
Activities Performance Audit Committee

OPEN MINUTES

Minutes of a meeting of Activities Performance Audit Committee held in the Council Chambers, 15 Forth Street, Invercargill on Wednesday, 9 December 2015 at 9am.

PRESENT

Chairperson	Lyall Bailey
Mayor	Gary Tong
Councillors	Stuart Baird
	Brian Dillon
	Rodney Dobson
	John Douglas
	Paul Duffy
	Bruce Ford
	George Harpur
	Julie Keast
	Ebel Kremer
	Gavin Macpherson
	Neil Paterson

IN ATTENDANCE

Chief Executive Steve Ruru, Group Manager Environment and Community, Bruce Halligan, Group Manager Services and Assets Ian Marshall, Chief Financial Officer Anne Robson, Strategic Manager Transport Joe Bourque, Manager Human Resources Janet Ellis, Manager Environmental Health Michael Sarfai, Manager Finance Sheree Marrah, Roding Asset Management Engineer Hartley Hare, Management Accountant Susan McNamara, Manager Communications and Governance Louise Pagan, Committee Advisor Alyson Hamilton.

1 Apologies

There were no apologies received.

2 Leave of absence

There were no requests for leave of absence.

3 Conflict of Interest

There were no conflicts of interest declared.

4 Public Forum

There were no members of the public seeking speaking rights in the Public Forum section of the meeting.

5 Extraordinary/Urgent Items

There were no Extraordinary/Urgent items.

6 Confirmation of Minutes

Resolution

Moved Cr Duffy, seconded Cr Harpur **and resolved:**

That the minutes of Activities Performance Audit Committee meeting held on 18 November 2015 be confirmed as a true and correct record.

7 Reports

7.1 Coastal Route Tourist Improvements

Record No: R/15/11/21277

Group Manager Services and Assets Ian Marshall, Strategic Manager Transport Joe Bourque and Roading Asset Management Engineer Hartley Hare were in attendance for this item.

Mr Marshall advised the purpose of the report is to seek feedback and direction on the next stage of this project, along with approval to proceed with the detailed business case including the route to Waipapa Point Lighthouse.

The Committee was updated on the status of the project including a copy of the indicative business case.

Mr Marshall advised It is proposed that the increase in cost of the Coastal Route Tourist Improvements project along with the section of road to Waipapa Point Lighthouse be included in the Draft Annual Plan and that a detailed business case be developed.

Mr Hare advised an original estimate of \$4 million was allowed through the Long Term Plan (LTP) process with funding for this project to be made up from New Zealand Transport Agency (NZTA) Regional Funds (54%) with the remaining Southland District Portion (46%).

Mr Hare advised as the business case process has advanced the estimate has been revised up from the original \$4million to \$6 million with the increase in cost largely driven by a geotechnical testing particularly in Otara Curio Bay which requires the addition of significantly extra pavement material.

In addition to this Mr Hare advised the cost of sealing the road to Waipapa Point Lighthouse is estimated at \$1.15 million, which Mr Hare explained would bring the total project estimate to \$7.15 million with the SDC portion estimated to be \$3.29 million.

Mr Hare outlined the options for consideration of the Committee which included;

- Option 1 Proceed with original project scope as per the LTP
- Option 2 Proceed with amended project scope (inclusion of Waipapa Point Lighthouse)

The Committee commented that this area is becoming a major tourist attraction and supported staff progressing a detailed business case with a report to be presented to the Committee for information and approval in due course.

Resolution

Moved Cr Keast, seconded Cr Dillon **and resolved**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Coastal Route Tourist Improvements” dated 2 December 2015.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees that the scope of the Coastal Route Tourist Improvement project include the unsealed roads from Haldane to Curio Bay, Waipapa Point Lighthouse and Slope Point road.**
- e) **Agrees that the Coastal Route Tourist Improvement project be included in the Draft Annual Plan, with an estimated budget of \$7.15 million.**
- f) **Endorse the development of the detailed business case including the route to Waipapa Point Lighthouse.**

7.2 Management Reports from Audit New Zealand for the year ended 30 June 2015

Record No: R/15/11/20591

Manager Finance Sheree Marrah was in attendance for this item.

Mrs Marrah reported as part of the audit process, Audit New Zealand (Audit NZ) provides Council with a report at the conclusion of the interim and final stages of its Annual Report audit, outlining the work that was performed and any recommended areas for improvement.

Mrs Marrah presented management letters received from Audit New Zealand in relation to the interim audit and final audit for the year ended 30 June 2015. Both reports are a result of Audit NZ's on-going review and clarification of Council policies and processes, which occurred from the interim audit through to the end of the final audit.

The Committee noted Audit NZ did not identify any significant or material issues during Council's audit for the year ended 30 June 2015, and thus on 7 October 2015, Audit New Zealand issued an unmodified audit opinion on Council's Annual Report for the year ended 30 June 2015.

Mrs Marrah explained this meant that Audit New Zealand found the Annual Report had no "material" misstatements and it met its statutory purpose. However, during the process Audit NZ did identify a number of areas for continual improvement.

