

Notice is hereby given that a Meeting of the Activities Performance Audit Committee will be held on:

**Date:** Wednesday, 27 January 2016  
**Time:** 10.30am  
**Meeting Room:** Council Chambers  
**Venue:** 15 Forth Street  
Invercargill

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## Activities Performance Audit Committee Agenda OPEN

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### MEMBERSHIP

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

### IN ATTENDANCE

<b>Chief Executive</b>	Steve Ruru
<b>Committee Advisor</b>	Alyson Hamilton

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**Full agendas are available on Council's Website**  
[www.southlanddc.govt.nz](http://www.southlanddc.govt.nz)

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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

## **Terms of Reference for the Activities Performance Audit Committee**

This committee is a committee of Southland District Council and has responsibility to:

- Monitor and review Council's performance against the 10 Year Plan
  - Examine, review and recommend changes relating to Council's Levels of Services.
  - Monitor and review Council's financial ability to deliver its plans,
  - Monitor and review Council's risk management policy, systems and reporting measures
  - Monitor the return on all Council's investments
  - Monitor and track Council contracts and compliance with contractual specifications
  - Review and recommend policies on rating, loans, funding and purchasing.
  - Review and recommend policy on and to monitor the performance of any Council Controlled Trading Organisations and Council Controlled Organisations
  - Review arrangements for the annual external audit
  - Review and recommend to Council the completed financial statements be approved
  - Approve contracts for work, services or supplies in excess of \$200,000.
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**1 Apologies**

At the close of the agenda no apologies had been received.

**2 Leave of absence**

At the close of the agenda no requests for leave of absence had been received.

**3 Conflict of Interest**

Committee Members are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a member and any private or other external interest they might have.

**4 Public Forum**

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on [www.southlanddc.govt.nz](http://www.southlanddc.govt.nz) or phoning 0800 732 732.

**5 Extraordinary/Urgent Items**

To consider, and if thought fit, to pass a resolution to permit the committee to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
  - (i) That item is a minor matter relating to the general business of the local authority; and
  - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

**6 Confirmation of Minutes**

- 6.1 Minutes of Activities Performance Audit Committee meeting held on 9 December 2015.

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# Activities Performance Audit Committee

## OPEN MINUTES

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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.

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### PRESENT

<b>Chairperson</b>	Lyall Bailey
<b>Mayor</b>	Gary Tong
<b>Councillors</b>	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 Sarfaiti, Manager Finance Sheree Marrah, Roading 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 \$4 million 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:**.....

## Service Delivery Review - Community Development Activity

Record No: R/16/1/57  
Author: Rex Capil, Group Manager, Policy and Community  
Approved by: Bruce Halligan, GM - Environment and Community

Decision  Recommendation  Information

Item 7.1

### Purpose

- 1 The purpose of this report is to provide the Committee with background information on the process and rationale for the Service Delivery Review (SDR) of the community development activity to be undertaken in terms of Section 17A of the Local Government Act 2002.
- 2 For the purpose of this SDR the community development activity of Council incorporates regional economic development, enterprise and business development, events and conferences, tourism and destination marketing and local community development.
- 3 This community development activity is as defined and detailed in the Southland District Council 10 Year Plan 2015-2015 and is delivered on behalf of Council by Venture Southland - a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

### Executive Summary

- 4 The report discusses the requirements of the Local Government Act 2002 under Section 17A to carry out a delivery of service review.
- 5 The terms of reference discusses the current situation and future challenges and opportunities for Council when considering its involvement in the community development activity.
- 6 The terms of reference provides details of the specific deliverables required as a result of undertaking the delivery of service review - in terms of a comparative analysis of the current service delivery model and consideration of future service delivery options for Council's community development activity.

## Recommendation

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Service Delivery Review - Community Development Activity” dated 18 January 2016.**
- 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) **Endorses the draft Service Delivery Review Terms of Reference for Community Development Activity to be undertaken in terms of Section 17A of the Local Government Act 2002.**
- e) **Endorses the approach to invite Invercargill City Council, Gore District Council and Environment Southland to partner in this Service Delivery Review process.**
- f) **Endorses the approach to require Venture Southland (as the joint committee of Southland District Council, Invercargill City Council and Gore District Council currently delivering the community development activity) to participate in the Service Delivery Review process.**
- g) **Recommends to Council that it supports a formal approach be made to Invercargill City Council, Gore District Council and Environment Southland to undertake a joint Service Delivery Review process involving all four councils.**
- h) **Recommends to Council that, subject to this joint approach being undertaken, it supports the terms of reference being amended accordingly to reflect this regional approach in order to ensure consideration of regional level issues and other local authorities’ specific local issues.**



## Content

### Background

- 7 The Local Government Act 2002 requires that councils periodically undertake a formal review of how they deliver their services.
- 8 The review must consider:
- The cost effectiveness of the current arrangements for meeting the needs of communities
  - Governance and funding by council alone or in a 'joint committee' of one or more councils
  - Delivery by: either a council; or the following alternative delivery structures:
    - (a) A CCO owned by council or jointly owned with another shareholder; or
    - (b) Another council; or
    - (c) Another person or agency (noting that a "person" could be a contractor, corporate and "agency" could be some form of joint arrangement).
  - A service delivery agreement specifically relating to:
    - (a) Levels of service
    - (b) Performance measures and targets for the agreed levels of service
    - (c) Performance assessment and reporting requirements
    - (d) Delivery cost effectiveness and how they are met
    - (e) Risk management and accountability requirements.
- 9 While there is a statutory requirement to undertake this review there are also other important non-statutory drivers which ensure the delivery of service and activity are consistent with Council's goals.

