



AGENDA

Meeting of the
Risk and Audit Committee

Wednesday 14 February 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 2023 include:

CLEAR AND RESPECTFUL COMMUNICATION

We are committed to:

Actively listening and not interrupting;

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

Responding/answering in a timely manner; and

Being honest, reasonable, and transparent.

TRUST AND RESPECT

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

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

CONTINUOUS LEARNING AND IMPROVEMENT

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

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

NONE OF US IS AS SMART AS ALL OF US

Risk and Audit Committee

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

Purpose

The Risk and Audit Committee is responsible for:

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

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

Terms of Reference:

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

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

Internal Audit

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

Other Matters

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

The Committee is delegated the following powers:

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

Special Notes:

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

Oversight of Policies:

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

Appendice - Common Delegations

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

General Principal

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

These Committees will:

Strategy, plans and policy

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

Bylaws

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

Consultation and engagement

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

Submissions and legislation

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

Contracts

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

Other

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

Risk and Audit Committee Copy

Clocktower Chambers,
Palmerston Street, Westport



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RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 1

Prepared by Douglas Marshall
Chief Financial Officer

APOLOGIES

1. REPORT SUMMARY

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

2. DRAFT RECOMMENDATION

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

OR

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

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 2

Prepared by Douglas Marshall
Chief Financial Officer

MEMBERS INTEREST

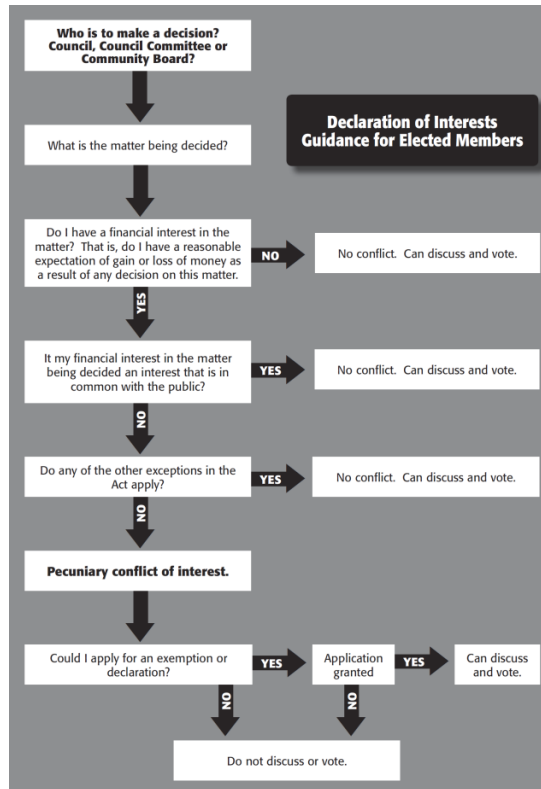
Members are encouraged to consider the items on the agenda and disclose whether they believe they have a financial or non-financial interest in any of the items in terms of Council's Code of Conduct.

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

14 FEBRUARY 2024

AGENDA ITEM 3

Prepared by Douglas Marshall
Chief Financial Officer

CONFIRMATION OF PREVIOUS MINUTES

1. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive and confirm minutes from the meeting of 13 December 2023.

MEETING OF THE RISK AND AUDIT COMMITTEE, HELD AT 1.30PM ON WEDNESDAY 13 DECEMBER 2023 AT CLOCKTOWER CHAMBERS, PALMERSTON STREET, WESTPORT.

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

IN ATTENDANCE: S Gibling (CEO), D Marshall (Chief Financial Officer), K Trigg (Group Manager Community Services), L Brooks (Finance Manager), P Bicknell (Programme Manager, Recovery), G Barrell (Governance Secretary)

MEETING DECLARED OPEN AT: 1.30pm

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:

Nil

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

S Roche/Cr A Pfahlert
12/12
CARRIED UNANIMOUSLY

3. CONFIRMATION OF MINUTES (Page 12)

Discussion:

Nil

RESOLVED that the Risk and Audit Committee receive and confirm minutes from the meeting 15 November 2023.

Cr G Weston/Cr J Howard
11/11
Cr R Sampson abstained
CARRIED UNANIMOUSLY

4. ACTION POINTS (Page 21)

Discussion:

229: A question was raised as to whether the budget dates being July 2023 – June 2031 were correct? D Marshall to email details of LTP budget to Cr Reidy on this item.

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

Cr P Grafton Cr T O'Keefe
12/12
CARRIED UNANIMOUSLY

5. RISK AND AUDIT WORKPLAN REPORT (Page 24)

Discussion:

Nil

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

Cr A Pfahlert/Cr P Grafton
11/1
Cr C Reidy against
MOTION CARRIED

6. LETTER OF EXPECTATION TO BULLER HOLDINGS LIMITED (BHL) 2024/2025 FINANCIAL YEAR (Page 27)

Discussion:

D Marshall spoke to the report.

S Roche advised of a number of minor amendments which she shall provide to Mr Marshall for correction prior to the letter being issued.

When noted that a target of \$1.3m appeared to be excessive, S Roche advised that sometimes BHL does make a greater profit and they look to distribute additional funds, so may not need to cap the profit in case of times like this.

It was noted that on Page 29, last paragraph, the word FRAC should be changed to RAC.

RESOLVED that the Risk and Audit Committee endorses the Letter of Expectation to be sent to Buller Holdings Limited subject to the amendments received.

Cr A Pfahlert/DM A Basher
12/12
CARRIED UNANIMOUSLY

7. REVIEW OF FINANCIAL DELEGATIONS' POLICY
(Page 31)
Discussion:

D Marshall spoke to his report. He noted some amendments including that the reference to the Annual Plan (AP) should refer to the AP and Long-Term Plan (LTP).

Mr Marshall advised there are different levels of financial delegation given amongst staff.

The following points were noted as appropriate changes to the draft on the agenda and they will be included in a marked up copy for the first council meeting in 2024 for adoption.

Any reference to Annual Plan should also include Long Term Plan (LTP).

The first column in part 4.5 has a column heading called "Sec". Sec means sections and we are referring to sections of the Local Government (Rating) Act 2002. This needs to be changed to make it clear what the reference is.

On page 42 of the agenda – in the last table item - bereavement leave approval – there are staff working notes that need to be removed.

Page 43 - special leave - fire "brigade" the reference should be to fire and emergency.

RESOLVED that the Risk and Audit Committee recommend the revised Financial Delegations Policy, subject to the highlighted amendments, be adopted by Council.

Cr G Neylon/Cr G Weston
11/1
Cr C Reidy against
MOTION CARRIED

8. HEALTH AND SAFETY REPORT (Page 45)

Discussion:

S Gibling spoke to the report noting that incidents and near misses are continually tracked to ensure mitigation which is in place is effective for staff and community.

There is representative training for H&S staff in place. Continually reviewing how we can improve and work to comply with H&S Workplace Act.

RESOLVED that the RAC receive the Health and Safety report for information.

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

9. STRATEGIC RISK REGISTER (SRR) UPDATE DECEMBER 2023 (Page 50)

Discussion:

S Roche advised that there will be a full review coming to Council in March 2024. D Marshall spoke that Pages 55 and 56 show additional risks regarding Information Technology (IT) in particular. Also, the lifting of the pumpstations.

Mr Marshall met with P Rossiter today and mapping out of the review workshops has begun.

Mr Marshall requested Councillors consider how they would like SRR reporting to be done in the future as part of this review process.

A request was made to update any changes to the erosion at Carters Beach. D Marshall advised he will check and log if necessary.

Mayor J Cleine queried whether it is within RAC jurisdiction to monitor new items. D Marshall advised if new things come up, RAC will be advised however, they are not specifically looking for problems.

S Roche queried whether the timeframe of possibly having the review of the SRR not finalised until June was satisfactory amongst members, remembering that any new risks identified will be brought to the attention of the Committee.

D Marshall will circulate the SRR when he has spoken further with Mr Rossiter for Councillors to view.

It was noted on Page 56 regarding pump stations being lifted, that the wording should read as 'not' lifted instead of 'bot' lifted.

Concern was noted around the timeframe of the SRR.

S Roche acknowledged the delay in receiving the SRR and reminded Councillors that the monitoring of this has not been lost sight of.

Thanks were given to D Marshall and S Gibling for bringing these to the Committee's attention.

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

Cr P Grafton/DM A Basher
12/12
CARRIED UNANIMOUSLY

10. MONTHLY FINANCIAL PERFORMANCE REPORT – AS AT 31 OCTOBER 2023 (Page 58)

Discussion:

L Brooks spoke briefly to her report and noted a good news story being that the Regulatory services building activity is going very well, showing an increase in revenue and expenditure due to an increase in building activity.

RESOLVED that the Risk and Audit Committee receive the operational performance report to 31 October 2023 for information.

Cr P Grafton/Cr G Weston
11/11
Cr C Reidy abstained
CARRIED UNANIMOUSLY

11. DEBT RECOVERY REPORT 31 OCTOBER 2023 (Page 62)

Discussion:

D Marshall to follow up regarding Rates \$75k and \$75k for Sundry Debtors.

A significant payment from a Government Agency has not been received. The question of what this was for and why has it not been paid was asked. L Brooks advised that this is from Ministry for Building and Innovation and is final clearing up of claims for temporary housing. Expecting payment in the near future.

Ms Brooks reminded it is important to note that new legislation has come in that any organisation putting through more than \$30m per annum will now be required to report on how long they take to pay bills and how long it takes to receive the invoices. It was understood nationally that central government is one of the slowest payers.

Concern was expressed regarding the total arrears of \$850k. L Brooks agreed this is a real concern. She reminded that it is important to remember tracking back to 2014 shows that on the whole, the picture is improving.

L Brooks to check and advise how much of this arrears is interest accrued.

RESOLVED that the Risk and Audit Committee receive the debt recovery report as at 31 October 2023 for information.

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

12. INVESTMENTS AND BORROWINGS – AS AT 31 OCTOBER 2023 (Page 69)
Discussion:

Nil

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

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

13. NEMA AND BETTER OFF FUNDING PROJECT STATUS REPORT
SUMMARIES FROM PROJECTS IN PARTNERSHIP (Page 80)
Discussion:

P Bicknell spoke to her report.

Regarding the NEMA Projects Overview on Page 88, it was clarified that that all of the figures have a minus sign before them except for the \$24,009.49 which is a positive.

RESOLVED that Risk and Audit Committee receive the Reports and Minutes from the Projects in Partnership November meeting.

S Roche/Cr P Grafton
12/12
CARRIED UNANIMOUSLY

Before moving into Public Excluded, S Roche thanked the Councillors, staff, media and community for their time through the year and wished everyone a safe holiday season.

