30 JUNE 2025**

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## 1. Preamble

Buller Holdings Limited (BHL) was set up in September 2007 as a Council controlled trading organisation with WestReef Services Limited (WSL) as its only subsidiary. Buller Recreation Limited (BRL) (trading as the Pulse Energy Centre) was purchased from the Buller District Council (BDC) in 2009 and Westport Harbour Limited in 2010. Westport Harbour Limited was wound up as a company in 2018 by Council resolution. BDC is the sole shareholder of BHL. Information on the parent (BHL) and subsidiaries - WSL, BRL and Group are included in this Statement of Intent.

### *Buller Holdings Limited*

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

In 2023 The company purchased land to develop a workshop and administration area and lease back to WSL at a commercial return. The projections for this project are included in this Statement of Intent (SOI).

BHL and subsidiaries are council-controlled organisations for the purposes of the Local Government Act (2002) and is required to have a Statement of Intent that complies with clause 9 of Schedule 8.

The SOI is prepared in terms of the Act and clause 22.1 of the Constitution of Buller Holdings Limited and sets out the activities and intentions of the Group of Companies for the year ending 30th June 2025.

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

*Westreef Services Limited*

WSL is the largest civil and maintenance company operating in the Buller District and is the Buller District Council's preferred contractor.

The company is community and customer focused with the financial objective of achieving a competitive rate of return on investment. WSL ensures quality maintenance outputs and operation of Council's infrastructure. The Company is committed to identifying, developing, and implementing opportunities for increasing external revenue to continue to provide benefit and dividends to the Buller ratepayers.

WSL also has a particular focus on staff wellbeing and on health and safety. WSL has both ISO 45001 and TSQ1 Health and Safety accreditation.

*Buller Recreation Limited*

BRL was established to purchase the Pulse Energy Recreation Centre from BDC and to fulfil a service contract with Council for the provision of recreation services to the Buller community.

BRL continues to enhance the quality of life for the community with high quality recreation facilities, services, and experiences.

**Outlook**

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

Therefore, the trading environment for 2024/2025 is not expected to be as buoyant as the last few years.

This impacts on BRL and has put pressure on expenditure such as insurance, electricity and wages increasing operating costs. BRL continually looks for opportunities for increasing patronage and revenue which offsets the management fee paid by Council. The management fee has not been increased for 5 years and an increase of \$55,000 has been forecast in this

SOI. This was signaled in the last SOI.

For 2025 WSL will focus on the depot development and relocation project (capital estimates are included in this SOI) and will borrow up to \$3.5m to finance construction. The Company will remain competitive in tendering for and winning a share of any project opportunities as they arise.

Uncertainty over Government over continuation of 3-waters could have potential significant effects on the Group. For 2025 BHL subsidiary WestReef will continue to work with Council to continue to provide this service.

WSL has provided for a \$1.3m distribution to the shareholder in 2025 subject to meeting all budgeted revenue targets including from Council.

## **2. Objective**

### **Introduction**

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

### **Vision**

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

BRL will provide for the community sustainable and customer-focused sport and recreation facilities and services. WSL strives to be a sustainable and profitable business with an empowered team that takes pride in meeting the

needs of staff, owners, suppliers, and the community.

## **Objectives**

The principal objective of the Group is to operate collectively as successful businesses while working for the benefit of shareholders. In pursuing this objective, the Group is guided by the following key principles.

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

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

### **(b) Service**

The Group recognises that the needs of its major customers are paramount and is committed to meeting those business needs. It also recognises the need to develop its customer base to ensure sustainability of the business in the future. Climate change appears to be resulting in more frequent and severe weather events and has had a significant impact on the networks that Westreef maintains. The organisation will continue to adapt, ensuring service expectations are met.

### **(c) Employee Relations**

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

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

**(d) Safety and Environment**

Our leadership will enable our subsidiaries to develop positive workplace cultures, capable workers, and resources for responsible health, safety, quality and environmental performance. The Group will comply with all relevant legislation. The Groups direction will always reflect our commitment to, and beliefs about the management of health and safety and the environment with a goal of ensuring that our work does not create harm.

The Group is committed to reviewing its status and measuring its environmental performance including carbon reduction. This with a view to identify areas for environmental improvement and formulate a pathway for the Group. Appropriate performance measures have been included in this SOI.

**(e) Marketing**

Each member of the Group has developed a marketing plan with objectives, costs, timeline and KPI's to retain and obtain increased external and non-Council profitable business.

### 3. Nature and Scope of Activities

The nature and scope of Buller Holdings Limited is to provide a holding company structure for the ownership of selected Council assets and investments. Currently the scope of the subsidiaries are as follows -

#### (a) WestReef Services Limited

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

- Roads and bridges
- Response to Road and Civil Defence emergencies
- Parks and reserves (including associated facilities)
- Utility services (water and sewerage reticulation, wastewater treatment, storm water collection)
- Solid and Liquid Waste Collection and Disposal
- Vehicle workshop repairs
- Transfer stations
- Recovery parks
- Roadside vegetation control
- Property maintenance
- Refuse collection
- Environmental & Back Country Projects

#### (b) Buller Recreation Limited

Buller Recreation Limited owns and operates the Pulse Energy Recreation Centre and provides a range of leisure services to the district in accordance with a Service Level agreement with Council, as summarised below:

- Recreational swimming and learn to swim programmes
- Aquatic sports events
- Indoor court sports competitions and events
- Fitness centre programmes and classes

- Outdoor turf sports
- Corporate, trade and social events

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## 4. Corporate Governance

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

### Role of the Board

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

The functions of the Board include:

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



compliance policies in place, including health and safety.

- Approving and implementing the Business Plan and Statement of Intent of the Group, and
- Reviewing and approving the Group capital investments and distributions

### **Board operations and membership**

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

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

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

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

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

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

The Group will also maintain a gearing ratio (as set out in the Treasury Policy) of 40% (measured as debt/ debt plus equity).

## **6. Distribution Policy**

It is the intention to maximise distributions after meeting the financial needs of the Group including future operations and capital expenditure. Directors should aim to deliver a minimum distribution as agreed in this Statement and as forecasted in the Statement of Intents. Taking this into account the maximum distribution should not exceed the Group gross taxable profit.

## **7. Accounting Policies**

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

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

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

### **Statement of Intent**

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

### **Consolidated Quarterly Reports**

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

- a. A revenue statement disclosing actual and budgeted revenue and expenditure with comparative figures for the previous equivalent period.

- b. A statement of financial position at the end of the half year.
- c. A statement of cashflows at the end of the half year.
- d. Key performance indicators.
- e. A commentary on the results for the quarter together with a report on the outlook for the remainder of the year with reference to any significant factors that are likely to influence the Group performance, including an estimate of the financial result for the full year. A commentary on progress towards meeting proposed distributions to shareholders should be included.

### **Annual Reports**

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

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

## 9. Group Performance Targets

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

Objective	Key Performance Measure	Budget Targets		
		2025	2026	2027
<b>Health &amp; Safety</b>	Medical Treatment Injury	Nil	Nil	Nil
<b>Operational</b>	The board of directors will meet with the BDC, CCTO Committee on a formal basis: (per/year)	3 times per year	3 times per year	3 times per year
<b>Financial Parent (\$000)</b>	Revenue	\$751	\$753	\$759
	Expenditure	\$749	\$747	\$754
	Net Operating Surplus	\$2	\$6	\$5
	Provision for Capex	\$0	\$0	\$0
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
<b>Financial Group (\$000)</b>	Group Consolidated Operating Surplus before Tax	\$1,792	\$1,824	\$1,855
	Provision for capex	\$4,298	\$3,395	\$1,178
	Forecast distribution to Shareholders	\$1,300	\$1,300	\$1,300
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
	Gearing Ratio (Debt to Debt plus Equity)	40%	40%	40%
<b>Environmental</b>	Business Environmental Footprint	Establish KPIs and improve on 2024 baseline	Improve on 2025 baseline	Improve on 2026 baseline

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

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGETS		
		2025	2026	2027
<b>Health &amp; Safety</b>	Medical Treatment Injuries	Nil	Nil	Nil
	Notifiable Incident ICAM (investigated with recommendations actioned)	100%	100%	100%
	Total safety audits completed	>100	>100	>100
	ISO 45001 Accreditation	Maintain accreditation	Maintain accreditation	Maintain accreditation
<b>Operational</b>	Employee Satisfaction – Staff turnover excluding retirement, redundancy, and internal transfers.	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark	Within the range of +/- 5% of the national benchmark
<b>Employee Development &amp; Satisfaction</b>	Undertake staff satisfaction survey (every 2nd year)	Survey completed	Nil	Survey completed
<b>Financial (\$000)</b>	Revenue	\$19,142	\$19,544	\$19,954
	Expenditure	\$17,169	\$17,529	\$17,897
	Net Operating Surplus before Tax	\$1,973	\$2,015	\$2,057
	Provision for Capex	\$4,150	\$3,200	\$600
	Competitively Procured Revenue	45%	45%	45%
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
<b>Environmental</b>	Number of enforcement notices	Nil	Nil	Nil
	Business Environmental Footprint	Establish KPIs and Improve on 2024 baseline	Improve on 2025 baseline	Improve on 2026 baseline
<b>Community</b>	Support Minimum 25 community activities	25	25	25

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

Performance Measure	Key Performance Indicator	Targets		
		2025	2026	2027
<b>Fitness membership</b>	Average membership over 12-month period.	700	700	700
	Average retention rate over 12-month period	>75%	>75%	>75%
<b>Aquatic centre usage</b>	Average visits per month over 12 months	4,000	4,000	4,000
<b>Safety</b>	Medical Treatment Injuries	Nil	Nil	Nil
	Undertake staff satisfaction survey every second year	Survey completed	Nil	Survey completed
	Undertake client satisfaction survey every second year.	Nil	Survey completed	Nil
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved	Achieved	Achieved
<b>Financial Forecasts (\$000)</b>	Revenue	\$816	\$833	\$851
	BDC Service level fee	\$906	\$925	\$944
	Expenditure	\$2,257	\$2,304	\$2,352
	Net operating surplus (deficit) before Tax	(\$535)	(\$546)	(\$557)
	Cash surplus/(deficit) (after adding back depreciation)	\$5	(\$6)	\$33
	Provision for capex (funded by Council)	\$148	\$195	\$578
	Ratio of Shareholders Funds to Total Assets	45%	45%	45%
<b>Environmental</b>	Business Environmental Footprint	Establish KPIs and Improve on 2024 baseline	Improve on 2025 baseline	Improve on 2026 baseline

**Financial Performance**

The financial performance of the Group will be an aggregation of the results from the businesses that make up the structure including administration costs of the parent company. This aggregation will include surpluses after tax less any losses incurred. Financial performance results will also be provided for all subsidiaries WSL and BRL.

**Subsidiary Performance Measures and Targets**

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

**10. Value of Shareholders Investment**

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

**11. New Investments**

The Group's ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation, or enter into a major transaction is governed by the provisions in the Company's constitution, standards and agreed protocols as specified in the Charter between the Company and Council. This includes the requirement to meet appropriate commercial returns from the investment which are measured against Buller Holdings Limited weighted average cost of capital (WACC).

The Directors will consult with the shareholders regarding purchasing a business or subscribing for shares in any company or other organisation where that investment is more than 25% of shareholders' funds as at the previous balance date. Where the investment is more than 50% of shareholders' funds, shareholder approval will be required. Buller District Council has approved the purchase of land to be used for development of a depot. This capital expenditure was completed in the 2024 financial year.

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

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

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

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

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

Each company within the Group acknowledges that it has a role to play in promoting the growth of the Buller region by contributing to



regional initiatives as a good corporate citizen.

(c) Customer Service Principles

The Buller Holdings Group has adopted the Buller District Council's Customer Service Principles and Action policies.

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## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 10

**Prepared by** Julia Gear  
Management Accountant

Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments** 1 Westport Airport Authority Statement of Intent 2024-2025

### STATEMENT OF INTENT – WESTPORT AIRPORT AUTHORITY – 30 JUNE 2025

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#### 1. REPORT PURPOSE

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

This report presents the final Westport Airport Authority Statement of Intent for the year 1 July 2024 to 30 June 2025.

#### 2. REPORT SUMMARY

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

#### 3. DRAFT RECOMMENDATION

**That the Risk and Audit Committee:**

- a. receive the **DRAFT Statement of Intent for the Westport Airport Authority for the year ending 30 June 2025.**
- b. request staff to engage with the Ministry of Transport and report their views to the Council when the Statement of Intent is adopted as a final pre 30 June 2024.