### Issues

- 10 There are no major issues identified in preparing for this SDR.
- 11 However there is a need for the SDR and associated terms of reference to not solely focus on local issues but to reflect regional strategic issues and priorities.
- 12 This will be a factor for consideration when Council addresses this SDR with neighbouring councils. This will allow the review to recognise the regional picture as well as the local issues affecting each local authority.
- 13 It is important from a regional perspective this SDR is considered to be undertaken as a joint initiative between the four Southland councils.
- 14 To this end it is suggested this SDR should also involve Invercargill City Council, Gore District Council (as current signatories to the Venture Southland Heads of Agreement) and Environment Southland as an active partner in the Venture Southland Joint Committee.

- 15 It should be noted that if Environment Southland does agree to become involved in this SDR and then takes on a more formal and defined role in the Venture Southland structure this will require some changes to the way in which Venture Southland is structured. Specifically this would require a revision of the Venture Southland Heads of Agreement.
- 16 Also it should be noted the attached draft terms of reference will be finalised once discussions are held with the other councils.
- 17 Assuming the other councils agree to a joint SDR process then the draft terms of reference can have the section added which considers regional level issues and other local authorities' specific local issues.
- 18 It is also expected Venture Southland participate in the SDR as the agency tasked with delivering the community development activity on behalf of Council.

### **Factors to Consider**

#### **Legal and Statutory Requirements**

- 19 The Local Government Act 2002 imposes an important statutory duty on all councils with regard to service delivery reviews.
- 20 Section 17A of the Act - Delivery of Services - requires that:
- (1) *A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.*
  - (2) *Subject to subsection (3), a review under subsection (1) must be undertaken - :*
    - (a) *in conjunction with consideration of any significant change to relevant service levels; and*
    - (b) *within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and*
    - (c) *at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).*
  - (4) *A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:*
    - (a) *responsibility for governance, funding, and delivery is exercised by the local authority:*
    - (b) *responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—*
      - (i) *a council-controlled organisation of the local authority; or*
      - (ii) *a council-controlled organisation in which the local authority is one of several shareholders; or*
      - (iii) *another local authority; or*
      - (iv) *another person or agency:*
    - (c) *responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).*

- (5) *If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—*
- (a) *the required service levels; and*
  - (b) *the performance measures and targets to be used to assess compliance with the required service levels; and*
  - (c) *how performance is to be assessed and reported; and*
  - (d) *how the costs of delivery are to be met; and*
  - (e) *how any risks are to be managed; and*
  - (f) *what penalties for non-performance may be applied; and*
  - (g) *how accountability is to be enforced.*
- (8) *The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publically available.*

21 The Act requires in Part 12, Schedule 1AA:

***Transitional provision relating to delivery of services***

- (1) *A local authority must complete its first reviews under Section 17A in relation to governance, funding, and delivery of any infrastructure, service, or regulatory function within three years of the commencement of Section 12 of the Local Government Act 2002 Amendment Act 2014.*

22 In effect this means Council is required to complete this delivery of service review before June 2017.

**Community Views**

- 23 It is not anticipated any specific public consultation will be undertaken in relation to this SDR.
- 24 Generic consultation is undertaken requesting feedback on the community development activity as part of the Council's 10 Year Plan consultation process, as part of Council's Annual Plan submission process and as part of Venture Southland's Annual Business Plan submission process.

**Costs and Funding**

25 The cost to undertake the SDR will be determined and confirmed as part of the request for proposal process and will be funded from within existing allocation of budgeted expenditure and with contributions from other councils partnering in this SDR.

**Policy Implications**

26 There are no policy implications in relation to undertaking this SDR.

## Analysis

### Options Considered

- 27 Two main options have been considered as outlined below:

### Analysis of Options

#### Option 1 - Proceed in undertaking the SDR for the community development activity of Council

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• Fulfil statutory requirements as detailed in Section 17A of the Local Government Act 2002.</li> <li>• Follow good practice in reviewing the cost effectiveness of the current arrangements and ensuring Council is meeting the needs of its communities.</li> <li>• Provides an independent an objective assessment of current and future delivery options for Council to consider.</li> </ul>	<ul style="list-style-type: none"> <li>• There are no disadvantages in undertaking this SDR.</li> </ul>

#### Option 2 - Do not proceed in undertaking the SDR for the community development activity of Council

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• There are no advantages in not undertaking this SDR when considering the disadvantages.</li> </ul>	<ul style="list-style-type: none"> <li>• Do not fulfil statutory requirements as detailed in Section 17A of the Local Government Act 2002.</li> </ul>

### Assessment of Significance

- 28 The SDR is not considered significant in terms of Council's Significance and Engagement Policy.