14. PUBLIC EXCLUDED REPORT (Page 99)
Discussion:

Nil

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

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

**DM A Basher/Cr A Pfahlert
12/12
CARRIED UNANIMOUSLY**

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 4

Prepared by Douglas Marshall
Chief Financial Officer

Attachment 1 Action Points

ACTION POINTS

1. DRAFT RECOMMENDATION

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

RAC Action Points - CURRENT

No.	Meeting Of / Action Point	Responsible	Update:	Date Required By:
230	13 December 2023 PIP IAF Update 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		Early 2024

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 5

Prepared by: Douglas Marshall
Chief Financial Officer

Attachments: RAC Workplan 2024

RISK AND AUDIT WORK PLAN

1. DRAFT RECOMMENDATION

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

**Risk and Audit Committee
Proposed Programme 2024 Calendar Year**

ATTACHMENT 2

Categories/Reports Proposed	SLT Member	Reporting Officer	February	March	April	May	June	July	August	September	October	November	December
Risk & Assurance Items													
Ernst & Young Report on BDC's Annual Report and its Preparation	CFO	Finance Manager		✓									
Strategic Risk Register Update	CFO	CFO			✓			✓			✓		✓
Strategic Risk Framework Review	CFO	CFO								✓			
Health and Safety Report Update	CFO	HR		✓			✓			✓			✓
BHL Letter of Expectation	CFO												✓
CCO Statements of Intent	CFO	Finance Manager		Draft				Final					
CCO Director Appointments and Remuneration	CFO	Finance Manager			Review Appointments and remuneration levels								
CCO Exemption Paper (required every 3 years)	CFO	Finance Manager	✓										
BHL Quarterly Financials	CFO	Finance Manager	✓			✓						✓	
BHL Annual Report. (adopt is required under law by 30 Sept each year)	CFO	Finance Manager								✓			
Westport Airport Authority Financials - 30 June	CFO	Finance Manager								✓			
Westport Airport Authority Financials - Half year	CFO	Finance Manager		✓						✓			
Insurance	CFO	Management Accountant						Insurance Update Report		Insurance Update Report		Finalise	
Review of Procurement Policy	IS	Manager Infrastructure Delivery			✓								
Review of BDC Created Policy	CFO	CFO				✓						✓	
Review of Business Continuity Plan	CFO	CFO	✓										
LOGIMA report	CEO	CEO	✓		✓			✓			✓		
Internal Audits													
Dredge Activities	CFO	Project Accountant	✓			✓			✓			✓	
Harbour Activities	CFO	Project Accountant				✓			✓			✓	
Follow-up on Ernst & Young Matters Raised in Their Annual Report	CFO	Finance Manager			EY Closing Report	✓		✓		✓			
Monitoring Items													
BDC Quarterly / Half Yearly Financials	CFO	Finance Manager	✓			✓						✓	
BDC Monthly Financial Performance Report	CFO	Financial Accountant		✓	✓		✓	✓		✓	✓		✓
BDC Investments and Borrowings	CFO	Finance Manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BDC Debtors	CFO	Finance Manager		✓			✓			✓			✓
BDC Capital Receipts and Expenditure	CFO	Financial Accountant	✓			✓						✓	
PIP Report	CEO	CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Capital Report Multi-Year Projects										✓			

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

Major Financially Based Reports to be Prepared in the 2024 Calendar Year														
Annual Plan										Preparation of draft	Preparation of draft	Preparation of draft	Preparation of draft	Preparation of draft
Long Term Plan			Preparation	Preparation	Consultation	Hearings	Adoption							
BDC Annual Report							Interim Audit	Preparation of Annual Report	Preparation of Annual Report	Preparation of Annual Report	Adoption Annual Report - Audit opinion issued	Publish Annual Report & Summary Document	Publish Annual Report & Summary Document	
Rating Policy Review														
Rating Policy Review			Preparation and review - 3 waters rates	Preparation and review - 3 waters rates	Consultation part of LTP	Hearings part of LTP	Adoption part of LTP			Preparation and review - general rates	Preparation and review - general rates	Preparation and review - general rates	Preparation and review - general rates	

BULLER DISTRICT COUNCIL

14 FEBRUARY 2024

AGENDA ITEM 6

Prepared by Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

**COUNCIL CONTROLLED ORGANISATION FINANCIAL REPORTING EXEMPTION:
DENNISTON HERITAGE CHARITABLE TRUST, BULLER RESILIENCE TRUST AND
BULLER HEALTH TRUST.**

1. REPORT SUMMARY

Under the Local Government Act, an exemption can be used by council's to not undertake certain reporting requirements for their Council Controlled Organisations (CCO).

This exemption reduces reporting requirements for Statements of Intent, half year financial reports, and all other compliance matters around audit requirements.

Council has previously approved an exemption for "Other Council Controlled Organisations" which includes Denniston Heritage Charitable Trust and Buller Health Trust in February 2021 and Buller Resilience Trust in March 2023. This paper recommends continuation of this exemption.

The recommendation is that Denniston Heritage Charitable Trust, Buller Health Trust and Buller Resilience Trust are exempted from being classified as a Council Controlled Organisation in terms of the Local Government Act 2002.

2. DRAFT RECOMMENDATION

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 Health Trust as a Council Controlled Organisation**

3. ISSUES & DISCUSSION

Council is deemed to have a controlling interest that meets the legislative definition of a Council Controlled Organisation (CCO) when one or more local authorities control more than 50% of the voting power of that entity. Buller District Council in itself has less than 50% control for the entities listed above.

There are a number of requirements that CCO's must adhere to including, but not limited to:

- CCO's must have a statement of intent that is annually approved by Council.
- Council must monitor performance of the CCO and its contribution towards the local authority's objectives for the organisation and the desired results as set out in the organisations statement of intent as well as the overall aims and outcomes of the local authority
- The CCO must present a half yearly report to shareholders
- The CCO must deliver an audited annual report within 3 months after the end of its financial year

The Local Government Act gives Council the discretion to exempt organisations that qualify as CCO's from being a CCO, giving specific regard to:

- The nature and scope of the activities provided by the organisation; and
- The costs and benefits, if an exemption is granted, to the local authority, the council-controlled organisation, and the community.

Council resolved in February 2021 to exempt Denniston Heritage Charitable Trust and Buller Health Trust as a CCO. Council resolved in March 2023 to exempt The Buller Resilience Trust. The Act requires Council to review the exemption within 3

years of it having being granted and after such a review, at intervals of no less than 3 years. The inclusion of The Buller Resilience Trust in this report is not required as it is within the three year threshold, however it is included for completeness to ensure one report can be put to Council every three years with all requests for CCO exemptions.

All three of these organisations contribute to the district and region as a whole and have a specific focus:

- Denniston Heritage Charitable Trust is involved in the preservation and enhancement of the Denniston historical area by planning and designing developments to preserve the historical characteristics of the area. The trust also co-ordinates funding to this end.
- Buller Health Trust is involved in preserving public health and wellbeing in the Buller district. It achieves this by facilitating the provision of adequate health services to the region in an efficient and effective manner. Council has provided loans to the Trust in the past which have now been repaid. Council does not provide operating funding to the Trust, although it is likely to support it should the benefits to the community outweigh the costs of doing so.
- Buller Resilience Trust has an important part to play in the Buller community as mining activities transition to other activities that support the employees of the mining organisations and the wider community in the future.

To add the formal monitoring and reporting requirements of the Local Government Act 2002 that applies to CCO's would add to the administration and compliance costs of these organisations.

Given that Council may be financial contributor in one way or another as well, this a cost that may ultimately borne by Council. It is noted that this does not limit Council's control of the organisation available per the current constitution of these organisations, nor does it limit Council's responsibility to ensure that each organisation is governed and operated in an appropriate and prudent manner. The manner and reporting to Council in the last three years is deemed to be sufficient.

In Buller Health Trusts case it is intended that Council Finance and Audit Committee continue to be provided with a yearly financial report prepared by an independent chartered accountant firm. Financial targets other than a requirement to break even are inappropriate for the entity as it is registered with the IRD as a charitable trust. Non-financial targets are provided through the trust deed and are a requirement of the trustees to adhere to.

The Denniston Heritage Trust historically has very low level activity, it is a registered charity with revenues typically less than \$4k per annum. Of the seven required Trustees, Council has the right to appoint one Trustee. Annual financial statements are available online at the Charities New Zealand website.

The Buller Resilience Trust will provide an annual report and update Council on any matters that are deemed appropriate for it to be advised on.

Options

	<i>Advantages</i>	<i>Disadvantages</i>
Continue the exemption for the organisations	<ul style="list-style-type: none"> • Less compliance costs and resourcing required 	<ul style="list-style-type: none"> • nil
Discontinue the exemption for the organisations	<ul style="list-style-type: none"> • Gives Council formal control over the reporting to be undertaken by the organisations 	<ul style="list-style-type: none"> • Additional compliance costs that have to be met by shareholder / stakeholders

Considerations

1. Strategic impact

This sets up the requirements for these organisations for the next 3 years.

2. Significance assessment

This matter is not deemed significant under the Council's significance policy.

3. Risk analysis

If Council does not approve the exemption full budgeting, reporting and audit requirements required of a council controlled organisation will need to be met for these entities which will have additional costs.

4. Values

The Buller District Values are: Integrity, Future Focused, Community Driven, One Team and We Care. This report sets up the requirements for these organisations for the next three years.

5. Policy / legal considerations

Council must review its decision under the Local Government Act 2002 to exempt a CCO at intervals not less than 3 years. Council can revoke an

exemption at any time. Council is not required to exempt a CCO but may apply an exemption if it deems this is appropriate.

6. Tangata whenua considerations

There is no need to consult with Iwi.

7. Views of those affected

There is a benefit for these organisations and the ratepayers in exempting these organisations.

8. Costs

There are cost savings by exempting appropriate CCO's; savings in audit fees as performance information will not be required to be audited, savings in accounting fees as a half yearly reports will not be required to be prepared and internal time and costs of Council staff engaged in compliance work for CCO's.

9. Benefits

The main benefit is cost and efficiency for the proposed exemption.

10. Media / publicity

There are no media opportunities.

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 7

Prepared by Julia Gear
Management Accountant

Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

Attachment 1 Westport Airport Authority Half Year Report to 31 December 2023

WESTPORT AIRPORT AUTHORITY – HALF YEARLY REPORT TO 31 DECEMBER 2023

1. REPORT SUMMARY

In accordance with section 66 of the Local Government Act 2002 Council Controlled Organisations must deliver a half yearly report to shareholders.

This report presents the interim (unaudited) financial statements for the six-month period ended 31 December 2023 including the budget for this period. The report also presents a Statement of Service Performance summary.

2. RECOMMENDATION/DRAFT RESOLUTION

That the half yearly report for the Westport Airport Authority to 31 December 2023 be received by Council for information.

3. ISSUES & DISCUSSION

This report is presented to Council to monitor the Westport Airport Authority financial results.

3.1 Revenue

Total revenue is on track with \$102,556 actual compared to \$101,660 budget for the half year.

3.2 Expenditure:

Total operating expenditure (\$262,310) is close to budget (\$257,160) overall, however salaries and wages are higher than budgeted, which means that the end of year total expenditure may be slightly higher than budget if other

expenditure budgets such as repairs and maintenance match the budget at end of year.

Rates and Insurance and Audit Fees are expected to be on budget by the end the year and any variance is due to budget phasing and timing differences only.

3.3 Capital Expenditure:

Capital expenditure to date (\$29,094) is less than budgeted (\$38,271) and this has been spent on the aerodrome beacon light replacement and a spray pump.

Remainder of the capital expenditure this year will be to replace more fencing and update gardens, with a final total spend expected to be approximately half the total budgeted for in the 23/24 Annual Plan. This change to plan was indicated in the Statement of Intent distributed to Shareholders in 2023.