#### **4. BACKGROUND**

Part 5 section 64 of the Local Government Act (2002) sets out that the purpose of a Statement of Intent is to:

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

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

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

The Statements of Intent link the CCO's activities into Council's 2024/2025 annual planning processes and provide opportunities for Council to review the goals and negotiate key performance targets. The scope, objectives and performance targets of Council's CCOs summarised in the 2021-2031 Long Term Plans and the enhanced 2024-2025 Annual Plan are based on the content of the Statements of Intent.

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

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

The draft Statement of Intent align to the amounts currently included in the Buller District Council draft enhanced 2024-2025 Annual Plan.

The figures have been compared to:

- the 2023/2024 annual budget, and
- the forecast financial result for the airport as at 30 June 2024,

<b>Financial Item</b>	<b>Annual Budget Statement of Intent 2023/2024</b>	<b>Forecast result 2023/2024</b>	<b>Draft Annual Budget 2024-2025</b>	<b>Commentary</b>
Revenue	\$203,271	\$203,790	\$206,011	Revenue is expected to remain similar.
Operating Expenditure	\$522,183	\$548,899	\$602,335	The maintenance budget has been reviewed for 2024/25 to reflect current cyclical compliance costs. Salary/wage costs increased in 2023/24 to ensure necessary staff numbers for safety and compliance. Other increases between forecast for 23/24 and draft budget for 24/25 relate to expected increase in insurance and audit fees, allocation of internal overheads.
Operating surplus/ (loss)	(\$318,912)	(\$345,108)	(\$396,324)	BDC and MOT share the annual loss less depreciation 50:50
Capital Expenditure	\$55,000	\$55,000	\$16,200	Funded from the depreciation expense included in the operating expenditure. Capital expenditure can vary from year to year as larger renewals are completed towards asset end of life. BDC and MOT share the capital expenditure cost 50:50.

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

## 6. OPTIONS

Not Applicable.

## **7. CONSIDERATIONS**

### **7.1 Strategic Alignment**

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

### **7.2 Significance Assessment**

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

### **7.3 Tangata Whenua Considerations**

No specific considerations have been identified.

### **7.4 Risk Management Implications**

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

### **7.5 Policy Framework Implications**

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

### **7.6 Legal Implications**

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

### **7.7 Financial / Budget Implications**

There are no unbudgeted costs or financial implications.

### **7.8 Consultation Considerations**

Nil consultation considerations identified.

# **WESTPORT AIRPORT**

## **Statement of Intent For the year ended 30 June 2025**

**WESTPORT AIRPORT AUTHORITY  
STATEMENT OF INTENT  
FOR THE YEAR ENDING 30 JUNE 2025**

Introduction

The Westport Airport is a joint venture operation between the Buller District Council (the Westport Airport Authority which is granted the power and responsibility for managing and operating the airport) and the Ministry of Transport (on behalf of the Crown).

Management and control of the Airport is vested in the Buller District Council.

This Statement of Intent sets out the intention and the objectives for the Westport Airport Authority for the period 1 July 2024 to 30 June 2025 and the following financial year.

Objectives

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

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

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

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

Nature and Scope of the Activities to be Undertaken

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

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

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

Accounting Policies

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

*Property, Plant and Equipment*

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

*Depreciation*

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

*Goods and Services Tax*

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

*Income Tax*

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

*Cash and Bank Accounts*

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

*Trade and Other Receivables*

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

*Buller District Council Current Account*

Buller District Council advances funds to the Airport Authority on a current account basis to enable the Authority's creditor obligations to be met as they fall due. This current account advance is recognised as either a current asset or a current liability. The account is measured at amortised cost using the effective interest rate method. Interest is charged on overdrawn balances on a monthly basis, at the rate of the BDC bank overdraft for each month that the account is overdrawn.

*Creditors and Other Payables*

Creditors and other payables are measured at the amount owed.

*Revenue and Expenditure*

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



**WESTPORT AIRPORT**

	<b>Budget 2024/2025</b>	<b>Budget 2025/2026</b>	<b>Budget 2026/2027</b>	<b>Budget 2027/2028</b>
<b>REVENUE</b>	<b>206,011</b>	<b>209,455</b>	<b>212,972</b>	<b>216,391</b>
<b>EXPENDITURE</b>	<b>602,335</b>	<b>626,675</b>	<b>668,045</b>	<b>684,651</b>
<b>Profit/(Loss)</b>	<b>(396,324)</b>	<b>(417,219)</b>	<b>(455,074)</b>	<b>(468,260)</b>
<b>CAPITAL EXPENDITURE</b>				
Fencing and Other Capital	15,000	20,420	15,637	15,949
Runway Sweeper	0	8,168	0	0
Storage Container	0	8,168	0	0
Aerodrome Beacon	0	0	0	0
Other Plant	0	0	0	0
Runway Inspection Vehicle	0	8,000	0	0
Mower	0	0	15,637	0
Signs	1,200	1,225	1,251	1,276
Airport Runway resurfacing	0	0	0	914,429
<b>Total Capital Expenditure</b>	<b>16,200</b>	<b>45,981</b>	<b>32,525</b>	<b>931,655</b>
<b>Ministry of Transport Contribution*</b>	<b>159,441</b>	<b>184,262</b>	<b>193,999</b>	<b>638,226</b>
<b>Buller District Council Contribution*</b>	<b>159,422</b>	<b>184,262</b>	<b>193,999</b>	<b>638,226</b>

\* Does not include interest charged on the current account advance. The interest will be charged on a monthly basis, at the rate of the BDC bank overdraft.

Capital Expenditure

The budget for 2024/2025 is expected to be used to replace signs and perimeter fencing. The runway resurfacing in 2027/2028 will be funded from a mix of income, MoT, BDC general rates and a debt facility over a period of years to smooth the financial impact on BDC ratepayers in that year. The actual split will be worked out closer to that year.

Performance Targets

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

	<b>Budget 2024/2025</b>	<b>Budget 2025/2026</b>	<b>Budget 2026/2027</b>	<b>Budget 2027/2028</b>
Operating Revenue	206,011	209,455	212,972	216,391
Operating Expenditure	602,335	626,675	668,045	684,651
Net Profit (Loss)	(396,324)	(417,219)	(455,074)	(468,260)
Capital Expenditure	16,200	258,421	32,525	931,655

Ratio of Shareholder Funds to Total Assets

The forecast ratio of shareholder funds to total assets for the next 4 years is:

2024/25	2025/26	2026/27	2027/28
97%	98%	98%	98%

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

Profit or Loss Ownership

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

Information to be Provided to Partners

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

The report will include:

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

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

Acquisition Policy

The Westport Airport Authority does not anticipate that it will acquire any new equity investments other than the purchase of operational assets approved as part of the yearly budgeting process. Any major acquisitions will only be entered into with the prior approval of the joint venture partners; Buller District Council and The Ministry of Transport.

Distribution Policy

The Westport Airport Authority has the ability should there be surplus funds available to distribute funds to each of the joint venture partners. This is unlikely due to the current level of accumulated profits (Accumulated Losses are \$897,762 as at 30 June 2023)

Other Matters Agreed by Partners

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

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

## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 11

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

### INVESTMENTS AND BORROWINGS – AS AT 31 JANUARY 2024

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#### 1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month of January 2024, and compliance with Council treasury management policy.

#### 2. DRAFT RECOMMENDATION

**That the Risk and Audit Committee receive the Investments and Borrowings report as at 31 January 2024 for information.**

#### 3. ISSUES AND DISCUSSION

##### 3.1 Term Investments

Total term investments (Including call account and other loans) have increased by \$41k since the last report to 31 December 2023. The balance increased from \$14.174m at 31 December 2023 to \$14.215m at 31 January 2024. The increase is due to capitalisation of interest on a term investment during the month.

##### 3.2 Bank Balance

Council's main trading account closing balance was \$349k as at 31 January 2024. The balance increased by \$70k since the last report to 31 December 2023. In addition to the main trading account, Council holds contract retentions in a high-interest earning bank account, but does not include that bank balance in the treasury management report because these funds are committed for future use.

### **3.3 Interest Revenue**

Interest revenue to the end of December is \$688k against a year to date budget of \$677k.

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

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

Total borrowings decreased by \$3.5m since the last report to 31 December 2023. The total borrowings decreased from \$38.21m at 31 December 2023 to \$34.71m at 31 January 2024. This was due to a short-term borrowing from Westpac which has decreased by \$3.5m since last reported \$5m to \$1.5m.

The funds borrowed was used for additional flood recovery expenditure incurred, while Council was waiting on the grant from external funders claims to be paid. This is a timing difference.

Net debt (borrowings less term investments and call account balance) has decreased by \$3.541m since last reported from \$25.640m to \$22.099m due to the decrease of \$3.5m in borrowings and the increase of \$41k in term deposits noted above.

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

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

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

Currently investments in NBS total \$2.934m representing 24% of the total investment portfolio. This is a decrease of 4% since last reported, due to the term deposits not reinvested noted above.

### **3.6 Compliance with Financial Strategy Net Debt Limit Set in the Long Term Plan**

The Financial Strategy of Council is that net debt is not more than \$25m at any given time. Currently Council's net debt is \$22.099m.

### **3.7 Net Debt Position Compared to Annual Plan Budget**

Council planned to have net debt of \$29.3m as at 30 June 2024. The current net debt position is \$22.099m.

## **4. CONSIDERATIONS**

### **4.1 Strategic Impact**

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

### **4.2 Significance Assessment**

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

### **4.3 Values Assessment**

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

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

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

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

### **4.4 Risk Analysis**

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

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

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

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

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

Council's Investment Policy and Treasury Policy govern the management of cash assets and borrowings. The following tables and graphs compare the monthly results to the parameters set out in the policy.

**4.6 Tangata Whenua Considerations**

None identified.

**4.7 Views of Those Affected**

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

**4.8 Costs**

There are no extraordinary costs relating to investments and borrowings.

**4.9 Benefits**

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

**4.10 Media / Publicity**

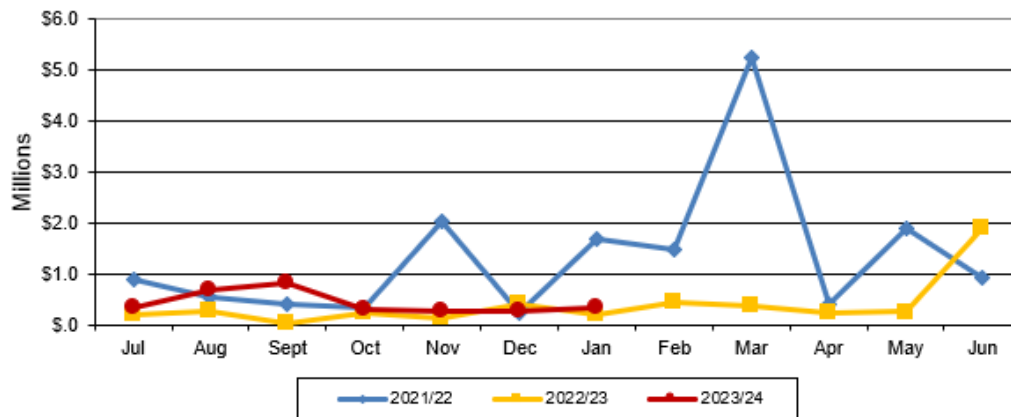
None identified.