### Recommended Option

- 29 That Council proceeds as detailed in the draft terms of reference attached and calls for a request for proposal to engage a contractor to undertake the SDR for the Council's community development activity.

### Next Steps

- 30 Initiate discussions with Invercargill City Council, Gore District Council and Environment Southland to invite them to partner in this SDR process.
- 31 Meet with Venture Southland to confirm the process and involvement required.
- 32 Initiate the request for proposal process to engage a contractor to undertake the SDR for the Council's community development activity.

## **Attachments**

A Community Development Activity Service Delivery Review Terms of Reference [View](#)



## **Southland District Council**

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### **Service Delivery Review Terms of Reference**

#### **Community Development Activity**

**Incorporating Regional Economic Development, Enterprise and Business Development, Events and Conferences, Tourism and Destination Marketing and local Community Development**

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## 1 Introduction

This document is the Terms of Reference prepared to call for request for proposals to engage a contractor to undertake the Service Delivery Review (SDR) for the community development activity of Council.

This Southland District Council Community Development SDR is to be undertaken in terms of Section 17A of the Local Government Act 2002.

The community development activity as detailed in the Southland District Council 10 Year Plan 2015-2025 is delivered on behalf of Council by Venture Southland - a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

It is expected this SDR will also involve Invercargill City Council, Gore District Council (as current signatories to the Venture Southland Heads of Agreement) and Environment Southland as an active partner in the Venture Southland Joint Committee.

There are both statutory and non-statutory drivers for the SDR of the community development activity as follows:

### Statutory:

The Local Government Act 2002 imposes an important statutory duty on all councils with regard to service delivery reviews.

Section 17A of the Act - Delivery of Services - requires that:

- (1) *A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.*
- (2) *Subject to subsection (3), a review under subsection (1) must be undertaken - :*
  - (a) *in conjunction with consideration of any significant change to relevant service levels; and*
  - (b) *within two years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and*
  - (c) *at such other times as the local authority considers desirable, but not later than six years following the last review under subsection (1).*
- (4) *A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:*
  - (a) *responsibility for governance, funding, and delivery is exercised by the local authority:*
  - (b) *responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—*
    - (i) *a council-controlled organisation of the local authority; or*
    - (ii) *a council-controlled organisation in which the local authority is one of several shareholders; or*
    - (iii) *another local authority; or*
    - (iv) *another person or agency:*



- (c) *responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).*
- (5) *If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—*
- (a) the required service levels; and
  - (b) the performance measures and targets to be used to assess compliance with the required service levels; and
  - (c) how performance is to be assessed and reported; and
  - (d) how the costs of delivery are to be met; and
  - (e) how any risks are to be managed; and
  - (f) what penalties for non-performance may be applied; and
  - (g) how accountability is to be enforced.
- (8) *The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publically available.*

Therefore, this section of the Local Government Act 2002 requires, as a minimum, that the service delivery review must consider:

- Governance and funding by council alone or in a 'joint committee' of one or more councils.
- Delivery by: either a council; or the following alternative delivery structures:
  - (a) A CCO owned by council or jointly owned with another shareholder; or
  - (b) Another council; or
  - (c) Another person or agency (noting that a "person" could be a contractor, corporate and "agency" could be some form of joint arrangement).
- A service delivery agreement specifically relating to:
  - (a) Levels of service
  - (b) Performance measures and targets for the agreed levels of service
  - (c) Performance assessment and reporting requirements
  - (d) Delivery cost effectiveness and how they are met
  - (e) Risk management and accountability requirements.

#### **Non-Statutory:**

While there is a statutory requirement to undertake this review there are also other important drivers including:

- Ensuring that Council is delivering what matters to its communities in terms of its community development activity.

- Ensuring that the delivery of service and activity are consistent with Council's goals of:
  - (a) A dynamic, effective and efficient Council - we are an innovative industry leader who is respected and trusted by our stakeholders. We provide value for money.
  - (b) The Southland Way - working with other agencies to support the region in a co-ordinated and integrated way. Southland leads the way in local government and having a co-ordinated approach to investment.
  - (c) Empowering our communities - we help our communities help themselves and we work in partnership with them.
- Analysing and assessing current and future emerging trends in community development service delivery and developing and providing the appropriate services accordingly.
- Analysing and assessing community development services required to ensure these represent best value for money.

## 2 Current Situation

### 2.1 Approach to community development activity delivery of services

The community development activity is provided as part of the District Leadership function as described in the Southland District Council 10 Year Plan 2015-2025.

The District Leadership function describes Council's role as a leader in its communities where it provides information, support and development opportunities to residents. This empowers them to make a difference in their communities by becoming involved in decisionmaking.

The community development activity is focussed on working with groups and organisations to identify opportunities and facilitate the development of projects and initiatives which will enhance the prosperity and quality of life of Southland communities.

The community development activity is delivered on behalf of Council by Venture Southland - a joint committee of Southland District Council, Invercargill City Council and Gore District Council.

Venture Southland is structured as a joint committee of councils which means, that while Venture Southland has its own governance board (the Joint Committee), it also forms part of each of the councils and is not a separate legal entity.