4. CONSIDERATIONS

4.1. Strategic impact

The provision of centralised airport services is important for the community providing travel for economic and social reasons.

4.2. Significance assessment

The significance and engagement policy set 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 due to the value of transactions. However the provision of an Airport service is significant for the District.

4.3. Risk analysis

Risk is assessed by considering the likelihood of an event occurring and the result of that event. This report provides oversight of the financial operations of the Westport Airport Authority but does not elaborate on other risks which may be present with this operation. Risk is mitigated by engaging suitably qualified staff to oversee the airport operations. Financial risk is mitigated when the results of operations are reported on and understood by staff and governance.

4.4. Policy / legal considerations

Section 66 (1) of the Local Government Act 2002 governs the activities of Buller District Council and sets out the requirement to present a half yearly report to shareholders.

The legislation requires that within 2 months after the end of the first half of each financial year, the board of a council-controlled organisation must deliver to the shareholders a report on the organisation's operations during that half year.

4.5. Tangata whenua consultation considerations

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

4.6. Views of those affected

The provision of a Westport Airport service is consulted on with the community during Long Term and Annual Plan processes.

4.7. Costs

There are no extraordinary costs incurred within the reporting period.

4.8. Benefits

The benefits of reviewing the half yearly report is the financial results are monitored at a Council wide level.

4.9. Media / publicity

There are no media or publicity opportunities with this report.

Attachment 1

**WESTPORT AIRPORT
AUTHORITY**

**INTERIM (unaudited)
FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED
31 DECEMBER 2023**

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	December 2023 \$	December 2022 \$
CURRENT ASSETS		
Accounts Receivable and accruals	60,969	12,375
Pre-paid Expenses	<u>10,705</u>	<u>8,381</u>
Total Current Assets	71,673	20,757
NON-CURRENT ASSETS		
Property, Plant & Equipment	<u>5,695,029</u>	<u>5,706,694</u>
TOTAL ASSETS	<u>5,766,702</u>	<u>5,727,450</u>
CURRENT LIABILITIES		
Accounts Payable and accruals	27,178	24,235
Revenue in Advance	678	678
Buller District Council Current Account	<u>512,318</u>	<u>343,573</u>
Total Current Liabilities	543,507	368,486
NET ASSETS	<u>5,223,196</u>	<u>5,358,964</u>
EQUITY		
Equity Ministry of Transport	1,965,532	1,938,721
<u>Less Share of accumulated losses</u>	<u>(509,366)</u>	<u>(326,002)</u>
	<u>1,456,166</u>	<u>1,612,719</u>
Equity Buller District Council	4,315,181	4,111,031
<u>Less Share of accumulated losses</u>	<u>(548,150)</u>	<u>(364,786)</u>
	<u>3,767,031</u>	<u>3,746,245</u>
Equity Ministry of Transport & Buller District Council	6,280,713	6,049,752
<u>Less Total accumulated losses</u>	<u>(1,057,516)</u>	<u>(690,788)</u>
TOTAL EQUITY	<u>5,223,196</u>	<u>5,358,964</u>

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

6 Months Dec 2022 \$		6 Months Dec 2023 \$	Budget 6 Months \$
	Revenue		
19,842	Airport Dues/ Landing Fees	22,131	21,121
54,676	Terminal Rental & Sundry Income	59,424	58,909
21,000	Farming Lease	21,000	21,630
<u>95,518</u>	Total Revenue	<u>102,556</u>	<u>101,660</u>
	Less Expenditure		
15,012	Airport Maintenance	13,557	20,766
192,193	Administration	171,893	151,646
0	Audit Fees	0	9,603
42,942	Depreciation	44,660	48,600
14,105	Rates and Insurance	7,062	2,077
4,151	Power and Telephone	6,092	5,040
8,229	General Expenses	19,047	18,666
<u>277,524</u>	Total Expenditure	<u>262,310</u>	<u>257,160</u>
(182,006)	Operating Surplus (Deficit)	(159,755)	(155,500)
5,219	Interest Expense	-	-
<u>(187,224)</u>	Net Surplus/(Deficit) Before Tax	<u>(159,755)</u>	<u>(155,500)</u>
-	Less Tax Expense	-	-
<u>(187,224)</u>	Net Surplus (Deficit) after Tax	<u>(159,755)</u>	
<u>(187,224)</u>	Net Surplus/(Deficit)	<u>(159,755)</u>	
	Attributable to:		
(93,612)	Profit / (Loss) Buller District Council	(79,877)	
(93,612)	Profit/ (Loss) Ministry of Transport	(79,877)	
<u>(187,224)</u>		<u>(159,755)</u>	

**APPROPRIATION ACCOUNT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

6 Months Dec 2022 \$		6 Months Dec 2023 \$
(503,563)	Opening Balance (Accumulated Losses)	(897,762)
<u>(187,224)</u>	Net Surplus / (Deficit)	<u>(159,755)</u>
<u>(690,788)</u>	Closing Balance (Accumulated Losses)	<u>(1,057,516)</u>

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

	6 Months Dec 2023	6 Months Dec 2022
	\$	\$
Equity at Start of the Period	5,382,951	5,407,150
Total Comprehensive Income	(159,755)	(187,224)
Contributions from Buller District Council	-	69,519
Contributions from the Crown	-	69,519
	<u>5,223,197</u>	<u>5,348,964</u>

**STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

	6 Months Dec 2023	6 Months Dec 2022
	\$	\$
Cash Flows from Operating Activities		
Cash was provided from:		
Airport Dues and Landing Fees	7,430	22,571
Rental Charges	48,127	54,676
Farming Lease	21,000	21,000
Insurance Proceeds	0	0
	<u>76,557</u>	<u>98,247</u>
Cash was applied to:		
Payments to Suppliers and Employees	(300,738)	(251,552)
Interest	-	-
Net GST	(10,316)	(4,439)
	<u>(311,084)</u>	<u>(254,637)</u>
Net Cash Flows from Operating Activities	<u>(234,527)</u>	<u>(157,744)</u>
Cash Flows from Investing Activities		
Cash was applied to:		
Purchase of fixed assets	(29,094)	(57,833)
Net Cash Flow from Investing Activities	<u>(29,094)</u>	<u>(57,833)</u>
Cash Flows from Financing Activities		
Cash was provided from:		
Buller District Council	-	69,519
Contributions from Joint Venture Partners	-	69,519
Cash was provided to/from:		
Buller District Council Current Account	263,622	76,538
Net Cash Flows from Financing Activities	<u>263,622</u>	<u>215,577</u>
Net Increase in Cash and cash equivalents	-	-
Add Cash and cash equivalents at Start of Year	-	-
Cash and cash equivalents End of Year	<u>-</u>	<u>-</u>

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF SERVICE PERFORMANCE
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

The Authority's performance in comparison to its performance targets is outlined as follows.

	Actual Performance	Performance Target
	\$	\$
Operating Revenue	102,556	101,660
Operating Expenditure	<u>262,310</u>	<u>257,160</u>
Net Profit (Loss)	(159,755)	(155,500)
 Capital Expenditure		
Plant and Equipment (including Work in Progress)	29,094	116,076

**WESTPORT AIRPORT AUTHORITY
STATEMENT OF SERVICE PERFORMANCE
NARRATIVES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2023**

Revenue

Total revenue is \$102,566 actual compared to \$101,660 budget.

Expenditure

Total operating expenditure (\$262,310) is close to budget (\$257,160).

Salaries and wages are higher than budgeted, which means that the end of year total expenditure may be slightly higher than budget if other expenditure budgets such as repairs and maintenance match the budget at end of year.

Rates and Insurance and Audit Fees are expected to be on budget by the end the year and any variance is due to budget phasing and timing differences only.

Capital Expenditure

Capital expenditure to date (\$29,094) is less than budgeted (\$38,271) and this has been spent on the aerodrome beacon light replacement and a spray pump.

Remainder of the capital expenditure this year will be to replace more fencing and update gardens, with a final total spend expected to be approximately half the total budgeted for in the 23/24 Annual Plan. This change to plan was indicated in the Statement of Intent distributed to Shareholders in 2023.

RISK AND AUDIT COMMITTEE

14 February 2024

AGENDA ITEM 8

Prepared by: Domonic Venz
Harbourmaster

Reviewed by: Douglas Marshall
Chief Financial Officer

PORT & DREDGE – February 2024 OPERATIONS REPORT

1. REPORT SUMMARY

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

2. DRAFT RECOMMENDATION

That the port & dredge operations report as of February 2024 be received for information

3. ISSUES AND DISCUSSION

3.1 Pilotage

BDC is currently in final stages of reviewing a service agreement with Port Marlborough NZ (PMNZ) for the supply of one of their Pilots currently working in the Marlborough Sounds. I believe this represents the best option with regard to striking a balance between having a Pilot in Westport on salary and having one available to come to Westport given reasonable notice of shipping.

While this final agreement review is underway BDC has trained the PMNZ pilot, and he has now passed the written and oral sections of the certification process. Once the practical examination is completed and successful, application will be made to the national regulator, Maritime New Zealand (MNZ), to issue a Westport Pilots license. This will then allow BDC to provide pilotage services for larger vessels (over 100GRT and/or with a draft exceeding 3m) wishing to enter the port.

3.2 Wharf and Harbour structures

- Flood repairs
 - The NEMA funded flood wharf repairs request for tender documents (following council approval) are to be released imminently.
- Floating Pontoon
 - There was some degradation of the floating pontoon located at the yacht club area just before Christmas. Discussions were had around ownership and the club willingly put their hand up to cover costs of repair as completed by Adams Construction Ltd.
- Cobden St Slumping
 - Slumping has occurred at the end of Cobden Street with an associated blockage of the stormwater pipe. This blockage is associated with a large rotational slump beside the wharf and river. The slump is developing on Kiwirail land and will be active especially in wet weather or high river flow.

Stormwater pipe cleaning has not been able to clear this blockage and it is expected that the stormwater pipe at this location will be broken, with the outfall potentially buried. Work is needed at this location to reinstate stormwater services and make good the pipe. Currently with this outfall blocked there is additional pressure put on the Cobden St roadside and overland flow paths other outfalls which may result in an increase in localised flooding.

Any Stormwater fix or redesign will need to account for how this area will be managed both immediately at the point of discharge and as part of the local solution. BDC staff are investigating what planned works there are within the Westland Mineral Sands plans to look at any synergies for works undertaken in this area.

- Buller Coal Shed
 - There was some reported cracking to the floor of the blue coal shed. For background BDC owns the land, Bathurst (Buller Coal) own the building (including the floor) and they lease the building to Westland Mineral Sands (Buller Port Co Ltd/WMS).

WMS unloaded the sand and had consultant engineers assessed the floor. Minor remedial sealing work was undertaken by Adamas Construction (the original builders) on the cracking.

Ongoing fact finding is underway by BDC staff to fully understand the picture and any risks posed to BDC land.

3.3 Harbour boat

The harbour vessel has now been added to the BDC maritime safety system and both vessels will be undergoing an audit by MNZ in late January to assess the system.

The vessel has undertaken several sounding voyages on the bar and up the river and is providing good, detailed information through the WASSP sonar system installed onboard. The extended river soundings provide the dredge Master with a detailed picture of progress made.

We are working towards getting the vessel certified to operate when needed as a pilot vessel and staff are working with MNZ and the marine surveyor to achieve this.