## INVESTMENTS AND BORROWINGS REPORT

### 1. BANK BALANCE

	This Month 31-Jan-24	Last Month 31-Dec-23	Last Year 30-Jun-23
Council	\$349,552	\$279,141	\$256,237

### 2. MONTH END BANK BALANCES



### 3. SUMMARY OF INVESTMENTS

	This Month 31-Jan-24	Last Report 31-Dec-23	Last Year 30-Jun-23
Term deposits	12,114,711	12,073,434	14,107,472
LGFA Borrower Notes	500,000	500,000	500,000
Call Account	-	-	-
<b>Balance before other loans</b>	<b>12,614,711</b>	<b>12,573,434</b>	<b>14,607,472</b>
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,600,982
<b>Total Investments</b>	<b>\$14,215,692</b>	<b>\$14,174,415</b>	<b>\$16,208,454</b>

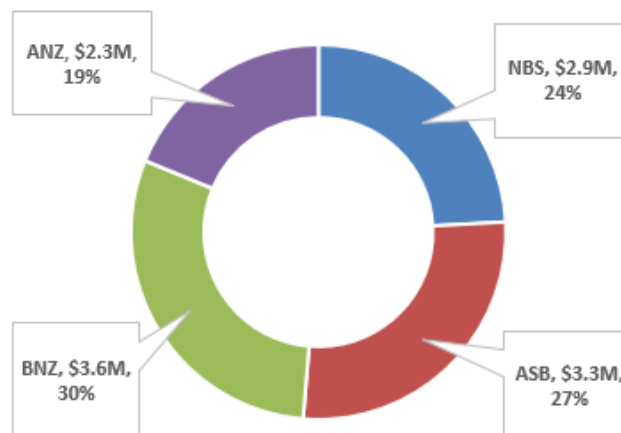


### 3.1 Term Deposits

Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	ASB	1,325,000	13-Sep-2023	13-Mar-2023	5.85%
Term Deposit	ASB	1,000,000	26-Aug-2023	28-Mar-2024	5.75%
Term Deposit	NBS	400,000	07-May-2023	6-May-2024	5.75%
Term Deposit	ASB	977,776	23-Dec-2023	23-Jun-2024	5.75%
Term Deposit	BNZ	1,000,000	30-Jun-2023	30-Jun-2024	5.80%
Term Deposit	NBS	1,000,000	29-Jun-2023	01-Jul-2024	5.75%
Term Deposit	BNZ	1,000,000	05-Nov-2023	02-Jul-2024	6.00%
Term Deposit	NBS	1,534,038	18-Jul-2023	18-Jul-2024	5.85%
Term Deposit	BNZ	1,636,800	29-Nov-2023	25-Aug-2024	6.10%
Term Deposit	ANZ	1,199,821	09-Oct-2023	08-Oct-2024	6.00%
Term Deposit	ANZ	1,041,277	29-Jan 2024	25 Oct-2024	6.00%
<b>Total Term Deposits</b>		<b>12,114,172</b>			

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

### 3.2 Term Deposits Summary by Trading Bank

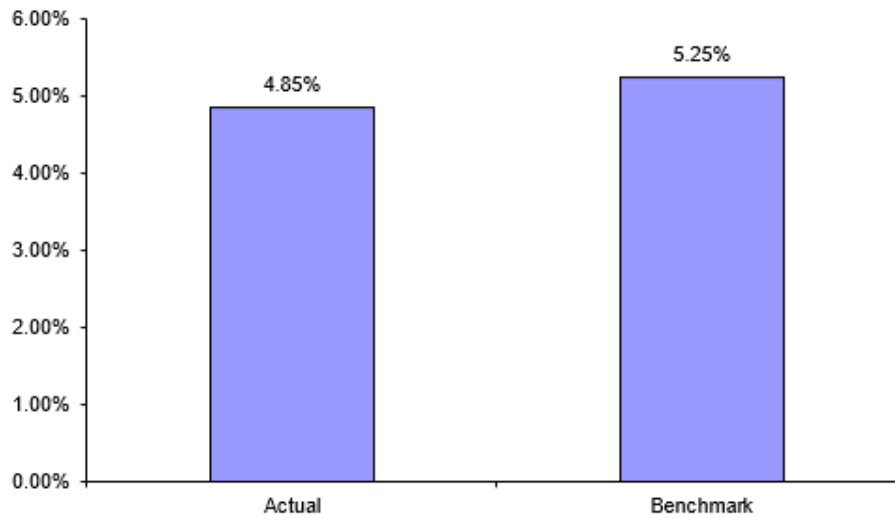


The maximum allowable investment per issuer is \$10m.

### 3.3 Local Government Funding Agency Borrower Notes

Investment Type	Counterparty	Amount	Maturity Date	Floating Interest Rate
LGFA Borrower Note	LGFA	125,000	1-Mar-2024	5.785%
LGFA Borrower Note	LGFA	125,000	1-Mar-2025	5.815%
LGFA Borrower Note	LGFA	125,000	1-May-2026	5.850%
LGFA Borrower Note	LGFA	125,000	1-Mar-2027	5.975%

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



### 5. INTEREST REVENUE

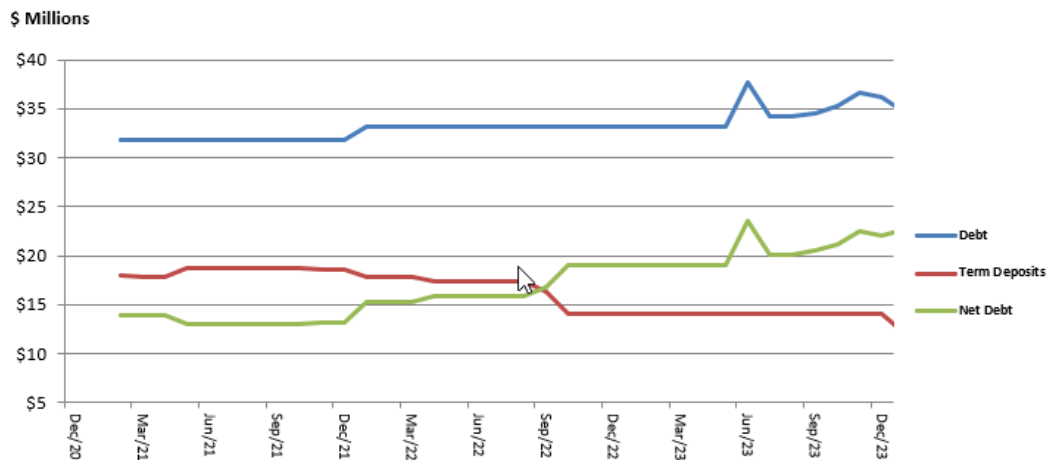
	Actual YTD	Budget YTD	Full Year Budget
Interest Revenue	\$688,573	\$677,935	\$1,237,802

## 6. SUMMARY OF BORROWINGS

	This Month 31-Jan-24	Last Month 31-Dec-23	Last Year 30-Jun-23
<b>External Debt</b>			
Westpac Loan Facility	14,713,860	18,213,860	14,243,860
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	<b>\$34,713,860</b>	<b>\$38,213,860</b>	<b>\$34,243,860</b>
Weighted Average Interest Cost	5.30%	5.27%	5.13%

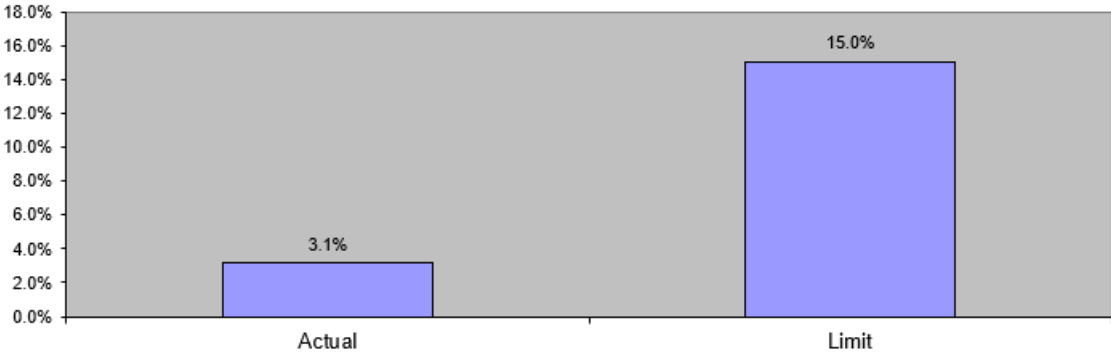
<b>Net Debt</b>			
Total Borrowings	34,713,860	38,213,860	34,243,860
Less: Term deposits (including Call Account)	12,614,711	12,573,434	14,607,472
	<b>\$22,099,149</b>	<b>\$25,640,426</b>	<b>\$19,636,388</b>

## 7. DEBT AND INVESTMENTS 3-YEAR TREND

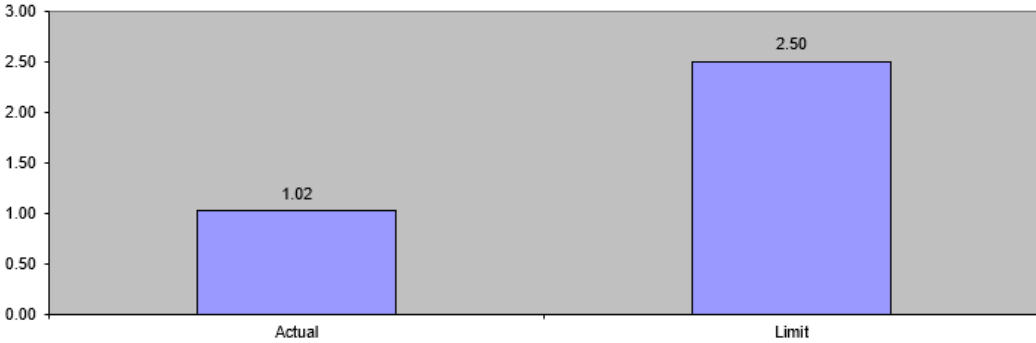


The above graph reports net debt as: gross debt held with external parties; less term deposits excluding the call account. The definition used by this graph is in line with Council's Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include the call account. The increase shown since October is due to short-term borrowings that are being utilised as needed and increased since the last report, in conjunction with the increase in term deposits, resulting in a decrease in net debt.

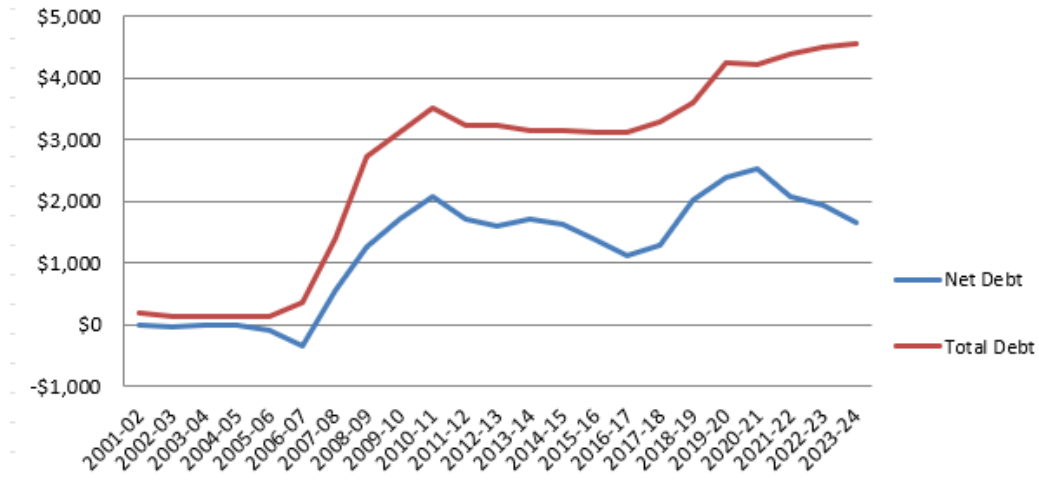
### 7.1 Interest Expense / Total Income



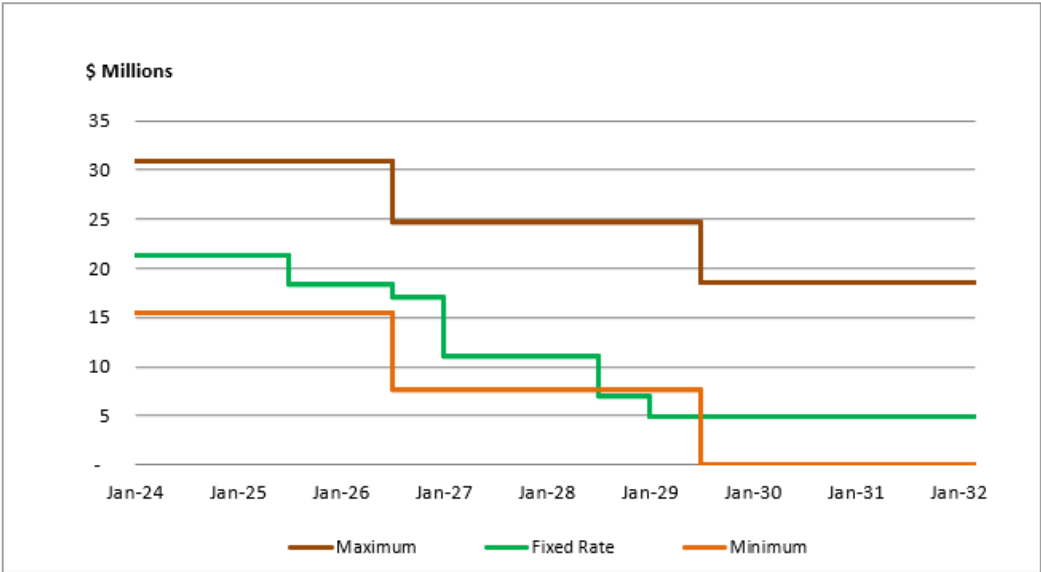
### 7.2 Gross Debt / Total Income



### 7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



## **RISK AND AUDIT COMMITTEE**

**13 MARCH 2024**

**AGENDA ITEM: 12**

**Prepared by** Lynn Brooks  
Finance Manager

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Attachments** Attachment 1 – Sundry Debtors Management Report  
Attachment 2 – Rates Debt Management Report

### **DEBT MANAGEMENT REPORT 31 JANUARY 2024**

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#### **1 REPORT SUMMARY**

This report presents and classifies the outstanding balances of rates debtors and sundry debtors as at 31 January 2024 for monitoring and information purposes.