The Venture Southland Heads of Agreement is signed by Southland District Council, Invercargill City Council and Gore District Council and is the administering document for Venture Southland as a Joint Committee of the councils.

The councils determine priority projects and performance measures for Venture Southland to deliver on annually through a letter of expectation.

When each council has adopted their Long Term Plan or Annual Plan they enter into a Purchase of Services Agreement with each of the other councils and Venture Southland to specify the priority joint projects. Each Council will also enter into an Individual Funding for Services Agreement directly with Venture Southland to agree specific projects and services required by the individual Council.

Venture Southland's annual work programme is set out in its Annual Business Plan which incorporates, amongst other deliverables, the Councils' joint purchase of service agreement projects and specific projects and services required by an individual Council.

For clarification, the following sets out the purpose of each of the documents involved in the governance and operation of Venture Southland.

Document	Parties	Purpose	When signed
VS Agreement	SDC, ICC, GDC	Sets out the governance structure, purpose of VS and key administrative provisions.	1 July 2014
Letter of Expectation	Letter from each individual Council to VS	Sets out high level expectations as part of the governance role.	End of October each year.
Purchase of Services Agreement	SDC, ICC, GDC and VS	Sets out what services will be received in return for joint Council funding.	June each year.
Individual Funding for Services Agreements	Individual Council and VS	Sets out specifically funded projects required by the individual Council.	June each year

## 2.2 Council funding

Southland District Council funding of Venture Southland is by way of a grant funded from District rates - as detailed in the Southland District Council 10 Year Plan 2015-2025.

Council has allocated a grant to Venture Southland of \$1,755,199 annually from 2015 to 2025 as per the Grants and Donations Schedule.

### 3 Current and Future Challenges/Opportunities

#### 3.1 Socio Demographic and associated changes

The Southland District population quantum is relatively stable overall but is ageing. However some communities have a declining population while other communities experience growth. There is a variance of socio demographic status across the district and a variation of growth opportunities. This variance across the district means many of the community development issues and opportunities are localised and a 'one size fits all' approach is not effective.

#### 3.2 Strategic alignment

There is significant collaboration between various agencies across the Southland region and it is important this approach is maintained and the strong foundations built on. It is important the Southland district communities are effectively represented to ensure linkage of local to regional to national strategies and priorities. This will assist in providing efficiencies and effective development opportunities. The Southland Regional Development Strategy developed in 2015 provides an effective framework to advance strategic alignment across the district.

#### 3.3 Political relevancy

It is important the Southland district communities understand the changing national political landscape and the associated implications. As the population and demographic changes continue with significant population growth in the upper North Island there will be various challenges for the Southland region. It is important the Southland region works together to maintain a voice at a national level. The ability to be a leader of change and to create economies of scale is an important factor in reviewing the approach to delivering services going forward.

#### 3.4 Financial sustainability and affordability

There is significant scrutiny of the local government sector and how it delivers its services effectively and efficiently. This requires a strong focus on managing costs. There is a real push for local government to do more with the same or less resource. This may see a change in how some services are delivered which could be quite different to how they have been delivered in the past. This is a consistent message for the sector.

#### 3.5 Community leadership

Councils play an important role in providing community leadership and enabling communities to deliver the best outcomes. This requires the ability to operate with a long term view and develop a robust community planning approach. It also provides an opportunity to develop a multi-agency partnership approach to assist in designing best fit solutions for communities. There is significant scope for development opportunities as part of the Community Futures approach being developed by Council.

#### 3.6 Regional level issues

There are various regional strategic issues and priorities that have been identified in recent times which are cross local authority boundaries and require a collaborative approach by Councils in addressing these. The Southland Regional Development Strategy provides an important framework for determining what the regional issues are and a programme of work that needs to be advanced to address these. There are also regional issues outside of the Regional Development Strategy that are significant and require future consideration. These include advocacy related to legislation and government policy.

## 4 Current Service Delivery Model - Comparative Analysis

### 4.1 Cost Effectiveness and Value for Money Analysis

Since its formation in 1989 the Southland District Council has identified community development as an important activity of Council and has invested in core outcomes over this time. Priorities have changed and key areas of focus have evolved in response to internal and external drivers. This saw the community development activity for Southland District expand to incorporate enterprise development and tourism and destination marketing. This total community development activity was delivered in house at the Southland District Council from 1989 to 2001.

In 2001 Venture Southland was established as a joint committee. It undertook to develop a Southland wide regional approach for economic development, business and enterprise development, events and conference promotion and tourism and destination marketing while maintaining a Southland District specific focus for local community development deliverables.

**A requirement of this Southland District Council Community Development Service Delivery Review is to provide a comparative analysis of cost effectiveness and value for money for delivering such services in house versus as a joint committee.**

### 4.2 Similar Council/Regions Delivery Models Analysis

Many local authorities identify community development as a core function. However how it is delivered and incorporated into the structure and operations of a local authority is varied. There is no one established or definitive structure which is common or consistent in the delivery of the community development function and service across the sector.

Community development also means different things to different local authorities and different regions. Southland's local authorities have developed a broad definition of community development and incorporate regional economic development, business and enterprise development, events and conference promotion and tourism and destination marketing activities as part of the overall community development activity service delivery model.