Members noted the recommendations made by Audit NZ.

Mrs Marrah advised staff will work to implement/resolve the recommendations identified by Audit NZ, in accordance with the self-imposed timelines.

Mrs Marrah added April 2016 is the primary self-imposed deadline as this is the anticipated date that Audit NZ will visit to undertake their interim procedures for the 2016 audit.

Councillor Kremer commented that within the recommendations is an item regarding contract management is noted, and queried is this policy not already in place.

In his response Mr Marshall confirmed this is part of the contract process.

Resolution

Moved Cr Douglas, seconded Cr Kremer **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Management Reports from Audit New Zealand for the year ended 30 June 2015" dated 1 December 2015.**

7.3 Financial Report for the period ended 31 October 2015

Record No: R/15/11/20698

Management Accountant, Susan McNamara was in attendance for this item.

Financial report for the period ended to 31 October 2015, prepared by Ms Susan McNamara (Management Accountant), was tabled.

It was pointed out to the Committee 33% of the financial year is complete and that no issues have been identified that raise any concerns for Council.

Ms McNamara then spoke on matters relating to the income, operating expenditure, capital expenditure, roading and transport, chief executive account and the balance sheet.

Ms McNamara explained as part of the monthly review, Finance staff review the phasing/timing of the budgets and they are revised where appropriate. Where specific phasing of the budgets has not occurred, one twelfth of budgeted cost is the default to establish the monthly budget.

The Committee noted the largest impact is from forestry revenue which is currently \$284K under budget.

The Committee was informed that at the end of October harvesting had not begun, however total harvesting income is expected to be \$588K less for the year than had been budgeted.

Ms McNamara pointed out the Environment and Community expenditure is \$251K under budget due mainly in the regulatory areas of building regulation, resource consent processing and resource planning.

The Committee was advised the District Plan mediation processes have been delayed at the direction of the Environment Court due to the status of Environment Southland's Regional Policy Statement. Until the Regional Policy Statement is progressed the amount of expenditure on the District Plan during this year is uncertain.

Councillor Bailey queried if there is any indication when the Environment Southland Regional Policy statement is due.

Mr Halligan responded advising it is anticipated the Regional Policy will be available early next year.

Resolution

Moved Cr Dobson, seconded Cr Paterson **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Financial Report for the period ended 31 October 2015" dated 2 December 2015.**

7.4 Submission on Proposed changes to Vehicle Dimension and Mass Rule-Busses

Record No: R/15/11/21319

Roading Asset Management Roding Engineer, Hartley Hare, was in attendance for this item.

Mr Hare informed the meeting that the report provided a summary of the proposed changes to the Land Transport Rule: Vehicle Dimensions and Mass 2002 and sought endorsement from the Activities Performance Audit Committee on the proposed submission in general support of these changes.

Mr Hare advised the proposed amendments to the rule involves replacing an existing definition ("high capacity urban bus") with a wider definition ("passenger service vehicle") that would include all buses and allow road controlling authorities (RCAs) to issue permits to operators for specific buses to exceed the general access axle weight limits on defined routes.

Mr Hare explained the amendment rule is aimed at assisting in achieving strategic objectives such as supporting economic development and improving access and mobility. He added it is expected that any requests for permits on Southland District Council controlled roads are likely to be from tour bus operations to key tourist areas such as Te Anau, Manapouri and potentially the Southern Scenic route.

Members noted the consultation paper does recognise the effect on weak roads and structures from vehicles with higher axle mass. The effect on these roads may result in more rapid failure of the pavement.

The meeting was informed one of the main reasons that Council's Transport Team propose to submit on the changes is to emphasise that while Council supports having Road Controlling Authorities issuing permits for heavier buses, it may not be in a position to allow very heavy buses over much of the SDC network due to the potential cost this would add to rate payers.

Mr Hare explained the submission provides an opportunity to comment on the permitting methodology, the use of H signs and the potential of even heavier loads in the future.

Mr Hare tabled a draft submission in support of the proposed changes and sought endorsement from APAC on the proposed submission to NZTA.

Resolution

Moved Cr Dobson, seconded Cr Paterson **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Submission on Proposed changes to Vehicle Dimension and Mass Rule- Busses" dated 2 December 2015.**
- b) **Approves the Transport Team submission to NZTA regarding the Land Transport Rule: Vehicle Dimensions and Mass Amendment (2016) (PSV) in support of the proposed changes.**

7.5 Dog Control

Record No: R/15/11/21262

Group Manager Environment and Community, Bruce Halligan Manager Environmental Health Michael Sarfaiti were in attendance for this item.

Mr Halligan reported the purpose of the report is to respond to concerns raised about the killing of protected wildlife on Stewart Island.

Mr Halligan advised the Department of Conservation (DOC) along with members of the Stewart Island Community Board have raised concerns that kiwi and little blue penguins are being killed by dogs on the Island, and have made various recommendations. This report brings this serious issue to Council's attention and contains recommendations that should provide an effective response to this issue.

Mr Sarfaiti explained Council's new Dog Control Bylaw came into force on 29 August 2015 and the town continues to be a dog exercise area, with the exception of the main streets where dogs must be on a leash.