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

#### **2 DRAFT RECOMMENDATION**

**That Risk and Audit Committee receive the Debt Recovery Report as at 31 January 2024 for information.**

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

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

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

### **3.2 Rates**

Rates Debtors arrears are trending slightly upwards over the two-year period since February 2021. Serious Defaults category are being managed to a fairly static level across this time, and payment plans category remains similar. The ongoing monitored (orange category in the graph) is where the increase is being seen. Debt follows the usual pattern whereby every third month when the rates are charged the rate debt increases, then it decreases for the following two months.

The total rates debt as at January 2024 has increased slightly since the last quarter ended October 2023. The average arrears per outstanding debtor has decreased by \$1 in the last quarter, along with the total arrears increasing by \$70k since October 2023. This trend also was also evident last year, however the quarter end comparisons are variable – last quarter the total rates debt had decreased slightly, so this is not an ongoing pattern.

All debt is being closely monitored. Staff are mindful that a number of ratepayers have been significantly affected by the 2021-2022 flooding events along with cost-of-living increases. Tailored payment arrangement plans have been made with this in mind.

Council have noticed a changing trend, where more direct debits are missed and there is an increase in number of cancellations of direct debit authorities. This can result in an increased risk that debt will not be recovered. Council staff are aware of this and have been actively following up these instances, as well as ensuring the Rates Rebate scheme.

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

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

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

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

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

Staff will be prioritising this month the recovery of rates outstanding in the abandoned land category.

### **3.3 Sundry Debtors**

Sundry Debtors arrears balances to date shows an increase of \$44k since last quarter and a decrease in number of debtors by 29. The monitoring graph shows a larger balance in Sundry category since the last report in October 2023. This includes two month-end significant item as at January 2024. These large balances relates to two grant claim amounts owing from a Government Agency in the Sundry Category. This relates to a timing issue and is not expected to hold risk around collection of funds.

The Serious Default category indicated in red in the graph is mainly due to non-payment of leasehold property. This continues to be an area of focus and increasing collection measures including staff working closely on target cases. The twenty percent discount on purchase option provided by Council can provide assistance for these long-term lease arrears, either encouraging the lessee to purchase and refinance, or for them to sell the lease with the new owner wishing to freehold.

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

### **3.4 Interest on Debtors**

A question was raised about the amount of interest charged on overdue sundry debtor accounts at prior Risk and Audit Committee meetings. Sundry debtors. When overdue, do not have any interest charged. For interest to be charged, and collected, a terms of trade must be signed up to prior to customers placing orders with Council. This is not a Council practice.

Rates debtors have a penalty charge imposed of 10% as per the Local Government (Rating) Act 2002. The total penalties charged within our outstanding rates in the period July 2017 to June 2023 is \$113,787.

### **3.5 Update on Business Payment Practices Act 2023**

The Council financial systems software provider has made contact to advise that on 22 February the Minister of Small Business and Manufacturing announced the Government will repeal this Act, and upon checking have been advised the Business Payment Practices Act Repeal Bill will be passed through the house under urgency. This means that the reporting regime which was about to come into force requiring Council to report on timing of payments will no longer be required.



## 4. CONSIDERATIONS

### 4.1 Strategic Impact

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

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

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

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

### 4.2 Significance Assessment

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

- a) The District;
- b) The persons who are likely to be particularly affected by, or interested in, the proposal or decision;
- c) The financial impact of the proposal or decision on the Council's overall resources; and
- d) The capacity of the Council to perform its role and carry out its activities, now and in the future.

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

#### **4.3 Risk Analysis**

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

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

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

#### **4.4 Values**

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

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

The collection of rates debt is enforceable under the Local Government (Rating) Act 2002. Other legislation dealing with credit extended by Council and debt recovery include the Property Law Act 2007, Residential Tenancies Act 1986 and the Resource Management Act 1991.

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

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

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

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

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

#### **4.8 Costs**

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

#### **4.9 Benefits**

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

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

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

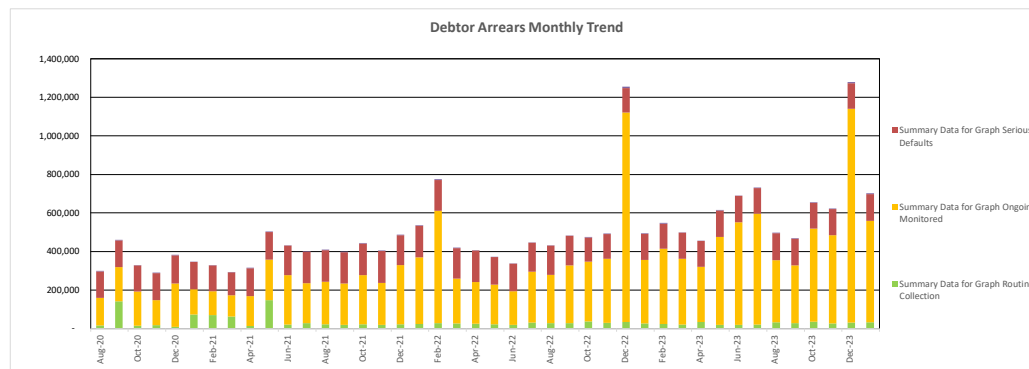
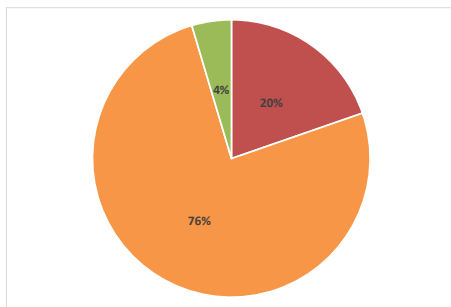
ATTACHMENT 1

Sundry Debtors - Debt Recovery Report

Report cutoff date  
Ageing cycle - current due

31 January 2024  
31 January 2024

Status Flag	Debtor Type	Age of Debt 31 January 2024		Age of Debt 31 October 2023		Variance Oct 23 vs Jan 24		No. of Account Holders per Debt Thresholds			Further Action to Commence					Comments
		No. of Debtors	Overdue	No. of Debtors	Overdue	No. of Debtors	Overdue	Less than \$2,000	\$2,001 to \$10,000	Over \$10,001	Formal Review	To Debt Agency / Mortgagee	Monitor Progress	Further Letter/ Meeting	Other Options	
●	Leasehold Properties	16	137,403	14	134,000	2	3,404	7	5	4	✓			✓	✓	Rents invoiced 6 monthly in advance. Long standing arrears receiving increased collection measures and purchase discount option.
●	Orowaiti Connection	2	6,750	2	6,750	0	0	0	2	0				✓		Long standing arrears collected when property transfers.
●	Libraries	1	69	0	0	1	69	1	0	0						Small amounts monitored.
●	Water	9	14,351	16	34,300	(7)	(19,949)	6	3	0	✓				✓	Payment plans promoted for those with long standing debt.
●	Resource Management	12	49,095	16	46,199	(4)	2,897	8	2	2	✓	✓			✓	Long standing arrears receiving increased collection measures.
●	Rentals	25	55,410	21	63,851	4	(8,440)	21	3	1		✓			✓	\$27k debtor in Liquidation, this debt remains on Council records until final notification of wind up. The balance is under routine monitoring.
●	Regulatory Licences e.g. Food Premises	20	4,606	30	9,700	(10)	(5,094)	20	0	0						Timing of Annual Licences billing.
●	Sundry	39	374,227	35	284,418	4	89,808	29	4	6				✓		Instalment arrangements entered into for those with long standing debt. Includes Government Department grant revenue, paid late.
●	Westport Harbour	17	23,452	28	38,079	(11)	(14,628)	13	4	0						Annual payment plans in place. Rents, Berthage etc
●	Trade Waste	8	8,778	12	18,515	(4)	(9,737)	6	2	0						Annual invoicing cycle in August of each year.
●	Airport Parking	1	40	1	40	0	0	1	0	0						Small amounts monitored.
●	Building Consents	11	20,812	10	13,579	1	7,233	8	3	0						Where overdue, this represents inspections not yet completed due to timing of building process.
●	Swimming Pools	2	160	2	170	0	(10)	2	0	0						
●	Cemetery	3	1,686	7	2,657	(4)	(971)	3	0	0						
●	LIMs	2	600	3	900	(1)	(300)	2	0	0						
	<b>Totals</b>	<b>168</b>	<b>697,439</b>	<b>197</b>	<b>653,157</b>	<b>(29)</b>	<b>44,282</b>	<b>127</b>	<b>28</b>	<b>13</b>						



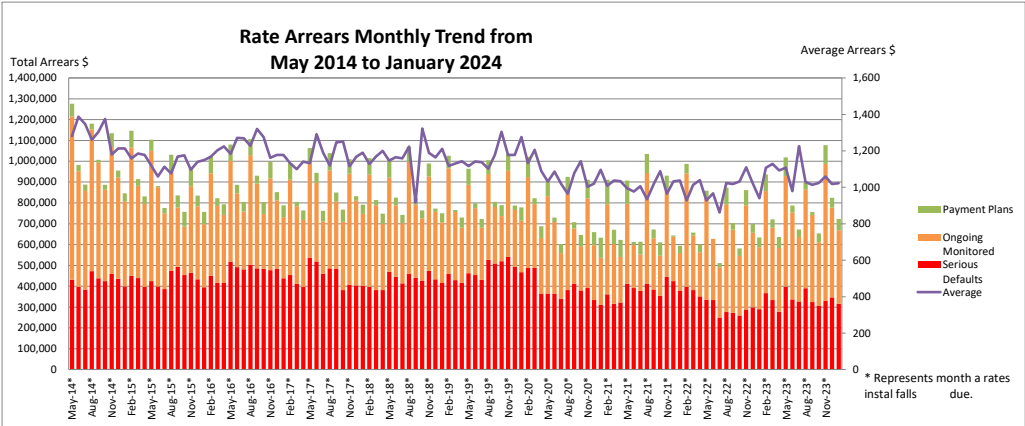
Attachment # 2 - Rates Accounts - Debt Recovery Report

Report cutoff date 31 January 2024  
 Last rates instalment due date 28 November 2023  
 Next rates instalment due date 28 February 2024

Internal Debt Recovery Analysis

Status Flag	Category	No. of Ratepayers	Total Arrears Balance YTD	Current Year Arrears	Previous Year Arrears		Further Action to Commence					Comment
					\$	%	Formal Review	To Debt Agency	Title Search	Monitor Progress	Further Letter	
Red	Placed with External Debt Collection	9	83,619	12,386	71,233	14%				✓		Arrears placed with Credit Recovery Agency. Refer to the analysis below.
Red	No current mailing address	0	0		0	0%						Tracing addresses through bank deposits & social media undertaken.
Red	Approach Mortgagee	3	16,683	5,524	11,159	2%				✓		Ratepayers with mortgages are pursued for payment under the Rating Act provisions.
Red	Awaiting Decision	39	197,858	68,243	129,615	26%	✓		✓			More complicated cases, ie house uninhabitable / property on market etc require close monitoring.
Red	Missed more than two instalments	11	18,000	12,039	5,961	1%				✓		Reviewing for possibility of Mortgagee Action.
Orange	Under Action - Short Term Monitored	22	42,858	24,751	18,107	4%	✓			✓		Reviewed systematically with each ratepayer.
Orange	Payments Insufficient	37	21,181	18,218	2,963	1%				✓	✓	Reviewed systematically. Work through options to increase payments/resolve debt.
Orange	Long Term Monitored	35	80,486	44,444	36,042	7%	✓					Financial hardship, paying minimum amounts. Reviewed 6 monthly (Aug/Feb), more frequently if in decline.
Orange	No Payments - Property on Market	12	37,579	16,150	21,429	4%	✓			✓		Annual Review.
Orange	Missed August & November 2023 instals	79	87,492	78,778	8,714	2%				✓		Letters sent - monitoring.
Orange	Missed one instalment only	178	81,966	81,966	0	0%				✓		Letters sent - monitoring.
Green	Payment plans	282	55,479	49,140	6,339	1%				✓		Reviewed annually and updated as required.
Blue	Abandoned Land Tender Project	40	207,158	22,865	184,293	37%					✓	Report to SLT.
<b>Totals</b>		<b>747</b>	<b>930,359</b>	<b>434,504</b>	<b>495,855</b>	<b>100%</b>						

Internal Debt Recovery		
Red	316,160	34.0%
Orange	351,562	37.8%
Green	55,479	6.0%
Abandoned land	207,158	22.3%
<b>Totals</b>	<b>930,359</b>	<b>100.0%</b>



## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM 13

**Prepared by** Julia Gear  
Management Accountant

Lynn Brooks  
Manager - Finance

**Reviewed by** Douglas Marshall  
Chief Financial Officer

**Appendices** Appendix A – Capital Receipts & Expenditure Report  
Appendix B – CEO KPI 1  
Appendix C – CEO KPI 2

### CAPITAL RECEIPTS AND EXPENDITURE REPORT TO DECEMBER 2023

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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 2023. Any variances forecast for the following six months to 30 June 2024 are highlighted.