This Delivery Model Analysis will also provide guidelines to assist in determining what services be developed and delivered at a regional level versus at a local level.

**A requirement of this Southland District Council Community Development Service Delivery Review is to provide a comparative analysis of**

- (a) Ten similar councils (population size and provincial) delivery models; and**
- (b) Five similar regions delivery models (Economic Development Agencies, Regional Tourism Organisations, Conference Bureaux for provincial local authority cross boundary regions)**

**The comparative analysis is to include (but not be limited to):**

- **Core objectives and purpose**
- **Core deliverables**
- **Core accountabilities, performance assessment and reporting requirements**
- **Governance and operational structures**
- **Funding and investment models and operational budgets**
- **Guidelines for determining regional versus local delivery of services**

## 5 Future Service Delivery Options

The following are identified as future service delivery options for the Southland District Council's Community Development function as detailed in the Southland District Council 10 Year Plan 2015-2025:

- 5.1 **Status quo - Venture Southland Joint Committee of Southland District Council, Invercargill City Council and Gore District Council.**
- 5.2 **Joint Committee of Council - of Southland District Council, Invercargill City Council, Gore District Council and Environment Southland.**
- 5.3 **Council Controlled Organisation - Southland District Council being one of several shareholders**
- 5.4 **Council Controlled Organisation - Southland District Council being the sole shareholder**
- 5.5 **Another agency e.g. Shared Services, Mayoral Forum, Southland Regional Development Strategy Governance Group**
- 5.6 **Another local authority**
- 5.7 **In- house - sole responsibility of Southland District Council**

A requirement of this Southland District Council Community Development Service Delivery Review is to provide a cost benefit analysis and assessment for each of the service delivery options identified and to include (but not limited to):

- **Governance structure requirements**
- **Funding and investment principles and formulae**
- **Operational structure requirements**
- **Cost effectiveness**
- **Appropriateness of regional versus local service delivery**
- **Consideration of different models for the different services and option to unbundle the various services delivered**
- **Level of service agreement and performance measure requirements**
- **Performance assessment and reporting requirements**
- **Risk management and accountability requirements**

The Service Delivery Review will also provide recommendations for future delivery options for Southland District Council Community Development Activity.

## **6 Service Delivery Review Request For Proposal - specific deliverables required**

This document is the Terms of Reference prepared to call for request for proposals to engage a contractor to undertake the Service Delivery Review for the Community Development Activity of Council.

Specific deliverables required include a Community Development Activity Service Delivery Review Report to be prepared to include:

- (1) A comparative analysis of cost effectiveness and value for money for delivering community development services in house versus as a joint committee.**
- (2) A comparative analysis (nationally and internationally) of:**
  - (a) Ten similar councils (population size and provincial) delivery models; and**
  - (b) Five similar regions delivery models (Economic Development Agencies, Regional Tourism Organisations, Conference Bureaux for provincial local authority cross boundary regions).**

**The comparative analysis is to include (but not be limited to):**

- Core objectives and purpose**
  - Core deliverables**
  - Core accountabilities, performance assessment and reporting requirements**
  - Governance and operational structures**
  - Funding models and operational budgets**
  - Guidelines for determining regional versus local delivery of services.**
- (3) A cost benefit analysis and assessment for each of the service delivery options identified to include (but not limited to):**
    - Governance structure requirements**
    - Funding and investment principles and formulae**
    - Operational structure requirements**
    - Cost effectiveness**
    - Appropriateness of regional versus local service delivery**
    - Consideration of different models for the different services and option to unbundle the various services delivered**
    - Level of service agreement and performance measure requirements**
    - Performance assessment and reporting requirements**
    - Risk management and accountability requirements.**
  - (4) Recommendations for future delivery options for Southland District Council community development activity.**



## Formation of Governance Group for the Around the Mountains Cycle Trail project

**Record No:** R/15/11/21263  
**Author:** Ian Marshall, GM - Services and Assets  
**Approved by:** Ian Marshall, GM - Services and Assets

Decision  Recommendation  Information

### Purpose

- 1 The purpose of this report is to establish a governance group charged with overview of the completion of the Around the Mountains Cycle Trail project.

### Executive Summary

- 2 This report to the Activities Performance Audit Committee recommends the formation of a project sub-committee. What is proposed is a sub-committee to be called the Around the Mountains Cycle Trail Project Sub-Committee.
- 3 This sub-committee will perform the role of governance oversight on behalf of the Activities Performance Audit Committee for the Around the Mountains Cycle Trail Project. The project covers the work necessary to complete the cycle trail from Kingston to Walter Peak Station.
- 4 The sub-committee will approve procurement plans, let contracts and provide overall direction of the project; ensure the project stays on-time and within approved budgets.
- 5 The overall budget will be approved by the Southland District Council. The Committee will also act as a conduit for communication and consultation.
- 6 The proposed committee makeup includes the Chairman of the APAC committee, who will Chair the sub-committee, the Mayor and four District Council Councillors.