3.4 Dredge activities

Dredge returned to Nelson in December to complete unfinished work from October.

Bow thruster failure meant the dredge had to discontinue Nelson work in early December and return to Westport to evaluate the extent of the failure and await a slip booking. Fortunately, the slip booking was not required due to the ships engineers and external contractors repairing the deficiencies in Westport over the Christmas break.

Whilst laid up over Christmas the port generator was overhauled. This had already been planned for January. Planning is well advanced on the replacement of the dredge pump engine and overhaul of the Port main engine. Once completed the ships engines should provide a 4-to-5-year operating window.

Post Christmas the dredge returned to Nelson to complete unfinished work. Each time the dredge has returned the scope of work has increased.

Revenue from the 2023-24 Nelson dredging work is expected be in the vicinity of 0.9 to 1.0M

Long term options for revitalisation or replacement of the Kawatiri is with the CFO for budget planning.

3.5 Port Systems

Work is completed to update and develop an emergency plan particularly centred around a catastrophic maritime event on the bar. This has been shared with Police.

The BDC Navigation and Safety Bylaw review is underway and has progressed through the Harbourmasters working group and is with MNZ for comments. Following the MNZ review the draft Bylaw will be progressed through the standard process for bylaw consultation and adoption.

New port information packs and safety stickers were developed and updated this year and provided to all commercial users of the port by post and in person upon arrival.

The bar camera which was added to the group of cameras monitored at the port has been made publicly accessible. Feedback has been good around weather and sea conditions available on www.westportharbour.co.nz

The port website also includes a very recently added survey to help identify issues or improvements that could be considered going forward to further encourage operators to base themselves in Westport for an Albacore Tuna season.

3.6 Vessel movements

The 2024 Albacore Tuna season is well underway with good numbers of vessels using Westport as a base of operations. All operators have received a port information pack and safety reminder sticker and issued with security cards for access to marina and port facilities.

Preparation continues for Westland Mineral Sands shipping which is expected to commence from May this year.

3.7 Financial activities

Introduction

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

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

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

	2023	2024		Account Total
	Actuals	Dec actuals	Total budget	
Port				
Income	198,923	107,789	177,155	61% 1,234,266
Port operating costs (inc loan int)	651,927	382,459	565,210	68% 3,664,383
Depreciation	98,400	-	160,692	0% 420,750
Overheads	86,436	44,778	89,556	50% 336,297
Net Surplus/(Deficit)	(637,840)	(319,448)	(638,303)	50% (3,187,165)
Dredge				
Income	2,312,682	1,773,218	3,680,505	48% 9,142,380
Dredge operating costs	1,653,781	1,541,457	2,004,060	77% 7,355,051
Dredge rehabilitation/renewal	1,579,849	-	-	2,301,337
Depreciation	12,659	-	7,392	0% 25,273
Overheads	127,787	74,706	149,412	50% 364,770
Direct Costs	-	-	-	-
Net Surplus/(Deficit)	(1,061,394)	157,055	1,519,641	10% (904,051)
Total Net Surplus/(Deficit)	(1,699,234)	(162,393)	881,338	(4,091,217)
Capital Expenses				
Port	13,659	296,708	10,505	1,440,679
Dredge	45,785	0	-	261,312
Total capital	59,445	296,708	10,505	1,701,991
Capital funding sources				
Loans raised				1,340,000
Sale of Bob Gower				150,000
Total capital funding	-	-	-	1,490,000
Net Activity Surplus/(Deficit)	(1,758,679)	(459,101)	870,833	(4,303,208)
Opening balance for year	(2,085,428)	(3,844,107)	(3,844,107)	-
Closing balance for year	(3,844,107)	(4,303,208)	(2,973,274)	(4,303,208)

Port Activities – 6 months to 31 December 2023

The port surplus/deficit position is on budget at 50% (Dec is 50% of the year). Staff are diligently working through checking that all income possible is being charged.

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

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

Dredge Financial Activities

The dredge account is in surplus as at 31 December of \$157,055. This is an adequate position but it should be noted that further work was required on the engine in December as well as poor weather meant income was down and expenses up higher than anticipated in December.

One further engine rebuild is likely before June 2024 to allow the NEMA dredging programme to be completed by 30 June 2024.

In the coming months, arrangements will need to be reached with WMS plus 2 other ports as to their future dredging requirements.

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

14 FEBRUARY 2024

AGENDA ITEM 9

Prepared by: Neil Engelbrecht
Financial Accountant

Lynn Brooks
Manager Finance

Reviewed by: Douglas Marshall
Chief Financial Officer

Attachment 1 – Half Year Financial Statements to 31 December 2023

HALF YEAR REPORT: 31 DECEMBER 2023

1. REPORT SUMMARY

To provide Council with a financial performance update for the six-month period ending 31 December 2023.

2. DRAFT RECOMMENDATION

That the Risk and Audit Committee receive the half year report for the six months ended 31 December 2023 for information.

3. ANALYSIS & DISCUSSION

3.1 Statement of Financial Performance

Operating Result

Council has budgeted for a deficit of \$1.855m as at 31 December 2023. The actual result is a surplus of \$3.524m which is a favourable difference of \$5.379m.

Please refer to the explanation for major variances section on pages 7 – 8 of the quarterly financial statements for an analysis between major variances to budget.

4. FORECAST OF FULL YEAR RESULTS

A Council continues to complete and review the significant work programmes for the remainder of the year.

The assumptions in the 2023-2024 Annual Plan will be revised to update what the end of year financial position is likely to be. This will include a review of significant capital projects and their delivery timeframes, resulting in an updated forecast of net debt of Council. This will assist the assumptions included in the Long Term Plan and further assist decision making about levels of future debt and rates rises required.

5. CONSIDERATIONS

5.1 Strategic impact

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

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

5.3 Values assessment

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

A performance reporting system aligns most strongly with Integrity.

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

5.4 Risk analysis

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

Council prepares financial budgets to balance income and spending for each financial year. Budgets are based on the best information available at the time, but subsequent financial performance will be affected by events

outside Council's control during the year. Regular monitoring of financial performance reduces the risk of financial pressure on Council because income and expenditure variances are identified early and mitigating actions can be put in place as required.

5.5 Policy / legal considerations

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

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

5.6 Tangata whenua considerations

Not applicable.

5.7 Views of those affected

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

5.8 Costs

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

5.9 Benefits

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

5.10 Media / publicity

There are no media or publicity opportunities with this report.

BULLER DISTRICT COUNCIL

Financial Report (unaudited)

For the Period Ending 31 December 2023

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Statement of Cashflows	Page 6
Explanation of Major Variances	Pages 7-8

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	Parent Dec-23 Actual \$000	Parent Full Year Budget \$000
CURRENT ASSETS			
Cash and Cash Equivalents	1	2,287	808
Trade and Other Receivables	2	6,236	9,934
Derivative Financial Instruments		0	0
Inventories		12	16
Other Current Assets		21	259
Short Term Investments		12,262	12,323
Assets Held for Sale		5	5
Total Current Assets		20,823	23,345
NON CURRENT ASSETS			
Investment in Council Controlled Organisations		19,893	19,894
Other Investments		758	719
Investment Property		11,578	11,302
Infrastructure Assets	3	421,342	467,533
Other Non-Current Assets	4	28,684	57,413
Derivative Financial Instruments		1,462	1,497
Deferred Tax	5	615	0
Intangible Assets		497	390
Total Non-Current Assets		484,829	558,748
Total Assets		505,652	582,093
CURRENT LIABILITIES			
Cash and Cash Equivalents		0	0
Trade and Other Payables	6	4,034	11,200
Derivative Financial Instruments		0	0
Tax Payable		0	0
Employee Benefits		720	998
Provisions		36	37
Current Portion of Borrowings	7	5,000	130
Total Current Liabilities		9,790	12,365
NON CURRENT LIABILITIES			
Derivative Financial Instruments		0	0
Provisions		1,253	1,716
Bond Deposits		157	208
Employee Entitlements		140	161
Deferred Tax		0	0
Borrowings	7	33,214	41,555
Total Non-Current Liabilities		34,764	43,640

**BULLER DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION (Page 2)
AS AT 31 DECEMBER 2023**

	Parent Dec-23 Actual \$000	Parent Full Year Budget \$000
EQUITY		
Accumulated Funds	191,181	256,411
Reserves	5,414	4,185
Asset Revaluation Reserve	264,504	265,492
Total Equity	461,098	526,088
Total Liabilities & Equity	505,652	582,093

**BULLER DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Notes	Parent Dec-23 Actual \$000	Parent Dec-23 Budget \$000	Parent Full Year Budget \$000
<u>CONTINUING OPERATIONS</u>				
OPERATING REVENUE				
General Rates		5,623	5,634	11,418
Targeted Rates (excluding Metered Water)		3,764	3,743	7,487
Metered Water Charges		50	117	235
Rate Penalties		102	75	0
Subsidies and Grants	8	11,307	2,993	25,522
Investment Income	9	1,053	354	2,008
Other Income		0	0	5,908
Development and Financial Contributions		79	27	55
Fees & Charges	10	3,579	4,102	1,594
Gain on Sale of Investment Property		0	0	222
Vested Assets		0	0	0
Total Operating Revenue		25,557	17,045	54,449
OPERATING EXPENDITURE				
Employment Costs	11	3,880	4,197	8,263
Depreciation & Amortisation		4,391	4,391	8,733
Finance Costs		916	1,001	1,991
Other Expenses	12	12,706	9,313	16,689
Assets Written Off		0	0	476
Total Operating Expenditure		22,033	18,902	36,152
Net Surplus (Deficit) from continuing operations		3,524	(1,855)	18,297
Net Surplus (Deficit) before Taxation		3,524	(1,855)	18,297
Income Tax Expense		0	0	0
Net Surplus (Deficit) after Taxation		3,524	(1,855)	18,297
Other Comprehensive Revenue & Expense				
Gain on Revaluations of Assets Held for Sale		0	0	0
Increase/(decrease) in Infrastructure Revaluation Reserves		0	0	0
Gain/(Loss) on Investment Recognised in Asset Revaluation Reserve		0	0	0
Total Comprehensive Revenue & Expense		3,524	(1,855)	18,297

**BULLER DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Parent Dec-23 Actual \$000	Parent Full Year Budget \$000
Equity as of 1 July	457,574	507,791
Total Comprehensive Income	3,524	18,297
Transactions with Owners recorded directly in Equity	0	0
Total Equity at End of Year	461,098	526,088
Components of Equity		
Accumulated Funds	191,181	256,411
Reserves	5,414	4,185
Asset Revaluation Reserve	264,504	265,492
Total Equity at End of Period	461,098	526,088