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

Where variations to the budget are identified, Council approval is requested. Any such variations are due to extraordinary events or unforeseen matters arising throughout the year. Recommendations 2. and 3. below have further details included about the requirement for such resolutions in Appendix A.

#### 2. DRAFT RECOMMENDATION

**That the Risk and Audit Committee**

1. **Receive the Capital Receipts and Expenditure Report to 31 December 2023 for information.**
2. **Approve carryover of \$80k from the remaining available budget from the year ending 30 June 2023 for the Reefton Service Centre improvements completed this financial year.**
3. **Approve a total of \$35k to be funded from the Reserve Contributions for the Reserves Projects that will exceed the budget this year.**

### 3. ISSUES & DISCUSSION

The expected total Business as Usual Capital Expenditure is estimated to be approximately the same as this year's Annual Plan budget and prior year carryover budgets. The capital roading programme is higher than originally planned for this year due to timing of the three-year programme, however a number of larger Community facility projects will now be completed in later years, so the net effect is no change to overall expenditure for Business as Usual.

The roading capital work is funded by Waka Kotahi which means the corresponding Capital Funding is expected to be higher than budget.

Within the activities there are some variations to budget, and these are explained in Appendix A and B.

The report in Appendix A is broken into three sections to firstly show Business as Usual, followed by flood recovery and the new tranches of "Better Off" and Infrastructure Acceleration Funding (IAF).

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

\$3.5m of Better Off Funding has been allocated to Council via the Three Waters reform support package. \$3.19m has been allocated to projects approved by DIA and the remaining project is pending DIA approval.

\$6.9m granted from the IAF will fund the transport and infrastructure connections between Alma Rd and Westport township. This project is in the initial stages and will be continued over the next three years.

Funding from NEMA and Waka Kotahi will be used to deliver the capital projects within the Flood Recovery Programme agreed with the funding parties.

The budgets for the flood recovery roading projects are an allocation of the overall roading programme. The projects have been grouped into bundles that may contain projects funded by different funding lines. The budgets for each project may be reallocated within the funding lines.

The externally funded projects are reported on in more detail in separate project reports to the Risk and Audit Committee.

Where the forecast variance for a project is +/- 5% of the budget, the project has been detailed in Appendix B and either a recommendation has been made for approval of a variation, or the project has been tabled for monitoring.

### 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
BAU Capital Funding, Subsidies & Grants	1,076,939	3,092,692	(2,015,753)	■	9,907,361	8,457,874	117%
BAU Capital Expenditure	7,572,593	15,628,775	8,056,182	●	25,494,876	25,694,442	99%
Flood Recovery Capital Funding	6,256,879	0	6,256,879	●	19,004,041	0	N/A
Flood Recovery Expenditure	9,070,366	250,000	(9,070,366)	■	19,477,806	250,000	N/A
Better Off Capital Funding	324,343	0	324,343	●	10,414,300	0	N/A
Better Off Capital Expenditure	397,968	0	(397,968)	■	10,414,300	0	N/A

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

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

A detailed schedule of Capital Receipts and Expenditure with corresponding budgets is attached in Appendix A.

#### 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:**

- Capital Expenditure projects over \$750,000 must be achieved within +/- five percent.
- Changes which are +/- five percent of a project must be approved by Council; and
- 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 Program is integral to service provision.

##### 5.3. Risk Analysis

Risk is assessed by considering 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 known 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 Income 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.

Appendix A

	YTD Actual	Net Available Budget as at 30 June 2023	YTD Annual Plan Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget	Explanation of Variances of \$50,000 or greater
<b>Capital Funding</b>										
Community Services	0		0	0	0	▲	0	0	0	
Westport Harbour	0		0	0	0	▲	0	0	0	
Water Supplies	0		759,313	759,313	(759,313)	■	1,090,000	1,740,001	(650,001)	Full year forecast variance: \$650k was budgeted for Westport Water critical needs to be funded from Better Off Funding however only \$100k has been approved for this project to date. Council has applied to allocate another \$80k towards installing the tanks purchased, and \$50k towards investigating water supply source options at Little Wanganui and Mohikinui. Projects represented in the Better Off section Other funding is \$890k loan for Westport Water capital, \$60k loan for Reefton Water Capital, \$140k for Punakaiki Water chlorination. All funding and loans not drawn down yet
Airport	0		0	0	0	▲	0	0	0	
Community Facilities	0		427,630	427,630	(427,630)	■	497,597	855,001	(357,404)	Full Year Budget: TIF funding for upgrade of effluent systems at Punakaiki and Mohikinui Campgrounds, reinstatement of Tauranga Bay Public Toilets, extension of carpark at Carters Beach reserve. Forecast variance is because some of the projects funded are likely to continue into the next financial year and therefore the corresponding funding will not be received until next year.
Roading & Urban Development	1,029,577		594,141	594,141	435,436	●	5,321,024	2,964,132	2,356,892	Full Year Budget: Waka Kotahi funding & \$259k Loan Funding for District Revitalisation. Full Year forecast variance includes \$2.2m funding for capital works originally budgeted for earlier in the three year roading programme.
Infrastructure Delivery	0		0	0	0	▲	0	0	0	
Regulatory Services	0		0	0	0	▲	0	0	0	
Solid Waste	47,363		296,608	296,608	(249,246)	■	968,740	868,740	100,000	YTD Actuals: \$50k MFE grant for the weighbridge at Karamea Forecast variance: \$80k of budgeted \$809k MFE grant for C&D Waste project was received in 22/23 and contributed towards feasibility study (operational costs). \$100k MFE grant for Karamea weighbridge. Full Year Budget includes loan funding for Karamea Landfill & Recycling Centre upgrade
Support Services	0		0	0	0	▲	0	0	0	
Wastewater	0		550,000	550,000	(550,000)	■	1,100,000	1,100,000	0	Loan funding for Westport Wastewater and Reefton Wastewater
Stormwater	0		465,000	465,000	(465,000)	■	930,000	930,000	0	Loan funding for Districtwide Stormwater
<b>Total Capital Income</b>	<b>1,076,939</b>		<b>3,092,692</b>	<b>3,092,692</b>	<b>(2,015,753)</b>	<b>■</b>	<b>9,907,361</b>	<b>8,457,874</b>	<b>1,449,487</b>	
<b>Capital Expenditure</b>										
Community Services	50,345	0	293,812	293,812	243,467	●	891,121	891,121	0	Full Year Budget includes Reefton Pool upgrades, NBS Theatre stage flooring and heating/cooling
Westport Harbour	296,708	0	4,155	4,155	(292,553)	■	301,494	12,606	(288,888)	YTD variance: Unbudgeted Harbourmaster vehicle purchase and harbourmaster vessel purchase
Water Supplies	2,638,535	3,520,159	886,885	4,407,044	1,768,509	●	6,289,935	6,210,037	(79,897)	Majority of carryover relates to Westport Trunk Main and Waimangaroa Water Supply Upgrade. Full Year Forecast Variance is due to unbudgeted land acquisition costs relating to Punakaiki Water intake, offset by Waimangaroa Water upgrade savings.
Airport	29,094	0	38,271	38,271	9,177	▲	116,076	116,076	0	
Community Facilities	634,818	3,513,068	829,842	4,342,910	3,708,092	●	3,386,957	6,029,924	2,642,967	Half of the full year budget relates to projects started in previous years: Brougham House upgrades, Carnegie Library, Westport Library strengthening, Punakaiki Community Facility, Punakaiki Campground Effluent System, Community Led Revitalisation Projects and the majority of these multi year projects are expected to continue into future years and therefore will not be spent this financial year. This is the main reason for the full year forecast variance. The majority of the capital budget provided for this year relates to the TIF funded projects: upgrade of effluent systems at Punakaiki campground (a multi year project) and Mohikinui Campground, reinstatement of Tauranga Bay Public Toilets, extension of carpark at Carters Beach reserve. These projects are in initial stages.
Roading & Urban Development	1,465,843	158,004	692,311	850,315	(615,528)	■	5,947,811	3,869,386	(2,078,425)	Carryover budget was allocated to completing Stage 2A of the Toki Trail (First stage was called Westport Town Precinct & Pathways and was jointly funded by MBIE). This year's council led district revitalisation budget (\$531k) will not be spent and instead rebudgeted in the Long Term Plan. The remainder of the full year forecast variance relates to \$2.4m capital works to be completed this year being the final year of the three year roading programme
Infrastructure Delivery	0	0	303	303	303	▲	918	918	0	
Regulatory Services	486	0	0	0	(486)	▲	486	0	(486)	
Solid Waste	242,866	142,020	357,271	499,291	256,424	●	1,189,603	1,225,603	36,000	Carryover budget from 22/23 is for Karamea Landfill & Recycling Centre Upgrade and the Westport and Reefton Transfer Station Upgrades. Both projects have further budget allowed for in 23/24 to complete. Another \$860k was allowed for in 23/24 for the Construction & Demolition Waste Project. The capital portion of this project totals \$825k.
Support Services	121,779	279,860	70,499	350,359	228,580	●	525,381	493,675	(31,706)	Carryover budget is for the Information Management project. Full year forecast variance relates to an unbudgeted vehicle purchase for the CEO

Wastewater	1,825,130	3,641,504	568,402	4,209,906	2,384,777	●	5,365,439	5,365,439	0	Majority of carryover relates to the Westport Wastewater consent renewal project and some Westport Main renewals to be completed this year.
Stormwater	266,989	215,649	416,760	632,409	365,419	●	1,479,657	1,479,657	0	Carryover budget is for stormwater mains renewals to be completed this year.
<b>Total Capital Expenditure</b>	<b>7,572,593</b>	<b>11,470,264</b>	<b>4,158,511</b>	<b>15,628,775</b>	<b>8,056,182</b>	●	<b>25,494,876</b>	<b>25,694,442</b>	<b>199,566</b>	

**Flood Recovery Funding, Subsidies & Grants**

Flood Recovery Funding, Subsidies & Grants	6,256,879	0	0	0	6,256,879	●	19,004,041	0	19,004,041	NEMA Tranche 2 projects, MBIE funded housing & Waka Kotahi funded roading projects.
<b>Total Flood Recovery Funding, Subsidies &amp; Grants</b>	<b>6,256,879</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,256,879</b>	●	<b>19,004,041</b>	<b>0</b>	<b>19,004,041</b>	

**Flood Recovery Expenditure**

Flood Recovery Expenditure	9,070,366	250,000	0	250,000	(9,070,366)	■	19,477,806	250,000	(19,227,806)	NEMA Tranche 2 projects, MBIE funding & Waka Kotahi funded roading projects. The expenditure reported this year is greater than capital receipts as ~\$3m work in progress costs have been carried forward from previous years
<b>Total Flood Recovery Expenditure</b>	<b>9,070,366</b>	<b>250,000</b>	<b>0</b>	<b>250,000</b>	<b>(9,070,366)</b>	■	<b>19,477,806</b>	<b>250,000</b>	<b>(19,227,806)</b>	

558,368

	YTD Actual	Net Available Budget as at 30 June 2023	YTD Budget	YTD Total Budget	YTD Variance	YTD Status	Full Year Prediction	Full Year Budget	Full Year Forecast Variance to Budget	
<b>Better Off &amp; IAF Funding</b>										
Better Off & IAF Funding	324,343	0	0	0	324,343	●	10,414,300	0	10,414,300	\$6.9m IAF Funded Alma Road Connection and \$3.5m Better Off Funding
<b>Total Better Off Funding</b>	<b>324,343</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>324,343</b>	●	<b>10,414,300</b>	<b>0</b>	<b>10,414,300</b>	

**Better Off & IAF Capital Expenditure**

Better Off and IAF Expenditure	397,968	0	0	0	(397,968)	■	10,414,300	0	(10,414,300)	\$6.9m IAF Funded Alma Road Connection and \$3.5m Better Off Funding
<b>Total Better Off Expenditure</b>	<b>397,968</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(397,968)</b>	■	<b>10,414,300</b>	<b>0</b>	<b>(10,414,300)</b>	