## Recommendation

That the Activities Performance Audit Committee:

- a) **Receives the report titled “Formation of Governance Group for the Around the Mountains Cycle Trail project” dated 13 January 2016.**
- b) **Determines that this matter or decision be recognised 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) **Adopt the Terms of Reference (r/15/10/18140) for the formation of an Around the Mountains Cycle Trail Project Sub-Committee. .**
- e) **Appoints the Chairman of the Activities Performance Audit Committee as a member and Chairman, of the Around the Mountains Cycle Trail Project Sub-Committee.**
- f) **Appoints his Worship the Mayor as a member of the Around the Mountains Cycle Trail Project Sub-Committee.**
- g) **Appoints four Southland District Council councillors to be members of the Around the Mountains Cycle Trail Project Sub-Committee.**

## Content

### Background

- 7 The Activities Performance Audit Committee at the meeting on the 16<sup>th</sup> September 2015 in the confidential section of the meeting discussed the progress of the Around the Mountains Cycle Trail. The Committee resolved;

#### **That the Activities Performance Audit Committee:**

- 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) Notes the forecasted final cost of Stage One and that of Sections 6 and 7 of Stage Two.**
  - e) Directs staff to proceed with resolving the property issues remaining on Stage One.**
  - f) Agrees to the creation of a subcommittee of the Activities Performance Audit Committee for the review and oversight of the development of Sections 8 and 9 of Stage Two and asks staff to report back to the next meeting of the Committee with proposed Terms of Reference for the Sub-Committee.**
  - g) Supports the completion of the trail, but in regards to Sections 8 and 9 of Stage Two, staff are asked to:**
    - Continue to investigate options to reduce the projected cost.**
    - Report to the subcommittee recommended in (f) on possible options and costings.**
    - Not enter into any construction commitments, in regards to these stages until the Activities Performance Audit Committee has resolved to proceed.**
  - h) Recommends to Council that the Strategic Assets Reserve be used to fund any deficit on the Around the Mountains Cycle Trail final cost.**
- 8 This report and attached Terms of Reference are in response to the resolution to create a sub-committee (section f) above).

### Issues

- 9 The key issues that are plaguing the Around the Mountains Cycle Trail are;
- the increasing estimated cost of completion of the trail
  - the ongoing delays in completing the trail.
  - the estimated cost of construction of Stage 8 of the trail

-the ongoing resource consent appeal process

-the funding shortfall for the project

## Factors to Consider

### Legal and Statutory Requirements

- 10 The Local Government Act contains sections that have to be considered in proposing a method for managing a project such as the Around the Mountains Cycle Trail project. Section 10 sets out general requirements;

### 10 Purpose of local government

- (1) *The purpose of local government is—*
  - (a) *to enable democratic local decision-making and action by, and on behalf of, communities; and*
  - (b) *to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*
- (2) *In this Act, **good-quality**, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—*
  - (a) *efficient; and*
  - (b) *effective; and*
  - (c) *appropriate to present and anticipated future circumstances.*

- 11 Section 39 of the Act contains governance principles;

### 39 Governance principles

- *A local authority must act in accordance with the following principles in relation to its governance:*
  - (a) *a local authority should ensure that the role of democratic governance of the community, and the expected conduct of elected members, is clear and understood by elected members and the community; and*
  - (b) *a local authority should ensure that the governance structures and processes are effective, open, and transparent; and*
  - (c) *a local authority should ensure that, so far as is practicable, responsibility and processes for decision-making in relation to regulatory responsibilities is separated from responsibility and processes for decision-making for non-regulatory responsibilities; and*
  - (d) *a local authority should be a good employer; and*
  - (e) *a local authority should ensure that the relationship between elected members and management of the local authority is effective and understood.*

- 12 There is no statutory requirement for the establishment of a Project Sub-Committee but it is good practice to enable effective project management and to enable community and cultural issues to be identified and addressed.

### 13 Consent conditions

- 14 The Project Sub-Committee will also have overview of compliance with consent conditions. The trail consent when issued will have specific requirements within the consent conditions. It will be critical that all the consent conditions are fulfilled.
- 15 The Terms of Reference attached includes a section on Compliance to cover this aspect of the work.

### **Community Views**

- 16 The project at large has been consulted on through the Long Term Plan and each year in the Annual Plans, it has been flagged as a key project the Council is developing.
- 17 A small number of submissions have been made; some in support and some in opposition to the cycle trail.
- 18 Opposition to the trail project predominantly from people associated with fishing has been voiced loudly through the Resource Management process. These objections are being dealt with via a Resource Management Court hearing scheduled to begin in February 2016.

### **Costs and Funding**

- 19 Costs of the Project Committees operations will be met from the Governance budgets.

### **Policy Implications**

- 20 The most relevant Council policy is the Procurement Policy (2010). The proposed governance structure supports the objectives and principles within that policy.
- 21 The policy contains the following;

#### **1. Objectives**

- *Ensure purchases are made in an open, fair and transparent manner.*
- *Deliver best value for money over whole of life: considering both cost and quality.*
- *Ensure open and effective competition.*
- *Support good environmental outcomes, where feasible.*
- *Appropriately manage risk.*
- *Promote efficient purchasing practices in a dynamic environment.*

#### **22 2. Principles of Good Practice in Procurement Process**

*The Office of the Auditor-General states good practice considerations include:*

- *Clearly articulated procurement policies and procedures.*
- *Regard for the legal implications surrounding procurement, including acting in accordance with the existing enabling legislation, along with wider legal and public law considerations.*
- *Operating with ethical standards covering confidentiality, disclosure and declarations of interest.*
- *Awareness of economic considerations in the procurement process including total cost of ownership, value for money and market impact.*
- *Effective management of risk throughout the procurement process.*

## Analysis

### Options Considered

- 23 The options considered were either to implement a Project Committee or to use the existing APAC Committee to act as the project Governance body.