**BULLER DISTRICT COUNCIL
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31 December 2023**

	Notes	Parent Dec-23 Actual \$000	Parent 2023/2024 Budget \$000
CASHFLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Rates		9,677	18,999
Other Income		12,266	25,932
Interest Received		360	708
Tax Received		0	0
Dividends & Subvention Payments Received		650	1,300
		22,953	46,939
<i>Cash was applied to:</i>			
Payments to Suppliers and Employers	13	17,567	21,439
Interest Paid		916	2,003
Income Tax Paid		0	0
Net GST Movement		(11)	0
		18,472	23,442
<i>Net Cash From Operating Activities</i>	13	4,481	23,497
CASHFLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Disposal of Fixed Assets		0	562
Investment Realised		8,622	13,103
		8,622	13,665
<i>Cash was applied to:</i>			
Purchase of Fixed Assets		10,363	27,601
Purchase of Investments		4,960	12,678
Purchase of Intangibles		0	0
		15,323	40,279
<i>Net Cash from Investing Activities</i>	14	(6,700)	(26,614)
CASHFLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Loans Raised		5,000	2,280
<i>Cash was applied to:</i>			
(Drawdown)/repayment of loans		(8,790)	0
		3,790	2,280
<i>Net Cash from Financing Activities</i>		3,790	2,280
NET INCREASE (DECREASE) IN CASH		1,750	(837)
OPENING CASH AS AT 1 JULY	15	537	1,645
CLOSING CASH AS AT 31 DECEMBER		2,287	808

**BULLER DISTRICT COUNCIL
EXPLANATION OF SIGNIFICANT VARIANCES
FOR THE PERIOD ENDED 31 DECEMBER 2023**

1. Cash and cash equivalents of \$2.3m is greater than the annual year budget of \$0.8m by \$1.5m. This is due to timing differences on predicted cash flows at various times during the year. The statement of financial position budget is based on the year end expected balance.
2. Trade and other receivables of \$6.2m is less than the annual budget of \$9.9m by \$3.7m. This is due to timing differences on projects and works performed. The statement of financial position budget is based on the year end expected balance.
3. Infrastructure assets to date of \$421m is less than the annual budget of \$468m by \$47m. The variance is due to council assumed the 30th of June 2023 asset balance would be \$449m which incorporated flood recovery work, however the actual balance as at 30 June was \$414m. As a result of the budget misstatement, Council will not achieve the budgeted level of capital spending per the Statement of Financial Position. This only affects the opening equity budget and does not affect the Statement of Comprehensive Revenue and Expenses reported. More detailed information about capital expenditure to date is available in the quarterly capital report.
4. Other non-current assets to date of \$29m is less than the annual budget of \$57m by \$28m. The variance is due to council assumed the 30th of June 2023 asset balance would be \$57m which incorporated flood recovery work, however the actual balance as at 30 June was \$30m. As a result of the budget misstatement, Council will not achieve the budgeted level of capital spending per the Statement of Financial Position. This only affects the opening equity budget and does not affect the Statement of Comprehensive Revenue and Expenses reported. More detailed information about capital expenditure to date is available in the quarterly capital report.
5. Deferred tax of \$0.6m is greater than the annual budget of \$0 by \$0.6m. The balance consists of the closing deferred tax balance as at 30 June 2023. There was no movement in this balance and it does not affect the Statement of Comprehensive Revenue and Expenses.
6. Trade and other payables of \$4.0m is less than the annual year budget of \$11.2m by \$7.2m. This is due to the timing of budget/phasing of projects and utilisation of grants received.
7. Current and non-current borrowings or \$38.2m is less than the annual budget of \$41.7m by \$3.5m. This is due to the timing of capital projects which influences the timing of loan drawdowns, and the use of internal borrowing. Refer to note 3 and 4 above.

8. Subsidies and grants of \$12.5m has exceeded the year-to-date budget of \$3m by \$9.5m. This is mainly due to the timing of grants received for Flood recovery work, Waka Kotahi roading and better off funding projects.
9. Investment income of \$1.1m has exceeded the year-to-date budget of \$0.4 by \$0.7m. This is due to the timing difference of the receipt date of the subvention payment against the budget date. The remainder of the variance relates to more favourable interest rates than budgeted on term investments.
10. Fees and charges of \$3.6m is less than the year-to-date budget of \$4.1m by \$523k. The majority of the variance relates to a lessee contribution to the effluent system of \$200k which Council is not expecting to receive and below budgeted dredging revenue due to budget phasing.
11. Employment cost of \$3.9m is less than the year-to-date budget of \$4.2m by \$0.3m. The variance is due to unfilled positions being filled by contractors, resulting in a greater than budget contractor spending and below budget employee cost.
12. Other expenses of \$12.7m has exceeded the year-to-date budget of \$9.3m by \$3.4m. The variance includes \$318k additional contractor costs which would otherwise be funded from the salaries and wages budget (refer note 11 above) and \$1.26m expenditure for better off funding funded projects and climate change expenditure which are externally funded projects. The variance also includes \$665k timing differences in the phasing of budgets for road maintenance funded by NZTA, and \$470k contractor work performed on the dredge. Other expenditure currently includes some of the overhead support areas that have not been recovered against projects. This delay is a resource shortage currently which will be resolved in the coming months. The unallocated cost is \$294,000.
13. Payments to suppliers and employees is tracking ahead of the predicted annual budget. This is in part due to greater expenditure which is funded from external grants.
14. Cashflows from operating activities actual to date \$4.5m is reported against a full year budget of \$23.5m. The negative result is due to the timing of the report, where only a portion of the annual income has been received, compared to a full year budget. This is also affected by the flood recovery work performed, resulting in unbudgeted payments and receipts.
15. Cashflows from investing activities actual to date (\$6.7m) is less than the full year budget of (\$26.6m). The result is due to timing differences on the purchases of fixed assets and investments still to realise during the year.
16. Opening cash at 1 July 2023 excludes short-term investments maturing within 3 months, and only consists of Council's trading bank balances held. This differs for the annual report which includes short-term investments maturing within 3 months of balance date.

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2023

AGENDA ITEM 10

Prepared by Neil Engelbrecht
Financial Accountant

Lynn Brooks
Finance Manager

Reviewed by Douglas Marshall
Chief Financial Officer

INVESTMENTS AND BORROWINGS – As at 31 December 2023

1. REPORT SUMMARY

This report summarises Council's cash investments and borrowings for the month of December 2023, and compliance with Council treasury management policy.

2. DRAFT RECOMMENDATION

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

3. ISSUES AND DISCUSSION

3.1 Term Investments

Total term investments (Including call account and other loans) have decreased by \$534k since the last report to 31 October 2023. The balance decreased from \$14.708m at 31 October 2023 to \$14.174m at 31 December 2023. The decrease is due to a term investment that expired during the month which has not been renewed.

3.2 Bank Balance

Council's main trading account closing balance was \$1.431m as at 31 December 2023. The balance increased by \$1.149m since the last report to 31 October 2023. All of Council trading account closing balances at the end of December were \$1.460m.

3.3 Interest Revenue

Interest revenue to the end of December is \$624k against a year to date budget of \$619k.

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

3.4 Borrowings and Net Debt Position

Total borrowings increased by \$1.15m since the last report to 31 October 2023. The total borrowings increased from \$37.07m at 31 October 2023 to \$38.21m at 31 December 2023. This was due to a short-term borrowing from Westpac which has increased by \$1.15m since last reported from \$3.85m to \$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 increased by \$1.68m since last reported from \$23.961m to \$25.640m due to the increase of \$1.15m in borrowings and the decrease of \$534k 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 \$25.640m. This was a planned breach adopted along with the 2023/24 Annual plan.

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 \$25.640m.

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

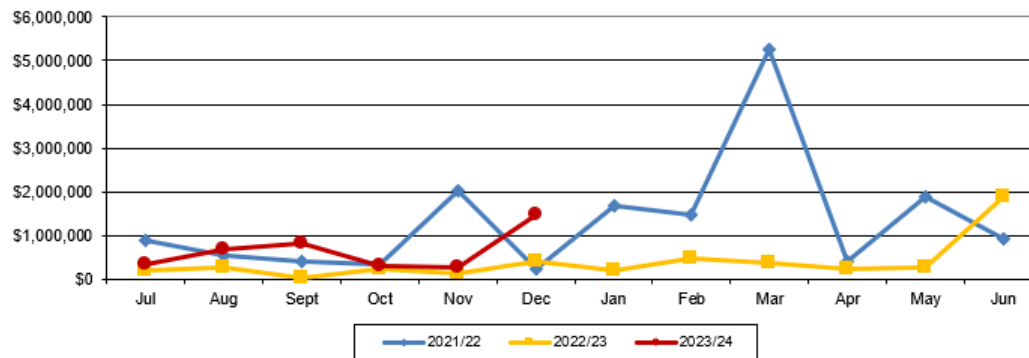
None identified.

INVESTMENTS AND BORROWINGS REPORT

1. BANK BALANCE

	This Month 31-Dec-23	Last Report 31-Oct-23	Last Year 30-Jun-23
Trading Account Council	\$1,460,410	\$303,109	\$223,974

2. MONTH END BANK BALANCES



3. SUMMARY OF INVESTMENTS

	This Month 31-Dec-23	Last Report 31-Oct-23	Last Year 30-Jun-23
Term deposits	12,073,434	12,607,472	14,107,472
LGFA Borrower Notes	500,000	500,000	500,000
Call Account	-	-	-
Balance before other loans	12,573,434	13,107,472	14,607,472
Other investments (Includes loan to Holding Company)	1,600,982	1,600,982	1,600,982
Total Investments	\$14,174,416	\$14,708,454	\$16,208,454

3.1 Term Deposits

Investment Type	Counterparty	Amount	Start Date	Maturity Date	Fixed Interest Rate
Term Deposit	ANZ	1,000,000	4-May-2023	29-Jan-2024	5.50%
Term Deposit	ASB	1,325,000	13-Sep-2023	13-Mar-2023	5.85%
Term Deposit	ASB	1,000,000	26-Aug-2023	28-Mar-2024	5.75%
Term Deposit	NBS	400,000	07-May-2023	6-May-2024	5.75%
Term Deposit	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%
Total Term Deposits		12,073,434			

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

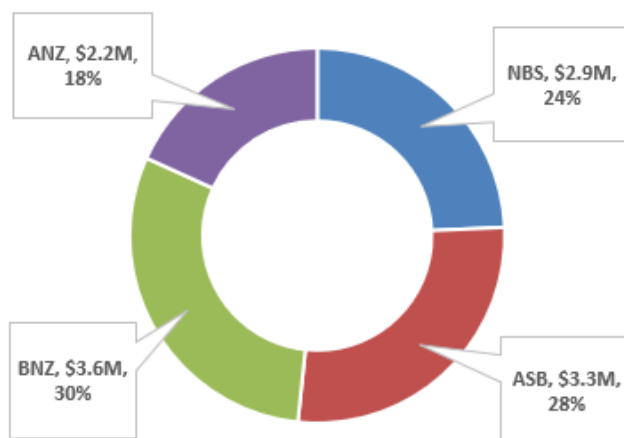
There were two term deposits that matured during December:

- ASB - \$977,776 reinvested for a period of 183 days until 23 June 2024 at a rate of 6.00% per annum and
- NBS - \$534,038. This term investment has not been renewed to fund capital works.

There was one term deposit maturing during January:

- ANZ - \$1,000,000 reinvested for a period of 270 days until 25 October 2024 at a rate of 6.00% per annum.