Members noted there are 59 registered dogs on the island and on average there is one dog impounded per year.

Mr Sarfaiti informed the DOC Acting Operations Manager, Dale Chittenden has raised concerns with Council advising that there have been at least two known kiwi killed by dogs on the island in the last 12 months with four little blue penguins having been recovered showing evidence of dog attacks.

Mr Sarfaiti advised DNA testing for protected wildlife being killed by dogs was a suggested option however by submitters however at this stage Council are considering other options.

Mr Sarfaiti outlined the options for consideration by the Committee advising that these options should provide an effective response to a legitimate and significant problem that has been brought to Council's attention. The options being;

- 1) Request the Group Manager Environment and Community to authorise a dog owner door-to-door educational programme by Council's Dog Control officers on Stewart Island.
- 2) Authorise the Council's Manager of Environmental Health to provide funding of \$300.00 per annum, funded from the Animal Control budget, towards Kiwi avoidance dog training on the island.
- 3) Endorses the operational responses in the issues part of this report concerning proposed education.

Mr Sarfaiti advised following approval by the Committee the Group Manager Environment and Community will organise the door-to-door programme with the Dog Control team liaising with DOC staff with this project.

Resolution

Moved Cr Dobson, seconded Cr Kremer **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled "Dog Control" dated 30 November 2015.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Requests the Group Manager Environment and Community to authorise a dog owner door-to-door educational programme by Council's Dog Control officers on Stewart Island.**
- e) **Authorises the Council's Manager of Environmental Health to provide funding of \$300.00 per annum, funded from the Animal Control budget, towards kiwi avoidance dog training on the Island.**
- f) **Endorses the operational responses in the Issues part of this report concerning proposed education.**

7.6 Health and Safety

Record No: R/15/11/20901

Human Resources Manager, Janet Ellis was in attendance for this item.

Mrs Ellis advised the purpose of the report is to provide an update to the Activities Performance Audit Committee on health and safety activity within Southland District Council.

The Committee noted new Health and Safety legislation, the Health and Safety at Work Act has been passed and comes into effect in April 2016.

Mrs Ellis informed the Act has a number of key changes and proceeded to outline the changes to the Committee.

Mrs Ellis gave an update on the Southland Council’s Health and Safety Management Group, Contractor Management Projects, Accidents/Incidents/Near misses, Ladder Register and proposed future improvements.

Mrs Ellis advised of a recent health and safety inspection of Area Offices and issues that have arisen are currently being addressed.

The Committee noted that it is the Contractor’s responsibility to ensure the correct Health and Safety documentation is completed to be able to undertake contractual work for Council.

Cr Dobson queried whether the Committee is to receive on-going reports from the Health and Safety Group. Mrs Ellis confirmed reports will be presented at Council meetings on a quarterly basis.

Resolution

Moved Cr Macpherson, seconded Cr Keast **and resolved:**

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Health and Safety” dated 2 December 2015.**

Public Excluded

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Resolution

Moved Cr Douglas, seconded Cr Harpur **and resolved:**

That the public be excluded from the following part(s) of the proceedings of this meeting.

C8.1 Around the Mountains Cycle Trail Review

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Around the Mountains Cycle Trail Review	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.

	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	
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That the Chief Executive Steve Ruru, Group Manager Environment and Community, Bruce Halligan, Group Manager Services and Assets Ian Marshall, Chief Financial Officer Anne Robson, Manager Human Resources Janet Ellis, and Governance Louise Pagan, Committee Advisor Alyson Hamilton be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the item; *C8.1 Around the Mountains Cycle Trail Review* This knowledge, which will be of assistance in relation to the matters to be discussed, is relevant to those matters because of their knowledge on the issues discussed and meeting procedure.

The public were excluded at 10.00am

9.0 The Committee returned to Open Meeting at this point 10.40am

10.0 Public Excluded Decision Recorded in Open Meeting

10.1 Around the Mountains Cycle Trail Review

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Around the Mountains Cycle Trail Review” dated 2 December 2015.**
- b) **Determines that this matter or decision be recognised as significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to commission an independent review of the way in which Council has managed the Around the Mountain Cycle Trail.**
- e) **Delegate’s authority to the Mayor and Chief Executive to appoint an independent reviewer and finalise the terms of reference for the review.**
- f) **Recommends to Council that the cost of completing the independent review currently forecast to be between \$60,000 to \$100,000 be approved as unbudgeted expenditure for the 2015/16 financial year to be funded from the District Operations reserve.**
- g) **Requests staff arrange with Committee Members a suitable date for an onsite visit of the cycle trail at the upper Oreti area to be undertaken in the early 2016.**

- h) **Agrees for the above resolution be released in the Open Section of the Committee's minutes.**

The meeting concluded at 10.40am

CONFIRMED AS A TRUE AND CORRECT
RECORD AT A MEETING OF THE ACTIVITIES
PERFORMANCE AUDIT COMMITTEE HELD
ON 9 DECEMBER 2015.

DATE:.....

CHAIRPERSON:.....