### Analysis of Options

#### Option 1 – Implement a Project Sub-Committee to act as the project governance body;

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• A project specific committee with a focus on the Cycle Trail project alone.</li> <li>• Project specific milestones can be closely monitored</li> <li>• Greater transparency.</li> <li>• Better understanding of the community issues</li> <li>• A smaller committee able to be more dynamic in response to meeting and decision making</li> </ul>	<ul style="list-style-type: none"> <li>• A new committee with the associated additional costs.</li> <li>• Additional personnel resources required to administer the committee functions.</li> <li>•</li> </ul>

#### Option 2 – Utilise APAC as the project governance body;

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> <li>• An existing structure.</li> <li>• Experienced committee members well versed in the governance role and familiar with financial and project management.</li> <li>• Committee members relatively independent from the local influences.</li> <li>• Low marginal cost to transact the project business.</li> </ul>	<ul style="list-style-type: none"> <li>• The business of the cycle trail project gets overshadowed by the quantum of the APAC agenda issues.</li> <li>• Less focused assessment of reports and issues.</li> <li>• Large committee so arranging special meetings and site visits is cumbersome.</li> </ul>

### Assessment of Significance

- 24 In order to assess the significance of the subject of this report it is essential to be clear about the issue being assessed. The issue is;
- What governance body should be responsible for the completion of the delivery of the Around the Mountains Cycle Trail Project?
- 25 The issue is not the actual project, its size, its scope, or the degree to which it affects the Community. It is about the governance of the project. It is not whether to have a project governance body or not. It is about which governance body should be responsible for the project. The decision, about which governance body will be responsible, is not significant in terms of the Council's significance policy.

### **Recommended Option**

- 26 The recommended option is that a Project Sub-Committee be formed and that the attached Terms of Reference (R/15/10/18140) be adopted for the formation and operation of the sub-committee.

### **Next Steps**

- 27 If the Activities Performance Audit Committee resolves to form a sub-committee to manage the Around the Mountains Cycle Trail Project then the next steps are to arrange meetings of the Sub-Committee and to present reports to the committee.

### **Attachments**

- A Terms of Reference- Around the Mountains Cycle Trail Governance Sub-Committee  
[View](#)

**SOUTHLAND DISTRICT COUNCIL  
AROUND THE MOUNTAINS CYCLE TRAIL GOVERNANCE SUB-  
COMMITTEE  
TERMS OF REFERENCE**

**DOCUMENT CONTROL**

<b>DATE APPROVED</b>	
<b>TRIM REFERENCE NO.</b>	r/15/10/18140
<b>RELATED LEGISLATION</b>	

**1. PURPOSE**

The purpose of the Around the Mountains Cycle Trail Governance Sub-Committee is to perform the role of governance oversight on behalf of the Southland District Council for the completion of the Around the Mountains Cycle Trail.

The Southland District Council will retain the authority to approve the final project budget. Once funding is approved by Council the responsibility for delivery of the project falls to the APAC committee.

This Around the Mountains Cycle Trail Governance Sub-Committee is a sub-committee of the Activities Performance Audit Committee (APAC) and will have authority to act as delegated by APAC.



## 2. RESPONSIBILITIES/SCOPE OF ACTIVITY

The Around the Mountains Cycle Trail Governance Sub-Committee shall have responsibility for:

Function	Responsibility	How will this be achieved
Project Completion	To ensure the cycle trail project is completed to the standard expected on a no surprises basis	Monitoring progress and making decisions to allow completion to be achieved.
Project Progress	To monitor progress of the project and make necessary decisions to keep the project on track in accordance with the project plan. To ensure the project is completed on time in accordance with the project plan.	Receive sufficiently detailed progress reports from the Project Manager to be able to be fully informed of progress towards the completion outcome. Make decisions on actions necessary to overcome constraints that put achieving the planned outcome at risk
Financial Management	To ensure the project is completed to the agreed budget.	Receive sufficiently detailed progress reports from the Project Manager to be able to be fully informed of the likely completion outcome. Make decisions on actions necessary to overcome constraints that put achieving the completion within budget at risk. Approve Procurement Plans and Let Contracts in accordance with those plans for the purchase of goods and services to complete the cycle trail project.
Risk Management	To monitor Risk Management processes and ensure that risks are being identified, mitigated and managed.	Receive reports on risk management. Assess if all important risks are being managed properly. Flag any unmanaged risks.
Health and Safety Management	To monitor Health and Safety management and ensure it is being carried out appropriately.	Receive reports on Health and Safety management including evidence of proactive management and evidence of safety observations and due diligence. Ensure unsafe practices are eliminated from the project.
Compliance	To monitor consent compliance to ensure all work is carried out under necessary consents and to ensure all consent conditions are complied with.	Receive confirmation reports of consent compliance Receive exception reports on issues of non-compliance and proposals to correct non-compliance.