3.2 Term Deposits Summary by Trading Bank

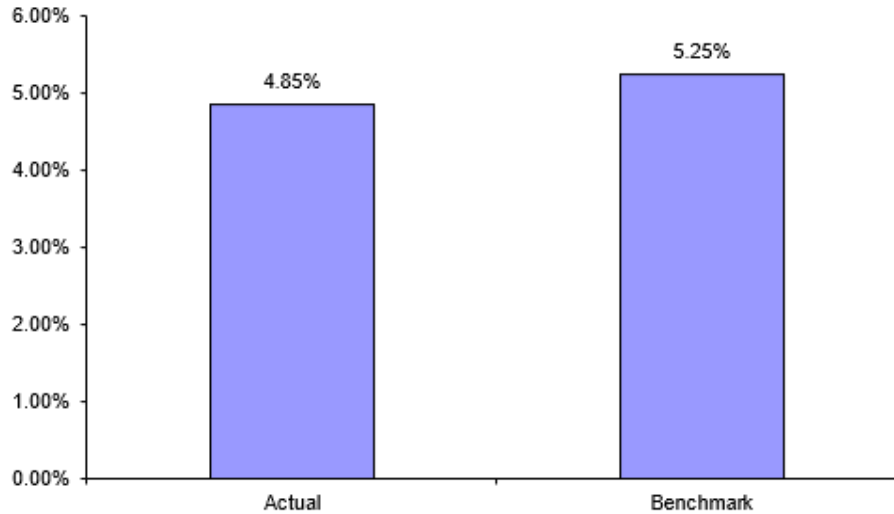


The maximum allowable investment per issuer is \$10m.

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 AND EXPENSE

	Actual YTD	Budget YTD	Full Year Budget
Interest Revenue	\$623,612	\$618,901	\$1,237,802

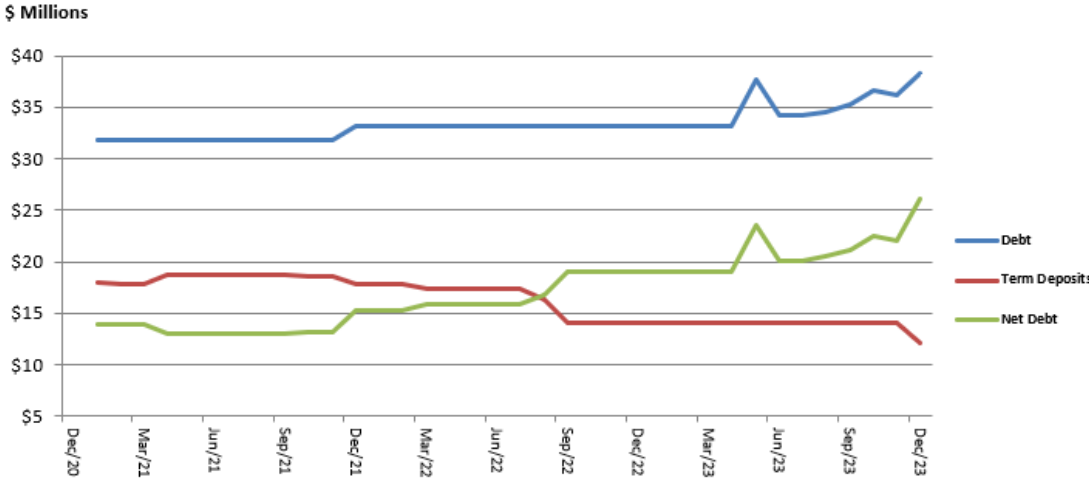
	Actual YTD	Budget YTD	Full Year Budget
Interest Expense	\$759,534	\$1,261,244	\$2,511,885

6. SUMMARY OF BORROWINGS

	This Month 31-Dec-23	Last Report 31-Oct-23	Last Year 30-Jun-23
External Debt			
Westpac Loan Facility	13,213,860	13,213,860	13,213,860
Westpac Loan Facility – Flood recovery	5,000,000	3,855,000	1,030,000
LGFA Loan Facility	20,000,000	20,000,000	20,000,000
	\$38,213,860	\$37,068,860	\$34,243,860
Weighted Average Interest Cost	5.30%	5.27%	5.13%

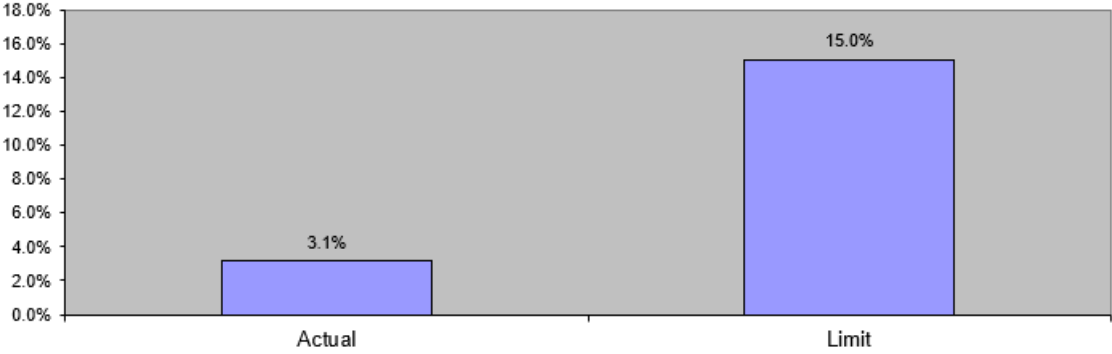
Net Debt			
Total Borrowings	38,213,860	36,648,860	34,243,860
Less: Term deposits (including Call Account)	12,573,434	13,107,472	14,607,472
	\$25,640,426	\$23,961,388	\$19,636,388

7. DEBT AND INVESTMENTS 3-YEAR TREND

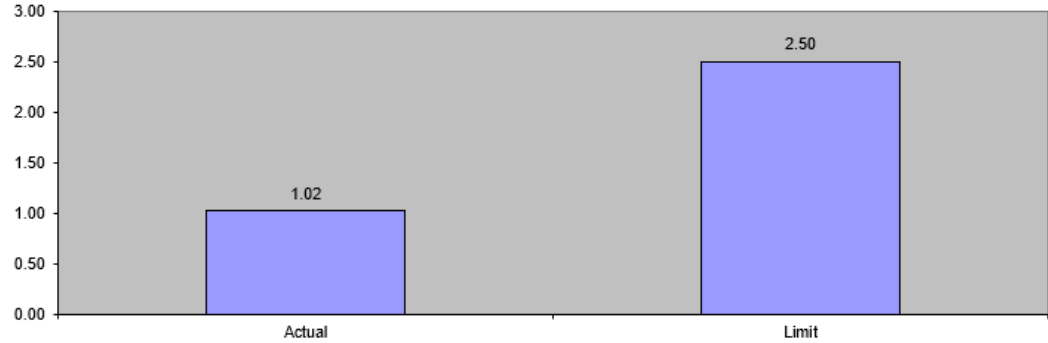


The above graph reports net debt as: gross debt held with external parties; less terms deposits excluding the call account. The definition used by this graph is in line with Council's Treasury Policy but differs from how investments and net debt are expressed in other parts of this report that include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

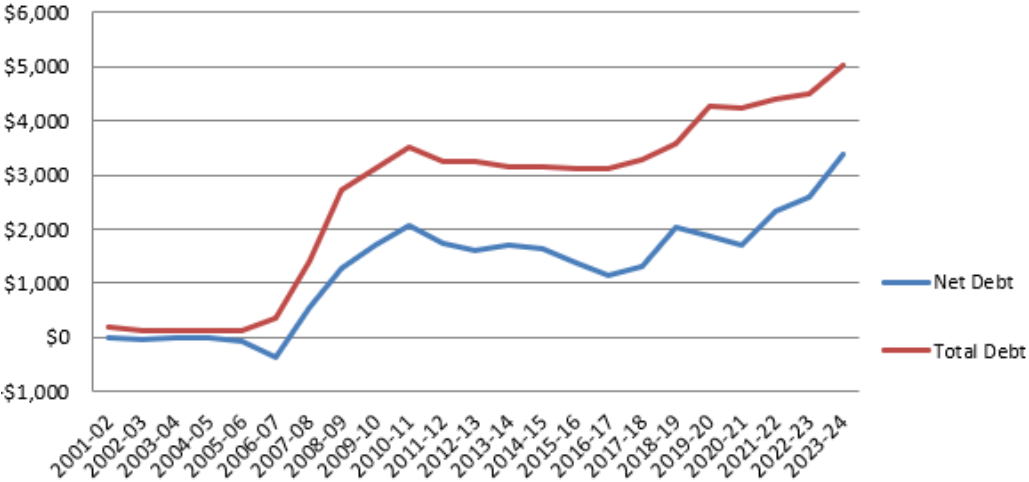
7.1 Interest Expense / Total Income



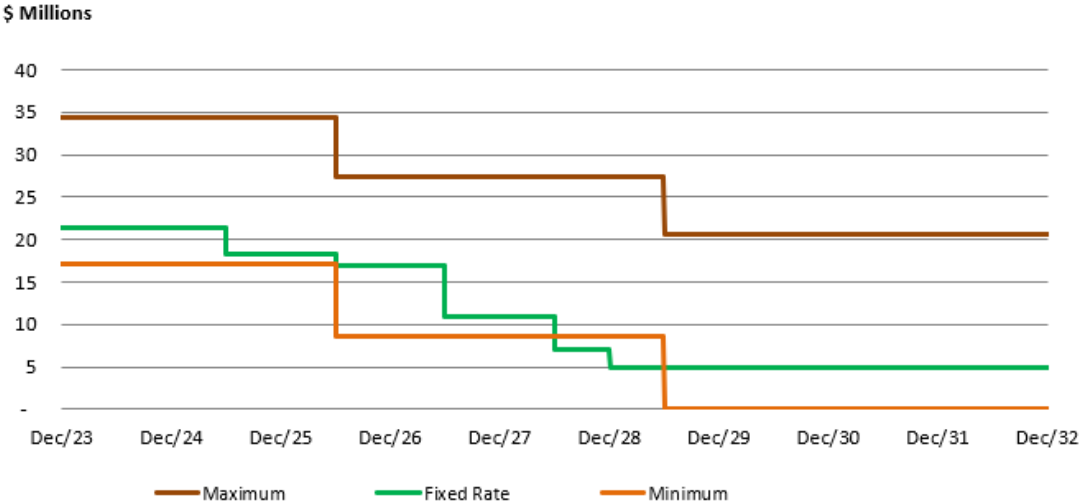
7.2 Gross Debt / Total Income



7.3 Debt and Net Debt per Rateable Property



7.4 Fixed Rate Debt - Compliance with Treasury Policy



RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 11

Prepared by Penny Bicknell
Programme Manager

Reviewed By Steve Gibling
Chief Executive Officer

Attachment 1. NEMA Projects Status Report November 23
2. Better Off Funded Projects Status Report November 23
3. Minutes of December Meeting – Projects in Partnership

NEMA AND BETTER OFF FUNDING PROJECT STATUS REPORT SUMMARIES FROM PROJECTS IN PARTNERSHIP

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 and Better Off Funded projects for month end November 2023 and the Minutes of the December Projects in Partnership Meeting.