**Key**  
 Favourable ● Favourable variance + \$50k or more  
 Unfavourable ■ Unfavourable variance - \$50k or more  
 Neutral +/- \$50k ▲ 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	Original Budget	Current Budget	Project Expenditure to Date (December 2023)	Final Forecast Cost	Project Status or Percentage of Completion	Percentage of Budget Spent
Waimangaroa Water Upgrade	\$2,300,000	\$2,519,912	\$1,979,647	\$2,018,647	To upgrade critical elements of the raw water supply and implement next highest priorities of the raw water network. Project has come in under budget due to a reduction in the extent of pipe replacement, MOH funding subsidy contributing towards pipeline replacement, and no requirement to use contingencies. The final work for the secondary Conns Creek emergency use intake is expected to be completed by Mid Feb 24. Under budget by \$500k.	79%
Westport Trunkmain Town project - Stage 1b	\$1,650,000	\$1,634,954	\$951,073	\$1,016,911	Continuation of the Westport Trunkmain, construction of PE trunk main pipeline towards Westport. Works are complete with final documentation to be completed next month. Under budget by \$500k.	58%
Carnegie Library Strengthening	\$1,020,000	\$547,157	\$34,935	\$547,157	Project continuing with engagement with Carnegie Cultural Centre Society Incorporated. MoU with the Society has expired. Concept design options done. Cost estimate revised by PMO QS in 2023, new estimate \$1.6m. Agenda item being prepared for Council. External funding has not been granted to date, current budget has been revised to \$547,157 as per November 2023 Council Meeting (confirmed Dec 2023 Council Meeting)	6%
Brougham House Upgrade	\$1,909,924	\$1,909,924	\$383,100	\$672,964	This project required many issues to be considered regarding seismic performance of the building and possible strengthening methodologies and also included the installation of new heating and cooling systems. The project has been delayed due to the various economic challenges around COVID and flooding events and as the budget was set a number of years ago, the strengthening options now exceed budget in today's dollars. As a result, the immediate requirement for a switchboard upgrade and heating and cooling have been prioritised over other improvements. Costs to date are professional services provided to quantify the project to carry out the improvements and procure a construction contractor. The prioritised improvements are expected to be completed this financial year.	20%
Punakaiki Campground Effluent System Upgrade	\$792,456	\$792,456	\$0	\$792,456	Tourism Infrastructure Fund will contribute \$396,228 towards the upgrade of the Punakaiki Campground Effluent System. Pre-contract conditions have been met and funding agreement is to be issued. This project will continue into the next financial year.	0%
Mohikiniui Campground Effluent System Upgrade	\$800,000	\$800,000	\$0	\$800,000	Tourism Infrastructure Fund will contribute \$400,000 towards the upgrade of the Mohikiniui Campground Effluent System. Pre-contract conditions have been met and funding agreement is to be issued.	0%
Westport Wastewater consent renewal project separated into two bundles below:	\$2,440,000	\$2,240,000	\$638,024	\$1,834,748	The Resource Consent held by BDC for the discharge of untreated wastewater to the Buller river expires in 2023. BDC is in breach of the condition of the existing Resource Consent that limits the number and size of discharge of untreated sewage to the Buller river. \$2,241,000 was allowed for in the 2022/23 Annual Plan for projects to contribute to a compliant Wastewater system. Refer to project bundles below.	28%
1. Pump Station Screens, Resource Consent Renewal Application, and Westport WW/SW Separation Policy	\$837,000	\$705,000	\$435,797	\$697,867	The work associated with the Pump Screens and the Wastewater Policy is largely completed, and any remaining work will be reliant on inputs and outcomes from the Resource consenting, and modelling projects. Responses to RFIs in relation to the resource consent is forecast to be completed in June 2024. Refer to separate project report for further details	62%
2. SW Modelling & WW/SW Separation Investigation	\$1,603,000	\$1,535,000	\$202,227	\$1,136,881	Investigate and separate wastewater and stormwater systems to reduce outfall and comply with resource consent. Undertake SW modeling for flood mitigation. Refer to separate project report for further details	13%
Construction & Demolition Waste Project	\$825,000	\$825,000	\$5,252	\$819,748	MfE funding and co-funding from the three other West Coast councils. The feasibility study has been completed and the design and construction phase is represented in this table. Three construction and demolition recovery facilities will be designed, and construction is expected to take place in 2024-2025.	1%
Reefton Historic Landfill	\$1,074,000	\$1,324,000	\$1,091,137	\$1,091,137	Landfill sidewall reinstatement to return it to its pre-flood condition. \$1.074m funded by NEMA. Additional \$250k approved to construct WSP minimum recommended design. The budget was revised to 1.324K but the project was completed for \$233k less than this. \$96k of savings relates to the BDC funded portion. At this stage the surplus NEMA funding will not be reappropriated. Refer to project report for more details.	82%
Kawatiri Wharf Flood Repairs	\$5,920,000	\$5,920,000	\$284,244	\$5,920,000	NEMA funded project to repair and reinstate safe and fit-for-purpose wharf infrastructure at the bulk shipping precinct that was damaged during the July 2021 and February 2022 Buller River flood events. Repair design completed. Current forecast for completion November 2024. Independent cost-check suggests a total project estimate approximately 10% beyond available budget but this will be validated at tender. Refer to separate project report for further details.	5%
Bluff Slump 27: Flood Recovery Rooding Programme	\$481,555	\$751,278	\$735,577	\$746,097	NZTA funded flood recovery project. In construction stage. Cost forecast to exceed budget by \$200k+. This will be resolved by way of reallocation of /obtaining additional funding. Refer to Bundle 11 project report for more information. THE COMMENTS ABOUT \$200K FORECAST OVERSPEND AND THE FINAL FORECAST COST ARE FROM THE PROJECT REPORT - WHICH ONE IS CORRECT?	98%
Bluff Seven Sisters: Flood Recovery Rooding Programme	\$1,777,504	\$1,807,018	\$500,307	\$1,807,018	NZTA funded flood recovery project. Design is now complete. Programme delays and increase in budget are likely to have a significant impact. Project is at tendering stage. Construction costs may exceed the budget. Refer to Bundle 8 project report for more information.	28%
Denniston Road 4 Underslip: Flood Recovery Rooding Programme	\$1,008,236	\$1,024,130	\$484,830	\$1,171,420	NZTA funded flood recovery project. Budget will be exceeded by \$147k and programme has been extended due to unforeseen ground conditions, additional culvert and large slip above site. Refer to Bundle 6 project report for more information.	47%
Denniston Road 2: Flood Recovery Rooding Programme	\$756,549	\$769,331	\$660,773	\$736,271	NZTA funded flood recovery project. Project on track to come in under budget. Refer to Bundle 6 project report for more information.	86%
IAF Alma Rd transport and infrastructure connection total project	\$13,600,000	\$13,600,000	\$17,383	\$13,600,000	IAF funded project in initial stages.	0%

## Appendix C

Table 2: KPI 2

Changes which are +/- five percent of a project must be approved by Council						
Project +/- five percent	Original Budget	Current Budget	Expenditure Date to	Final Forecast Cost	Project Status or Percentage of Completion to Date	Required Variation and Approval Status
Punakaiki Land	\$0	\$0	\$334,327	TBC	Unbudgeted legal cost on land acquisition. Not yet complete.	Costs require Council approval when resolution reached
Reserves Other Assets	\$20,961	\$20,961	\$94,721	\$113,902	Projects completed within this programme were the Karamea Campground Water Supply, Carters Beach Toilet reroof and Reefton Plunket Rooms ramp. There was budget allocated to these projects in the previous financial year however the budget was not carried over as the projects were either not started or were deemed complete. Taking into account the budget remaining at 30 June 2023, these projects have exceeded the total two year budget by \$35k.	Council previously approved these projects and others to be funded by the Reserve Contributions account and a total of \$125,961 was allowed for in the 22/23 and 23/24 annual plan. The actual cost over those two years will be \$160,000 overall. Council to approve \$35k to be funded from the Reserve Contributions.
Reefton Service Centre	\$231,506	\$90,014	\$168,793	\$168,793	Second stage of project was completed in August 2023. Capital budget was not carried over from 2022/2023 financial year	Approve capital budget carryover of \$80,000 for expenditure this financial year. No change to plan as funding already allowed for in annual plan
Westport Harbour	\$12,606	\$12,606	\$296,708	\$301,494	Harbourmaster vessel was purchased for \$270k	Has this been tabled already?
Community Facilities	\$6,029,924	\$6,029,924	\$634,818	\$3,386,957	Brougham House upgrades, Carnegie Library, Westport Library strengthening, Punakaiki Community Facility, Punakaiki Campground Effluent System, Community Led Revitalisation Projects and the majority of these multi year projects are expected to continue into future years and therefore will not be spent this financial year.	The budgets for these projects will need to be assessed for carryover at the end of the financial year.
Reefton Water Capital	\$641,537	\$641,537	\$525,779	TBC	Minor capital costs have exceeded full year budget. Minor capital spend is when unforeseen repairs are required and this is difficult to predict. Pricing for the rest of the capital programme is still to be confirmed and if further minor capital spend is kept to a minimum, the overspend may be mitigated within the Reefton Water Capital budgets overall.	This account is being carefully managed. If final spend is over budget, the deficit may need to be carried forward into the next financial year and will be included in the annual Multi Year Project Budget report for approval at the time.
Inangahua Water Capital	-\$339	-\$339	\$2,008	\$2,008+	Inangahua Water Capital began the year in deficit as the 23/24 budget was spent in advance due to unexpected capital costs in 22/23. Further unavoidable capital costs have been incurred this financial year. Funding of expenditure already incurred is not eligible for Better Off funding however some Better Off funding has been put towards replacing the water main and this may reduce future maintenance and capital outlay.	This account is being carefully managed. The deficit will need to be carried forward into the next financial year and will be included in the annual Multi Year Project Budget report for approval at the time.
Roading RTS Local Roads Projects - February 2022 event	\$6,525,154	\$6,317,804	\$4,604,927	\$7,356,545	Projects are grouped in work bundles which are at various stages of progress. The funding for the roading RTS projects is separated by network (Local Roads and Special Purpose Roads) and emergency works event (July 2021 and February 2022) and transfers between these categories has not been allowed to date. The forecast for the February Local Roads exceeds available budget. Waka Kotahi has given an indication that this may be partially mitigated by transferring budget between work bundles (but not between SPR and Local Road funding), however the total forecast for the overall RTS roading programme still exceeds budget. BDC is continuing discussions with Waka Kotahi, and the commencement of some of the work bundles may be paused until a suitable approach is agreed.	Changes may require Council approval when resolution reached

## RISK AND AUDIT COMMITTEE

13 MARCH 2024

AGENDA ITEM: 14

**Prepared by** Penny Bicknell  
Programme Manager

**Reviewed by** Steve Gibling  
Chief Executive Officer

**Attachments** 1. NEMA Projects Status Report January 24  
2. Better Off Funded Projects Status Report January 24  
3. 240123 – Projects in Partnership – Confirmed Minutes 23 January 2024

### **NEMA, IAF AND BETTER OFF FUNDING PROJECT STATUS REPORT SUMMARIES FROM PROJECTS IN PARTNERSHIP**

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

The purpose of this report is to bring the Risk and Audit Committee a summary of the Project Status Reports for NEMA, IAF and Better Off Funded projects for month end January 2024 and the Minutes of the February Projects in Partnership Meeting.

#### **2. DRAFT RECOMMENDATIONS**

**That the Risk and Audit Committee receive the Reports and Minutes from the January Projects in Partnership meeting.**

#### **3. SUMMARY**

Key points to note from each of the Programmes of Work for January/February:

##### **3.1 NEMA Projects**

- **3 Waters Work Package 1-5.** The final wastewater project in this work package is the repair to the Brick Arch which runs below Brougham Street. Trueline have commenced work on this project. The project progressed on schedule with construction completed by the end of January. Final completion and handover to asset owner by end February. On completion

of this final project in the work package it is forecast that there will be a remaining contingency of approximately \$245k.

- **Wastewater Betterment Project** – the raising of 3 pump stations – fabrication and concreting of 3 bases commenced with issue of NTC for the fourth pump station.
- **Stormwater Betterment Project** – Coates Street. Contractor to commence pricing the approved soakage design.
- **Westport Port Repairs** – Procurement documentation and RFT prepared to go to market in February
- **Reefton Historic Landfill** – project completed. The project was delivered under budget for both NEMA and BDC.