#### 4. MEMBERSHIP

The membership of the Around the Mountains Cycle Trail Governance Sub-Committee shall be:

- a) The Chairman of the Activities Performance Audit Committee who shall be chairman of the Sub-committee;
- b) His Worship the Mayor;
- c) Four District Council Councillors.

The Around the Mountains Cycle Trail Governance Sub-Committee shall have the power to co-opt Councillors and/or other suitably qualified persons, with interests in special topics, for the duration of the Around the Mountains Cycle Trail Governance Sub-Committee's consideration of those topics.

#### 5. CHAIRPERSON

The Chairperson is responsible for:

- (a) The efficient functioning of the Around the Mountains Cycle Trail Governance Sub-Committee;
- (b) Setting the agenda for Around the Mountains Cycle Trail Governance Sub-Committee meetings; and
- (c) Ensuring that all members of the Around the Mountains Cycle Trail Governance Sub-Committee receive sufficient timely information to enable them to be effective Around the Mountains Cycle Trail Governance Sub-Committee members.

The Chairperson will be the link between the Around the Mountains Cycle Trail Governance Sub-Committee and Council staff.

#### 6. QUORUM

The quorum at any meeting of the Around the Mountains Cycle Trail Governance Sub-Committee shall be not less than four members of the Around the Mountains Cycle Trail Governance Sub-Committee.

#### 7. FREQUENCY OF MEETINGS

The Around the Mountains Cycle Trail Governance Sub-Committee shall meet at least as often as is necessary to effectively manage the project.

#### 8. RELATIONSHIPS WITH OTHER PARTIES

The primary relationship of the Project Sub-Committee will be with the Project Management Team through the Project Manager. The Project Sub-Committee will report via progress reports and meeting minutes to the Activities Performance Audit Committee.

#### 9. CONTACTS WITH MEDIA AND OUTSIDE AGENCIES

The Around the Mountains Cycle Trail Governance Sub-Committee Chairperson is the authorised spokesperson for the Around the Mountains Cycle Trail Governance

Sub-Committee in all matters where the Around the Mountains Cycle Trail Governance Sub-Committee has authority or a particular interest.

The Team Leader Governance will manage the formal communications between the Committee and its constituents and for the Committee in the exercise of its business.

Correspondence with central government, other local government agencies or other official agencies will only take place through Council staff and will be undertaken under the name of the District Council.

## 10. CONDUCT OF AFFAIRS

The Committee shall conduct its affairs in accordance with the *Local Government Act 2002*, the *Local Government Official Information and Meetings Act 1987*, the *Local Authorities (Members' Interests) Act 1968*, Council's Standing Orders and Code of Conduct.

## 11. PUBLIC ACCESS AND REPORTING

Notification of meetings to the public and public access to meetings and information shall comply with Standing Orders, but it should be noted that:

- Any meetings of the Around the Mountains Cycle Trail Governance Sub-Committee are subject to Standing Orders
- Workshops meetings solely for information and discussions and at which no resolutions or decisions are not subject to Standing Orders
- Extraordinary meetings of the Around the Mountains Cycle Trail Governance Sub-Committee may be held in accordance with Standing Orders
- The public may be excluded from the whole or part of the proceedings of the meeting and information withheld on one or more of the grounds specified in *the Local Government Official Information and Meetings Act 1987* Section 48.

The Around the Mountains Cycle Trail Governance Sub-Committee shall record minutes of all its proceedings and after adoption at its next meeting will present the minutes to the next available Council meeting.

## 12. TERMS OF APPOINTMENT

The terms of appointment shall be until the completion of the project and the dissolution of the Sub-Committee by the Activities Performance Audit Committee.

## 13. REMUNERATION

Remuneration will be in accordance with the Elected Members' Remuneration Policy.

## 14. FUNDING AND BUDGETS

The Around the Mountains Cycle Trail Governance Sub-Committee shall only expend funding on purposes for which that funding was originally raised and in accordance with the budgets approved by Council through its Long Term Plan and Annual Plan.

Funding for Around the Mountains Cycle Trail Governance Sub-Committee will align with Council's Revenue and Financing Policy.

Remuneration and expenses will be funded from the allocated budget within the Council's governance budget.

**15. DELEGATIONS**

The Around the Mountains Cycle Trail Governance Sub-Committee shall have authority to:

- Expend funds in accordance with the approved budgets for the Around the Mountains Cycle Trail project.
- Approve Procurement Plans and Let Contracts in accordance with those plans for the purchase of goods and services to complete the cycle trail project.

**15. REVISION OF DELEGATIONS**

Date	Version	Revision Description
November 2015	Draft	N/A

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

### Recommendation

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

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:

#### C8.1 Tenders and Costing for the Proposed Memorial Hall Upgrade at Winton

#### C8.2 Quarterly Risk Reports

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
Tenders and Costing for the Proposed Memorial Hall Upgrade at Winton	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>	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.
Quarterly Risk Reports	<p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.</p> <p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>	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.