2. DRAFT RECOMMENDATIONS

- 1. That Risk and Audit Committee receive the Reports and Minutes from the December meeting**

3. SUMMARY

Key points to note from each of the Programmes of Work for November:

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 will be completed by the end of January 2024. On completion of this final project in the work package it is forecast that there will be a remaining contingency of approximately \$284k.
- Wastewater Betterment project – the raising of 3 pump stations – Materials ordered with work set to start on fabrication and concreting of all 3 bases.
- Stormwater Betterment project – Coates Street. The project team reconsidering options for the remaining \$140k to mitigate flooding in the area.
- Westport Port Repairs – Procurement documentation being prepared to go to market end of January.
- Reefton Historic Landfill – project completed. The project will be delivered under budget for both NEMA and BDC. Final costs by end of November. A media release will be prepared on completion.

3.2 Better Off Funded Projects

- Council approved 6 projects for application to DIA for the unallocated funds of \$650k. Cultural Community Hub and Emergency Water projects approved as submitted as project change requests. Westport Stormwater/wastewater work, Test ore and sampling of non-compliant water supplies, and Granity community project all submitted as new applications. With further work being carried out on the Ngakawau swimming pool quotes prior to submitting the application to DIA.
- Further claims to be submitted to DIA.
- All projects are on track with no issues to report

3.3 Next Report

Due to reports not being produced in December, the next report for NEMA and Better Off Funded projects will be the January reports with December financials and Minutes from the February Projects in Partnership meeting.

4. CONSIDERATIONS

5.1 Strategic Alignment

Not relevant to this report

5.2 Significance Assessment

Not relevant to this report

5.3 Tangata Whenua Considerations

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

5.4 Risk Management Implications

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

5.5 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.

5.6 Legal Implications

No legal implications are foreseen.

5.7 Financial / Budget Implications

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

5.8 Media/Publicity

Publicity is expected across these projects through the delivery phases.

5.9 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 – November 2023



Programme/Project Details

Location and Region:	Buller District
Contracted Amount:	\$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.
Reporting Period:	November 2023 (Financials to 31 October 2023)
Project Principal:	Buller District Council (BDC)
Project Partner(s):	NEMA
Programme Manager:	Penny Bicknell
Programme Outcomes:	<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"> • WP 1-5: 3 Waters repairs • WP 6 Betterment Projects (out of policy) • WP 7 Westport Port Repairs • WP 8 Westport Dredging Project (out of policy) • WP 9 Inangahua River Projects <ul style="list-style-type: none"> ○ Reefton Historic Landfill land ○ Reefton Stopbank repairs (completed)) • WP 10 Tiphead repairs (completed) • Programme Manager

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

Aspect	Status	Comments
Overall:	A	<ul style="list-style-type: none"> Overall, the programme is progressing well. Wharf repairs are behind schedule due to implementing a Peer review requested by NEMA. 4 Betterment projects are behind schedule but will be completed by the end of the financial year
Budget:	G	<ul style="list-style-type: none"> \$17,144,191
Scope:	A	<ul style="list-style-type: none"> One scope issue in the Betterment portfolio to be addressed
Resource:	G	<ul style="list-style-type: none"> Resource to be assigned to each project as required
Schedule:	A	<ul style="list-style-type: none"> 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
Risks / Issues:	G	<ul style="list-style-type: none"> 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.

State of Play

Last Month (November)

- WP1-5 One final project to complete – Brougham Street Brick Arch – Additional costs of \$160k approved by NEMA to be taken from contingency. Contract awarded to True line Civil. Work commenced.
- WP6 Betterment:
 - WW Pump stations – community engagement completed, and materials ordered
 - WWTP Grit & Sediment – No interest from RFT. Revised solution developed with DO and WestReef
 - Alt Drinking Water options – Discussions on final report and approach to Water testing
 - Coates Street – Constructability tests failed due to high groundwater. Next steps discussed for solution
- WP7 Westport Port Repairs. Peer review concluded. Resource consent issued.
- Reefton Historic Landfill. Final river training completed

Next Month (December)

- WP1-5 -Brick Arch Physical construction works commenced early December and are scheduled for completion by end January 2024.
- All projects in WP 1-5 will be completed by end January 2024 and all assets transferred back to the asset owner.
- WP6 Betterment:
 - Pump stations – material procurement, fabrication and concreting of all 3 bases.
 - WWTP Grit & Sediment - DO to make recommendations for screen selection in order to purchase long lead time parts.
 - Alt drinking water options – DO to finalise report and costs for undertaking boring a well to test water quality and quantity.
 - Coates Street – Options to be drawn up to put to PiP and NEMA
- Submit Building Consent Exemption application. Prepare procurement documentation for construction to go to market end January 2024
- Inspection procedure to be compiled and handover to asset team. Forecasted Final Costs NEMA - \$939,946 BDC - \$153,819

Project Schedule

NEMA T2 Project Schedule																				
Project	2022						2023												Comments	
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
WP 1-5 3 Waters	Construction continued from emergency repair works																			Final project to be completed - Brougham St. Brick Arch - January 2024
WP 6 Betterment Projects						Planning and Design		Construction											4 projects completed, 2 to complete in December, 1 project to be completed January 2024, 1 project jointly funded with IAF project March/April 2024	
WP7 Westport Wharf				Planning and Design															Current indication of completion June 2024, but final date will not be known until procurement completed	
WP8 Dredging						Dredging commenced													Schedule to March 24	
WP9 - Reefton Stopbank	River training							River training											Project Complete	
WP 9 Reefton Landfill			Planning and Design					Construction											Construction completed August 2023, final river training November 2023	
WP10 Tiphead Revetment				Planning and Design			Construction												Project Complete	

Financials (31 October 2023)

Budget and Expenditure Summary.

NEMA Tranche 2 Programme For Period 2023/24- October							
	CURRENT BUDGET (Total)	TOTAL COST TO DATE	TOTAL REVENUE TO DATE	Claims	FORECAST COST TO COMPLETE	FORECAST AT COMPLETION	PROJECT VARIANCE
WP1-5 3 Waters Repairs	0	2,010,939	(1,921,731)	(5,730)	(83,478)	0	0
Expenses	2,511,751	2,010,939	0	0	500,812	2,511,751	0
Revenue	(2,511,751)	0	(1,921,731)	(5,730)	(584,290)	(2,511,751)	0
WP6 3W Betterment Projects	0	553,898	(441,109)	(65,044)	(47,745)	0	0
Expenses	1,582,000	553,898			1,028,102	1,582,000	0
Revenue	(1,582,000)		(441,109)	(65,044)	(1,075,847)	(1,582,000)	0
WP7 Westport Port Repairs	0	257,928	(219,749)	(12,275)	(25,904)	0	0
Expenses	5,920,000	257,928			5,662,072	5,920,000	0
Revenue	(5,920,000)		(219,749)	(12,275)	(5,687,976)	(5,920,000)	0
WP8 Westport Dredging Project	0	2,236,500	(2,236,500)	0	0	0	0
Expenses	4,716,000	2,236,500			2,479,500	4,716,000	0
Revenue	(4,716,000)		(2,236,500)	0	(2,479,500)	(4,716,000)	0
WP9 Inangahua Landfill	0	837,449	(787,302)	(2,720)	(47,426)	0	0
Expenses	1,074,000	837,449			236,551	1,074,000	0
Revenue	(1,074,000)		(787,302)	(2,720)	(283,978)	(1,074,000)	0
WP9 Inangahua Camp Ground	0	59,238	(59,238)	0	0	0	0
Expenses	150,000	59,238			0	59,238	90,762
Revenue	(150,000)		(59,238)	0	0	(59,238)	(90,762)
WP10 Tiphead Repairs	0	759,419	(732,064)	0	(27,355)	0	0
Expenses	1,000,000	759,419			0	759,419	240,581
Revenue	(1,000,000)		(732,064)	0	(27,355)	(759,419)	(240,581)
Programme Management	0	121,131	(104,450)	(12,002)	(4,680)	0	0
Expenses	190,440	121,131			69,309	190,440	0
Revenue	(190,440)		(104,450)	(12,002)	(73,989)	(190,440)	0
TOTAL							
Expenses	17,144,191	6,836,502		0	9,976,346	16,812,848	331,343
Revenue	(17,144,191)		(6,502,143)	(97,771)	(10,212,934)	(16,812,848)	(331,343)
Deductions	0				0		
Total	0	6,836,502	(6,502,143)	(97,771)	(236,588)	0	0

Note: Forecast cost to complete on Tiphead repairs is the Retentions on the Contract.

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	957,121.42	- 174,914.00			782,207.42	782,207.42	
Claim 2 (40%)	179,231.32				179,231.32	179,231.32	
Claim 3	632,903.36		- 91,028.25	- 4,297.23	537,577.88	537,577.88	
Claim 4	1,104,415.37		- 18,088.36	- 1,353.80	1,084,973.21	1,084,973.21	
Claim 5	739,294.89				739,294.89	739,294.89	
Claim 6	55,404.93				55,404.93	55,404.93	
Claim 7	938,898.80		24,009.49*		962,908.29	962,908.29	
Claim 8	661,350.94		- 13,495.00	- 285.00	647,570.94	647,570.94	
Claim 9	578,429.84		- 4,027.50		574,402.34	574,402.34	
Claim 10	590,520.16		- 32,499.00		558,021.16		
Claim 11 in progress	97,770.68						
Balance to be Claimed/Onhold/Ineligible	301,160.32						
	6,836,502.03	- 348,764.00	- 135,128.62	- 5,936.03	6,121,592.38	5,563,571.22	283,993.15
			* includes \$52,170 resolved from Claim 3				

NEMA T2 Programme Surplus Report	Budget	Final Cost	Surplus	40%
Completed Project				
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 October 2023)	\$ 1,074,000	\$ 939,946	\$ 134,054	\$ 53,622
Total surplus available for recommendation for reappropriation to another T2 project				\$ 186,159

Communications

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

- A media release is planned for the completion of the Reefton Landfill project

Project Status Report – Better Off Funding Projects overview – November 2023



Programme/Project Details

Location and Region:	Buller District
Contracted Amount:	\$3,500,000
Reporting Period:	November 2023 (October financials)
Project Principal:	Buller District Council (BDC)
Project Partner(s):	DIA (Crown Infrastructure)
Programme Manager:	Penny Bicknell
Programme Outcomes:	<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) – seeking approval from Crown Infrastructure/DIA for the remaining 4 projects</p>

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

State of Play

Last Month (November)

- Applications to DIA – Cultural Community Hub and Emergency Water submitted as Project Change Requests – these have been approved; Westport Stormwater/wastewater work and Test bore, sampling for non-compliant water supplies, and Granity projects submitted as new applications.
- 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 out to market on GETS closing 30 November.
- Reefton modelling – RFP to consultants to price from an approved consultants list – being passed to new Project Manager to manage.
- Climate Change Adaptation – Risk Explorer tool workshops held. Requested report from UC for evidence to claim funding reimbursement
- Master Planning - Stage 1 – Vision – project - Isthmus second visit to Westport and interviewed several stakeholders plus workshop with Councillors
- Community Hub Feasibility Study - Working group met with Mayor and CEO and presented overview to Council. Draft feasibility study documentation presented for review to working group
- Civil Defence – Bulk of procurement complete
- Airport Relocation Options study - Report being finalised
- Karamea Reserve Water – Final report uploaded to DIA portal
- Westport Emergency Water supply – pilot study underway. Application for additional funds for placement of water tanks
- Reefton Campground cabins - Project progressing with working group. Site confirmed and preliminary designs approved. Federation Mining timing now March/April.