**Final Costs:**

NEMA	\$	937,321
BDC	\$	153,819
TOTAL	\$	1,091,140

### 3.2 IAF Projects

- A delivery plan and design budget has been approved by Kainga Ora.
- At the Council meeting on 28 February 2024, Council endorsed the CEO action in signing the Infrastructure Acceleration Fund Delivery Plan in December 2023, noting the following:
  - The Council's funding for this project, \$200,000 which funds initial development feasibility, the IAF application and activities to support the establishment of the future development
  - The cost of infrastructure constructed is, \$13.6million, plus the Council's cost of supporting the development, \$200,000, will also be recovered over time by a development levy on subdivision activity.
- IAF reports will no longer be in the public excluded section of the meeting

### 3.3 Better Off Funded Projects

- All additional projects (reallocated funding) submitted to DIA and approved, except Ngakawau swimming pool which was awaiting quotes – submitted on 12 February.
- 6 monthly reports submitted to DIA first week February
- Claim of \$347,864 approved by DIA
- All projects are on track with no issues to report

## **4. CONSIDERATIONS**

### **4.1 Strategic Alignment**

Not relevant to this report

### **4.2 Significance Assessment**

Not relevant to this report

### **4.3 Tangata Whenua Considerations**

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

### **4.4 Risk Management Implications**

All projects/initiatives carry a low-risk threshold for Council and a full risk register for each project is completed.

### **4.5 Policy Framework Implications**

Council must comply with the relevant policy and legal requirements of the “Better Off” funding agreement, including the Water Services Act 2021, Health Act 1956, the Health and Safety at Work Act 2015, the Resource Management Act 1991, Local Government Act 2002 and Council’s own Procurement Policies and Delivery Guidelines.

### **4.6 Legal Implications**

No legal implications are foreseen.

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

All eligible costs for these projects are funded through NEMA and DIA funding agreements.

### **4.8 Media/Publicity**

Publicity is expected across these projects through the delivery phases.

### **4.9 Consultation Considerations**

The team will work to ensure affected parties and stakeholders will be included and consulted throughout the programme delivery process.



## Project Status Report – NEMA Projects overview – January 2024



### Programme/Project Details

<b>Location and Region:</b>	Buller District
<b>Contracted Amount:</b>	\$17.1 million of which \$10.6 million is for 'out of policy' repairs. Eligible infrastructure repairs are covered under the normal policy of 60% Govt/40% Council. Cabinet approved 'out of policy' for Betterment projects, Dredging and the 40% Council share. BDC share is the threshold payments for each event and any insurance claim deductions.
<b>Reporting Period:</b>	January 2024 (Financials to 30 December 2023)
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	NEMA
<b>Programme Manager:</b>	Penny Bicknell
<b>Programme Outcomes:</b>	<p>Flood Recovery Infrastructure repairs relating to the July 2021 and February 2022 weather events. The Programme of Works covers Infrastructure repairs approved by Cabinet for Tranche 2 in June 2022.</p> <p>The Programme of works includes the following work packages (WP):</p> <ul style="list-style-type: none"> <li>• WP 1-5: 3 Waters repairs</li> <li>• WP 6 Betterment Projects (out of policy)</li> <li>• WP 7 Westport Port Repairs</li> <li>• WP 8 Westport Dredging Project (out of policy)</li> <li>• WP 9 Inangahua River Projects <ul style="list-style-type: none"> <li>○ Reefton Historic Landfill land</li> <li>○ Reefton Stopbank repairs (completed))</li> </ul> </li> <li>• WP 10 Tiphead repairs (completed)</li> <li>• Programme Manager</li> </ul>


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

Aspect	Status	Comments
<b>Overall:</b>	A	<ul style="list-style-type: none"> <li>Overall, the programme is progressing well.</li> <li>Wharf repairs are behind schedule due to implementing a Peer review requested by NEMA.</li> <li>4 Betterment projects are behind schedule but will be completed by the end of the financial year</li> </ul>
<b>Budget:</b>	G	<ul style="list-style-type: none"> <li>\$17,144,191</li> </ul>
<b>Scope:</b>	A	<ul style="list-style-type: none"> <li>Await tender for Port to understand whether any rescoping required</li> </ul>
<b>Resource:</b>	G	<ul style="list-style-type: none"> <li>Resource to be assigned to each project as required</li> </ul>
<b>Schedule:</b>	A	<ul style="list-style-type: none"> <li>Schedule for each project - see page 4. Currently all scheduled to be completed by the end of the financial year except for the Wharf Repair</li> </ul>
<b>Risks / Issues:</b>	G	<ul style="list-style-type: none"> <li>All programmes have a Risk and Issues matrix. Risk of Wharf repair project not being completed in this financial year will require Ministerial approval to extend the funding. This has been requested.</li> </ul>

<b>State of Play</b>	
<b>Last Month (January)</b>	<b>Next Month (February)</b>
<ul style="list-style-type: none"> <li>• WP1-5 One final project to complete – Brougham Street Brick Arch – Physical construction works commenced early December and are scheduled for completion by end January 2024</li>   <li>• WP6 Betterment:               <ul style="list-style-type: none"> <li>○ WW Pump stations – Completion of concrete bases on 3 sites and steel structures construction commenced offsite</li> <li>○ WWTP Grit &amp; Sediment DO worked with supplier to complete proposal</li> <li>○ Alt Drinking Water options – Discussions on final report and approach to Water testing</li> <li>○ Coates Street – Options discussed at PiP meeting and confirmed to NEMA</li> </ul> </li>   <li>• WP7 Westport Port Repairs. Prepare procurement docs</li>   <li>• Reefton Historic Landfill. Inspection and asset handover.                Final costs: NEMA \$ 937,321                                  BDC \$ 153,819                                  TOTAL \$1,091,140</li> </ul>	<ul style="list-style-type: none"> <li>• Final completion and close out to be completed by 1 March.</li> <li>• All other projects in WP 1-5 are complete and all assets transferred back to the asset owner.</li>   <li>• WP6 Betterment:               <ul style="list-style-type: none"> <li>○ Pump stations – Continue fabrication of steel frames and issue NTC for separable portion for number four.</li> <li>○ WWTP Grit &amp; Sediment - Long lead time parts ordered.</li> <li>○ Alt drinking water options – BDC to decide on water testing options.</li> <li>○ Coates Street – Contractor to commence pricing soakage design.</li> </ul> </li>   <li>• Prepare RFT for tender by end Feb.</li> </ul>

## Project Schedule

NEMA T2 Project Schedule																																				
Project	2022						2023												2024						Comments											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun												
WP 1-5 3 Waters	Construction continued from emergency repair works																																			Final project to be completed - Brougham St. Brick Arch - February 2024
WP 6 Betterment Projects						Planning and Design	Construction																					4 projects completed, 3 projects to be completed end March 2024, 1 project jointly funded with IAF project complete by end June 2024								
WP7 Westport Wharf				Planning and Design																								Current indication of completion December 2024, but final date will not be known until procurement completed								
WP8 Dredging						Dredging commenced																						Schedule to May 24								
WP9 - Reefton Stopbank	River training						River training																					Project Complete								
WP 9 Reefton Landfill			Planning and Design				Construction										River training											Project Complete								
WP10 Tiphead Revetment				Planning and Design		Construction																						Project Complete								

Financials (30 December 2023)							
Budget and Expenditure Summary.							
NEMA Tranche 2 Programme For Period 2023/24- December							
	CURRENT BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
<b>WP1-5 3 Waters Repairs</b>	<b>0</b>	<b>2,053,224</b>	<b>(1,924,603)</b>	<b>125,762</b>	<b>(254,383)</b>	<b>0</b>	<b>0</b>
Expenses	2,511,751	2,053,224	0	0	458,527	2,511,751	0
Revenue	(2,511,751)	0	(1,924,603)	125,762	(712,911)	(2,511,751)	0
<b>WP6 3W Betterment Projects</b>	<b>0</b>	<b>658,929</b>	<b>(506,153)</b>	<b>152,776</b>	<b>(305,551)</b>	<b>0</b>	<b>0</b>
Expenses	1,582,000	658,929			923,071	1,582,000	0
Revenue	(1,582,000)		(506,153)	152,776	(1,228,623)	(1,582,000)	0
<b>WP7 Westport Port Repairs</b>	<b>0</b>	<b>284,244</b>	<b>(232,024)</b>	<b>52,220</b>	<b>(104,440)</b>	<b>0</b>	<b>0</b>
Expenses	5,920,000	284,244			5,635,756	5,920,000	0
Revenue	(5,920,000)		(232,024)	52,220	(5,740,196)	(5,920,000)	0
<b>WP8 Westport Dredging Project</b>	<b>0</b>	<b>2,740,500</b>	<b>(2,764,125)</b>	<b>(23,625)</b>	<b>47,250</b>	<b>0</b>	<b>0</b>
Expenses	4,716,000	2,740,500			1,975,500	4,716,000	0
Revenue	(4,716,000)		(2,764,125)	(23,625)	(1,928,250)	(4,716,000)	0
<b>WP9 Inangahua Landfill</b>	<b>0</b>	<b>937,321</b>	<b>(799,616)</b>	<b>137,705</b>	<b>(275,410)</b>	<b>0</b>	<b>0</b>
Expenses	1,074,000	937,321			136,679	1,074,000	0
Revenue	(1,074,000)		(799,616)	137,705	(412,089)	(1,074,000)	0
<b>WP9 Inangahua Camp Ground</b>	<b>0</b>	<b>59,238</b>	<b>(59,238)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenses	150,000	59,238			0	59,238	90,762
Revenue	(150,000)		(59,238)	0	0	(59,238)	(90,762)
<b>WP10 Tiphead Repairs</b>	<b>0</b>	<b>759,419</b>	<b>(732,064)</b>	<b>27,355</b>	<b>(27,355)</b>	<b>0</b>	<b>0</b>
Expenses	1,000,000	759,419			0	759,419	240,581
Revenue	(1,000,000)		(732,064)	27,355	(27,355)	(759,419)	(240,581)
<b>Programme Management</b>	<b>0</b>	<b>132,653</b>	<b>(128,092)</b>	<b>4,561</b>	<b>(9,121)</b>	<b>0</b>	<b>0</b>
Expenses	190,440	132,653			57,787	190,440	0
Revenue	(190,440)		(128,092)	4,561	(66,909)	(190,440)	0
<b>TOTAL</b>							
Expenses	17,144,191	7,625,528		0	9,187,321	16,812,848	331,343
Revenue	(17,144,191)		(7,145,915)	476,754	(10,116,332)	(16,812,848)	(331,343)
Deductions	0				0		
<b>Total</b>	<b>0</b>	<b>7,625,528</b>	<b>(7,145,915)</b>	<b>476,754</b>	<b>(929,011)</b>	<b>0</b>	<b>0</b>

**Claims to NEMA**

	Costs	Threshold	on Hold	Ineligible	Invoiced	Paid	Paid from \$1mil advance
Pre Tranche 2 (60%)	457,843.15	- 173,850.00	-	-	-	-	283,993.15
Claim 1	957,121	- 174,914			782,207	782,207	-
Claim 2 (40%)	441,549				179,231	179,231	262,317.83
Claim 3	632,903		- 91,028	- 4,297	537,578	537,578	-
Claim 4	1,104,415		- 18,088	- 1,354	1,084,973	1,084,973	-
Claim 5	739,295				739,295	739,295	-
Claim 6	55,405				55,405	55,405	-
Claim 7	938,899		24,009*		962,908	962,908	-
Claim 8	661,351		- 13,495	- 285	647,571	647,571	-
Claim 9	578,430		- 4,028		574,402	574,402	-
Claim 10	590,520		- 32,499		558,021	558,021	-
Claim 11	587,976	-	- 17,706	-	570,271	570,271	-
Claim 12 invoiced and pd Jan	191,734	-			191,734		-
To claim	145,928	-	-	-	-	-	-
	<b>7,625,528</b>	<b>- 174,914</b>	<b>- 152,834</b>	<b>- 5,936</b>	<b>6,883,597</b>	<b>6,691,863</b>	<b>262,318</b>
		* includes \$52,170 resolved from Claim 3					
				Pd from Advance	<b>262,318</b>		
				TOTAL revenue	<b>7,145,915</b>		

NEMA T2 Programme Surplus Report	Budget	Final Cost	Surplus	40%
<b>Completed Project</b>				
Tiphead (final report July 2023)	\$ 1,000,000	\$ 759,419	\$ 240,581	\$ 96,232
Reefton Campground (financial report updated September 2023)	\$ 150,000	\$ 59,238	\$ 90,762	\$ 36,305
Reefton Landfill (financial report January 2024)	\$ 1,074,000	\$ 937,321	\$ 136,679	\$ 54,672
<b>Total surplus available for recommendation for reappropriation to another T2 project</b>				<b>\$ 187,209</b>

## Communications

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

A media release is planned for the completion of WP1-5 \$2.5m programme at completion of Brougham Street Brick Arch