Next Month (December)

- Further work being carried out on the Ngakawau swimming pool quotes prior to submitting an application to DIA. Review and submit claim to DIA
- Evaluate tender submissions. Progress Henley Street SW to final design for tender in the New Year. Register easements for the Inangahua water treated min from treatment plant to reservoir tanks and engage design engineer.
- Reefton modelling and report to be completed by February 2024.
- Community engagement coinciding with TTPP drop-in sessions (outside Westport).
- Isthmus third visit will include a short workshop with Councillors to ensure they are kept up to date on progress. 80% vision to be presented by end February.
- Compile info for inclusion in LTP. Finalised draft Feasibility study for review late December. Working group reviewing governance structure for future. Await DIA review of submission for additional funding.
- Balance of funds to be committed.
- Finalised report to be uploaded to DIA portal.
- Await DIA sign-off
- Westport Emergency Water supply – complete installation of tanks. Await DIA review of submission for additional funding.
- Next stage of detailed designs to be contracted and investigate services/legal advice required.

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																			Modelling and Report to be completed by February 2024
Climate Change Adaptation																			Ongoing – linked to other funding
Master planning																			Workshops in Westport first week November and 2 nd week December
Community Hub feasibility study																			Feldspar contracted complete by December 2023
Civil Defence																			Complete in December
Airport relocations options study																			Study completed – awaiting final report
Karamea Reserve Water																			Completed – final report to DIA
Westport emergency Water Supply																			Final procurement and installation
Reefton Campground																			Project planning/scope approved

Financials (31 October 2023)						
Budget and Expenditure Summary.						
Project	Budget	Actual Cost to date	Claim submitted	Revenue to date	Forecast Cost to complete	To claim
3 Waters	\$1,095,000	\$20,800		\$5,000	\$1,074,200	\$15,800
Programme Management	\$165,000	\$104,085		\$0	\$60,915	\$104,085
Reefton Wastewater modelling	\$150,000	\$0			\$150,000	\$0
Climate Change adaptation	\$250,000	\$230,000		\$130,000	\$20,000	\$100,000
Master planning	\$250,000	\$20,808			\$229,192	\$20,808
Community Hub Feasibility*	\$200,000	\$114,363		\$76,257	\$85,637	\$38,106
Civil Defence	\$275,000	\$230,584		\$275,000	\$44,416	\$0
Airport Relocation options study	\$50,000	\$15,596			\$34,404	\$15,596
Karamea Reserve Water	\$65,000	\$65,000		\$65,000	\$0	\$0
Westport Critical Water*	\$180,000	\$68,356		\$60,876	\$111,644	\$7,480
Reefton Campground	\$300,000	\$10,670			\$289,330	\$10,670
Ngakawau Swimming Pool	\$310,000	\$0			\$310,000	\$0
Granity Fund raising centre	\$25,000	\$0			\$25,000	\$0
Stormwater/Wastewater	\$135,000	\$0			\$135,000	\$0
Bore water tests	\$50,000	\$0			\$50,000	\$0
Total	\$3,500,000	\$880,262	\$0	\$612,133	\$2,619,738	\$312,545
*increased from unallocated fund						

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 Meeting – Minutes
Monday 4 December 2023
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); BDC CFO Douglas Marshall (DM); BDC Programme Manager - Recovery Penny Bicknell (PB); Minute Taker Kirstin McKee
- Attending via Zoom; BDC Group Manager Infrastructure Services Mike Duff (MD); BDC Programme Manager - Recovery Penny Bicknell (PB); BDC Contractor Steve Garner (SGa); NEMA Suzy Paisley (SP); Ngāti Waewae Ned Tauwhare (NT), Kainga Ora Suresh Ram (SR);
- Apologies – no apologies

1. Welcome and Introduction

Meeting started at 4.01 pm.

2. Previous Meeting Minutes

Minutes from 13 November, public and public excluded.

Minutes accepted as tabled

3. NEMA Tranche 2 Funding

P Bicknell spoke to the reports.

NEMA financials

A project variance line has been added which gives the final balance of Campground and Tiphead repairs. This column will be updated as projects are completed (also balancing with the Surplus Report).

Claim 11 is in progress and balance to be claimed (sent to NEMA on 30 November - \$570K). Hoping monies will be paid prior to Christmas. To be followed up at meeting with NEMA on Thursday.

NEMA T2 Programme Surplus Report

Reefton Landfill has been added to this report. All construction is complete, potentially only minor changes expected, currently sitting at approx. \$53K. Once Brick Arch is completed, looking at approx. \$300K surplus.

Reappropriation process to another T2 project will be when there is a finalised total for the surplus, supported with a recommendation will be put to the PIP steering committee, and then to NEMA for sign off.

A query was raised in regards to the likelihood of NEMA sign off on the above, there is no guarantee that NEMA will sign off, however conversations had so far have been positive. S Paisley believes this to be at the discretion of the Director (NEMA).

To be added to this report the wording “subject to eligibility and approval by NEMA”, as these are unconfirmed surpluses until they are confirmed for reappropriation.

4. NEMA FUNDED PROJECTS

P Bicknell – spoke to reports.

Work package 1-5 - 3 Waters repairs

Brougham Street Brick Arch – project is underway, to be completed by end of January, potential surplus of approx. \$284K across the 3 Waters packages.

WP6 Betterment Projects - STORMWATER & DRAINAGE

4 projects in progress:

- **Pump Stations** – work in progress.
- **Grit and Sediment** – shares some costs with IAF funding, these costs are due in this week. Very long lead in time to order screen, hope to order next week.
- **Alternative Drinking Water** – report due 12 December. A decision will be made on which of the 2 bores will be tested as only enough funding to test 1 bore. Will take recommendation from Davis Ogilvie on this.
- **Coates Street** - Issues around this project - the team have looked at all options and have come up with 3 options:
 1. Do nothing, and reallocate this budget elsewhere.
 2. Redesign with a pump solution. Given that ground water was so high, a pump solution would be the only way to get a 100% solution to the flooding problems, however not enough funding for this option.
 3. Install soak-away drainage network along roadside where required. This is a mitigation, not a 100% solution. **Recommended option** to spend the remaining \$140K to install these soak aways to give relief from localised flooding.

Discussion re who makes the decision on the above as J Cleine felt the report was too light on information on why the previous plan wasn't going to work.

PB replied it is for the PiP committee to approve the recommendation and updated the committee that the original scope was for an affordable stormwater solution. The preliminary concept design undertaken was that a gravity drainage solution would be possible, however once constructability tests were begun it became evident that the ground water was too high to be able to complete most of that design. Hence the redesign and the team deciding best approach was to install the soak-aways.

Mike D commented that the key thing is that it is demonstrated through the technical team as an improvement.

J Cleine would like to see more of an explicit recommendation from the technical team with the options considered and that they still believe this will give some improvement to stormwater in Coates Street.

S Paisley commented that as long as the work is not contrary to what the original cabinet paper was agreed on, and would recommend due diligence checks around the technical details. NEMA would be interested to look this information to ascertain if it is feasible and reasonable.

It may also be prudent to wait and see what is pending from the Resilient Westport stormwater solutions.

J Cleine was concerned how much of an improvement the soak aways would make and could this budget of \$140K be better spent elsewhere, more information is required for this committee to make a decision on the best option.

Wharf Repair

P Bicknell – waiting for final peer review paper, (delay due to bereavement and sick leave). All the consents are in and procurement papers are being produced, this will go out to market in January. This programme of work is until end of financial year. P Bicknell has alerted NEMA financial assurance team that this will go over to December 2024.

D Marshall commented the wharf repair may go into early 2025 due to tendering and procurement process. This is a challenge which was discussed with Radha Gounder at the last meeting, due to peer review process taking so long.

P Bicknell – timeframe for actual construction is approx. 9 months and hoping to have this committed by April and potentially completed by Christmas 2024.

S Gibling queried process from receiving the peer review, to starting procurement – what is the decision-making process around this.

Discussion around the peer review process and NEMA’s expectations around this.

P Bicknell commented that the NEMA wording on the letter from John Price re peer review was that it was “strongly recommended”. It is BDC that has to be comfortable with the peer review.

Dredging (verbal update) – D Marshall – Good volumes of material removed during November - 2400m³ per day, the material was in a particular area that could be dredged very quickly.

Reefton Historic Landfill

P Bicknell – Total forecast for BDC was \$250K (loan). \$153,819K is the forecasted final total, with a surplus of \$96,181. Final for NEMA was \$939,946. Waiting for final invoices to close off this account, giving a surplus of \$134,054 (on pg 9 Surplus Report). This should be the final report.

The reports were accepted as tabled

S Paisley left the meeting at 4.33 pm

5. BOF FUNDING - DIA

P Bicknell spoke to the report. All applications are now into DIA with the exception of:

- Ngakawau Swimming Pool – final work on quotes being completed.

Cultural Community Hub and Emergency water projects – submitted project change requests, approved by DIA this week.

Awaiting review on the other projects

J Cleine queried the project controls for the Ngakawau swimming pool project. P Bicknell is currently drawing up a funding agreement, to be finalised when final quotes are received.

S Gibling added that a pool expert had looked at the swimming pool last week to clarify the scope of this work. This scope may have to change as an issue of priority and also on issues of compliance with pool water standards. Ngakawau group seeking advice as to how they might restructure their quotes and to look to remove some of the tags that were in the original application.

Granity Fundraising Centre – have received funding from Lottery, the \$25K will now go towards roofing and other repairs.

3 Waters

The approx. \$1M stormwater projects have been bundled together, these will be staggered to what goes out for tender.

Reefton Wastewater/Stormwater Modelling - not begun.

Climate Change Adaptation – community engagement began last weekend with first drop-in sessions which coincided with Te Tai o Poutini (TTPP). Have requested a full report from Di Rossiter as to how this funding is being utilised (report required to claim the \$100K from DIA).

Master Planning – Isthmus visiting next week. Hoping for short workshop with Councillors as well as meeting with other stakeholders.

Community Hub Feasibility study - final report due mid-December.

Civil Defence – balance of funds still to be committed.

Airport Relocation Options Study – now completed, awaiting final invoice from Mike Haines.

Karamea Reserve Water – final report has been submitted, awaiting for DIA sign off. (6- monthly report not signed off until February).

Westport emergency water supply – awaiting additional funding for extra tanks installation.

Reefton Campground Cabins – commissioning next stage of detailed designs and investigating what services, legal advice and consenting is required.

P Bicknell will be working on \$312K to claim, which require a 6 monthly report on each project to claim individually.

The report was accepted as tabled

6. IAF Funded projects **Public Excluded**

Public Excluded Finished

7. Other business

No other matters were raised.

The meeting closed at 4.46 pm

RISK AND AUDIT COMMITTEE

14 FEBRUARY 2024

AGENDA ITEM 12

Prepared by Douglas Marshall
Chief Financial

PUBLIC EXCLUDED

1. REPORT SUMMARY

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

2. DRAFT RECOMMENDATION

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

Item No.	Minutes/ Report of:	General Subject	Reason For Passing Resolution under LGOIMA
PE 1	Douglas Marshall - Chief Financial Officer	Projects in Partnership Monthly Report Public Excluded October report update and minutes of 13 November	(s 7(2)(i)) - enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or (s 7(2)(j)) - prevent the disclosure or use of official information for improper gain or improper advantage.