## Project Status Report – Better Off Funding Projects overview – January 2024



### Programme/Project Details

<b>Location and Region:</b>	Buller District
<b>Contracted Amount:</b>	\$3,500,000
<b>Reporting Period:</b>	January 2024 (December 2023 financials)
<b>Project Principal:</b>	Buller District Council (BDC)
<b>Project Partner(s):</b>	DIA (Crown Infrastructure)
<b>Programme Manager:</b>	Penny Bicknell
<b>Programme Outcomes:</b>	<p>The scope is made up of 13 projects. 9 are approved by DIA that meet the funding criteria and demonstrate wellbeing outcomes.</p> <p>6 projects approved by Council in September for the unallocated funding of \$650k (2 of these projects are additional funding for existing projects in the portfolio and have been approved by DIA as change requests) – three further projects approved, and one still to be submitted</p>



Project Overview/traffic Light Status/High-Level Summary (G = Green; A = Amber; R = Red)		
Aspect	Status	Comments
<b>Overall:</b>	G	The programme was prioritised by Council and approved by Crown Infrastructure
<b>Budget:</b>	G	\$3,500,000
<b>Scope:</b>	G	<p>The Programme of works includes the following approved projects:</p> <ul style="list-style-type: none"> <li>• Three Waters projects</li> <li>• Reefton Wastewater/Stormwater modelling</li> <li>• Climate Change Adaptation and Master Planning</li> <li>• Community Hub Feasibility Study</li> <li>• Civil Defence Procurement</li> <li>• Airport Relocation options study</li> <li>• Karamea Reserve Water Supply</li> <li>• Westport Emergency Water supply</li> <li>• Reefton Campground Accommodation</li> <li>• Westport Stormwater/wastewater work</li> <li>• Test bore and sampling for non-compliant water supplies - Little Wanganui and Mokihinui</li> <li>• Granity Fundraising Centre</li> <li>• Ngakawau Swimming Pool improvements (awaiting final quotes to submit to DIA)</li> </ul>
<b>Resource:</b>	G	Resource to be assigned to each project as required
<b>Schedule:</b>	G	Schedule for each project to be determined. Final deadline for Crown Infrastructure projects programme is 30 June 2027
<b>Risks / Issues:</b>	G	Scope of works may need to be reduced in some projects to ensure they remain in budget

State of Play	
Last Month (January)	Next Month (February)
<ul style="list-style-type: none"> <li>• Applications to DIA – all projects submitted approved by DIA. Ngakawau swimming pool – awaiting final quotes to submit to DIA</li> <li>• 3 Waters – Preliminary engineering design and access requirements has begun on Inangahua water trunk main renewal and stormwater improvement and also the Henley Street stormwater outfall. Westport SW WaStops bundle tendered and awarded. Construction commenced in December.</li> <li>• Reefton modelling – RFP to consultants to price from an approved consultants list – being passed to new Project Manager to manage.</li> <li>• Climate Change Adaptation – Community engagement coinciding with TTPP drop-in sessions (outside Westport).</li> <li>• Master Planning - Stage 1 – Vision – project - Isthmus visited Westport in December and workshop with Council</li> <li>• Community Hub Feasibility Study - Compile info for inclusion in LTP. Finalised draft Feasibility study for review late December/January. Working group reviewing governance structure for future. DIA approved additional funding</li> <li>• Civil Defence – Bulk of procurement complete</li> <li>• Airport Relocation Options study - Report completed</li> <li>• Karamea Reserve Water – Final report uploaded to DIA portal</li> <li>• Westport Critical Water supply – pilot study underway. Additional funding approved</li> <li>• Reefton Campground cabins - Project progressing with working group. Site confirmed and preliminary designs approved. Federation Mining timing now March/April.</li> <li>• Test bore and sampling for non-compliant water supplies - Little Wanganui and Mokihinui – on site meeting with driller and ordering of sample bottles</li> <li>• Westport Wastewater/Stormwater work – DIA approved</li> </ul>	<ul style="list-style-type: none"> <li>• Awaiting Ngakawau swimming pool quotes prior to submitting an application to DIA. 6 monthly reports due to DIA</li> <li>• Complete construction works for Westport stormwater Wastop bundle. Design drawings to be ready for tender for Henley St stormwater by end February. Both Inangahua projects to be contracted to Engineering firm Envirolink (Larsen St stormwater and treated water main upgrade). Inangahua stormwater upgrade progressed to prelim design ready for discussion with NZTA.</li> <li>• Reefton modelling and report to be completed by February 2024.</li> <li>• Focus on data collection for Risk Explorer (renamed Resilience Explorer)</li> <li>• Vision workshop to be held early April</li> <li>• Finalise final report and scope work for concept design</li> <li>• Balance of funds to be committed early 2024.</li> <li>• Finalised report to be uploaded to DIA portal in 6 monthly report</li> <li>• Await DIA sign-off for 6 monthly report (March)</li> <li>• Westport Critical Water supply – finalizing tank location sites and land-owner agreements.</li> <li>• Next stage of detailed designs to be contracted and investigate services/legal advice required.</li> <li>• Undertake drilling.</li> <li>• Commence planning</li> </ul>

Project Road Map/Schedule (Deadline for completion 30 June 2027)																			
Project task	Feb 2023	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	Jul	Comments
3 Waters																			Construction to commence Oct 2023 and be complete by July 2024
Reefton WW/SW modelling																			Report by Feb 2024
Climate Change Adaptation																			Ongoing – linked to other funding
Master planning																			Final workshops early April 2024
Community Hub feasibility study																			Feldspar contracted complete by December 2023. Final report end Jan
Civil Defence																			Complete early 2024
Airport relocations options study																			Study completed
Karamea Reserve Water																			Completed – final report to DIA
Westport critical Water Supply																			Site location and installation
Reefton Campground																			Project planning/scope approved
Westport Stormwater/Wastewater																			Quoting of works underway



## Communications

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

Westport News reported on the request to reprioritise funding from Waimangaroa and Westport smoke testing projects and the subsequent discussions at the April Council meeting. Better off Funding Tranche 2 funding has been withdrawn by Government.

Westport News reported on the additional funding available of \$950k from the Westport Wastewater/stormwater smoke testing project and Waimangaroa water project discontinuation.

Westport News reported on the allocation of \$300k to Reefton Campground Accommodation

Westport News reported on the Council workshop in September and the outcome of the Council meeting for the unallocated funding of \$650k

Cultural Community Hub working group met with Westport News Reporter in November to ensure correct facts are in the public domain

**Projects in Partnership Extraordinary Meeting – Minutes**  
**Tuesday 23 January 2024**  
**4.00 – 5.00 pm, Clocktower Chambers and via Zoom**

**Present:**

- Chairperson and Mayor Jamie Cleine (JC); Councillor Phil Grafton (PG); BDC CEO Steve Gibling (SG); Acting BDC Group Manager Infrastructure Services Eric de Boer (EdB); BDC CFO Douglas Marshall (DM); BDC Programme Manager - Recovery Penny Bicknell (PB); BDC Project Manager Rob Poole (RP); Minute Taker Kirstin McKee
- Attending via Zoom; NEMA Suzy Paisley (SP); Ned Tauwhare (NT),
- Apologies , Group Manager Infrastructure Services Mike Duff

**1. Welcome and Introduction**

Meeting started at 4.02 pm.

**2. Previous Meeting Minutes**

Public and public excluded minutes – 4 December 2023

No issues raised, clarified, or corrected.

**Minutes accepted as tabled**

**3. NEMA Betterment****Coates Street Stormwater**

P Bicknell spoke to the report. At the previous Projects in Partnership (PiP) meeting, the committee had asked for more information and to have further discussion to base a decision on this NEMA betterment funding. This report shows evidence that some soak aways are installed and working.

R Poole - Waiwhero Sewerage Design systems have carried out some testing close to where the soak aways are proposed to be placed, so would expect similar ground conditions.

R Poole updated the committee with details - Soakage sump on corner of Hall and Coates Street is an upgrade to a pre-existing sump, this area is a particularly bad area for puddling when there is heavy rain. (referred to plan on Page 30).

Discussions have been had with West Coast Regional Council regarding this solution and raised concerns about the construction methodology to ensure that no fines get into the system which would clog up the filter cloth. WCRC agreed this was the best available option given the budget.

General discussion about the design with input from E de Boer from an Infrastructure Services point of view. The base principles of this paper is the conclusion of all the work undertaken to date by staff, they are at a point where an ultimate goal for Coates Street is unobtainable within the funding that is available from NEMA. Staff have designed a fit for purpose system that would deal with nuisance flooding only.

S Paisley commented that NEMA is interested in any type of solution that will decrease the likelihood of severe flooding in Westport.

Further discussion about the degree of protection this system will provide, while not a complete solution this will provide some peace of mind to the residents who are expecting some type of flood mitigation protection.

S Gibling queried if the purpose is to reduce severe flooding, and we have a proposal using NEMA funds that will only reduce nuisance flooding, can the PiP committee make this decision, or do the committee need NEMA to confirm they are happy with this.

P Bicknell answered that NEMA are usually happy to accept an endorsement from this group. It is betterment, not like-for-like, so a different criterion.

Work would not be commenced until NEMA approval was received based on this committees recommendation. The team at NEMA are aware of this information coming to this PiP meeting.

S Paisley commented on the point re the communications out to the public around the project to ensure that it is conveyed; this is betterment, not replacing like-for-like, and that this is likely to reduce the risk of some flooding. Important to be upfront around the level of risk that the intervention is seeking to reduce and that it is betterment. These would be the key points NEMA would be looking for.

J Cleine put to the committee to approve this design; the rationale being that while it is not a full solution, it has been design modelled as sufficient for a 10 year return period flood so will provide improvement and betterment to what the Coates Street area currently has.

**The committee approves this design**

#### **4. NEMA Betterment**

##### WWTP Grit Screen Replacement

P Bicknell spoke to the report which was designed to give technical information around the wastewater treatment plant grit screen replacement project and noting this project is co-funded by the IAF funding. A current issue around this funding is the IAF funding; we can only use the design element of the funding, not the construction side of the funding. This means once we have the equipment we are still waiting for the KPI's that releases the main funding which would lead to a time lapse between getting the equipment and installing it.

This equipment needs to be ordered before the first week of February at a cost of \$432,000.

Wastewater treatment plant - the current screens are at the end of their use useful life, the maintenance work has been deferred because of this possible work. If we were to reappropriate this funding Council would need to find this \$420,000 in the near future. These are the key issues.

There is also a risk if the screen is not ordered by first week of February, BDC will be unable to spend the NEMA money in a timely fashion, it is a "use it or lose it" scenario. BDC need to commit or look to lose this funding. The total project of \$1,050,000 (pg 65).

Invoices to NEMA need to be completed by end of June 2024 in order to be eligible within the NEMA financial year.

Discussion re the life of the grit screens; this is dependent on how they are treated. This is an improvement (betterment) grit screen for the future, not a like-for-like. Previously there have been no screens so all the sediment laden water goes to the treatment plant, which then requires the plant to be shut down and dug out.

Preventing the grit coming through will decrease the likelihood that the plant won't have to be shut down. This will improve efficiency and capacity and also increase the life of the filters, it offers a layer of protection to the treatment plant by removing this grit.

The committee considered the Recommendations 1-6 (Pg 36).

J Cleine noted the summary and options against the NEMA betterment project and to meet the criteria of the NEMA funding for the committee to endorse the recommendation for the project.

**Recommendation:**

6. **Approve** the order of long lead items to the value of **\$432,223** to commit the available NEMA funding.

**Approved**

Please let it also be noted the Recommendations 1 -5 below; and that the committee have had this discussion and noting the advice from the engineering team.

**Recommendations:**

1. **Review** the proposal from BrickHouse Technologies
2. **Note** that the Infrastructure Team have reviewed the proposal and that their recommendations have been incorporated including upsizing the screen to provide capacity for future growth and identifying critical spares.
3. **Note** NEMA funding of \$500,000 must be committed before June 30 2024 or it may be lost to BDC.
4. **Note** IAF funding for design is now available but that IAF construction funding will only become available when BDC has satisfied additional funding conditions. The timing of being able to satisfy those conditions is currently uncertain.
5. **Note** that the WWTP screen is close to the end of its useful working life.

**7. Other business**

No other matters were raised.

**The meeting closed at 4.28 pm.**



## RISK AND AUDIT COMMITTEE

13 MARCH 2024

### AGENDA ITEM 15

Prepared by Douglas Marshall  
Chief Financial Officer

#### PUBLIC EXCLUDED

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#### 1. REPORT SUMMARY

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

#### 2. DRAFT RECOMMENDATION

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

Item No.	Minutes/ Report of:	General Subject	Reason For Passing Resolution under LGOIMA
PE 1	Douglas Marshall - Chief Financial Officer	Confirmation of Previous Public Excluded Minutes	<b>(s 7(2)(i))</b> - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or <b>(s 7(2)(j))</b> - prevent the disclosure or use of official information for improper gain or improper advantage.
PE 2	Steve Gibling - Chief Executive Officer	LGOIMA Summary	<b>(s 7(2)(a))</b> - Protect the privacy of natural persons, including that of deceased natural persons;