



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: Wednesday, 14 April 2021
Time: 9am
Meeting Room: Council Chamber
Venue: 20 Don Street
Invercargill

Council Agenda OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Ebel Kremer
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

IN ATTENDANCE

Chief Executive	Cameron McIntosh
Committee Advisor	Fiona Dunlop

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

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.

Health and Safety – Emergency Procedures

Toilets – The toilets are located outside of the Chamber, directly down the hall on the right.

Evacuation – Should there be an evacuation for any reason please exit down the stairwell to the assembly point, which is the entrance to the carpark on Spey Street. Please do not use the lift.

Earthquake – Drop, cover and hold applies in this situation and, if necessary, once the shaking has stopped we will evacuate down the stairwell without using the lift, meeting again in the carpark on Spey Street.

Phones – please turn your mobile devices to silent mode.

Recording - These proceedings are being recorded for the purpose of live video, both live streaming and downloading. By remaining in this meeting, you are consenting to being filmed for viewing by the public.

Covid QR code – Please remember to scan the Covid Tracer QR code.

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- C10.1 Around the Mountains Cycle Trail - Unbudgeted expenditure
- C10.2 Building Solutions - Unbudgeted Expenditure Request March 2021
- C10.3 Proposed Road Stopping 14 Dover Street Wreys Bush and Unbudgeted Expenditure Approval to fund Councils portion of the actions required.
- C10.4 Unbudgeted Expenditure Report for Obtaining Subdivision Consents for the Luxmore Residential and Industrial Developments
- C10.5 Winton Wastewater Treatment and Discharge - Alternative Solution
- C10.6 Water and Wastewater Maintenance Expenditure
- C10.7 Access to Commercial Forest at Ohai for Coal Exploration and Mining

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

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

4 Public Forum

Notification to speak is required by 12noon at least one clear day before the meeting. Further information is available on 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 Council 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 Council Minutes

6.1 Meeting minutes of Council, 10 March 2021

Investment and Liability Management Policy

Record No: R/21/3/13771
Author: Anne Robson, Chief Financial Officer
Approved by: Cameron McIntosh, Chief Executive

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to present the Investment and Liability Management Policy to Council for adoption.
- 2 The Investment and Liability Management Policy was presented to the Finance and Assurance Committee at its meeting on the 24th February 2021 and was recommended to Council for adoption.

Executive Summary

- 3 The Investment and Liability Management Policy outlines how Council will manage its investments, including what Council will invest in, and how investment risk will be assessed and managed. The policy also outlines how Council will manage borrowings.
- 4 PWC and Council staff have prepared the draft Investment and Liability policy on discussions held with the Finance and Assurance Committee and Council over the last six months and best practice. The policy also incorporates the necessary changes to enable Council to apply to the LGFA to become a guaranteeing participating Council as agreed at Council's meeting of 10 March 2021.
- 5 Overall this draft policy, in regards to investments, acknowledges and allows for Council to maximise its returns on funds held whilst considering its risk profile. It acknowledges a low risk approach to its treasury investments used for working capital and restricted reserves. It accepts a moderate risk approach to investing general reserves to maintain capital and provide a return for offsetting rates through the ability to invest in an existing New Zealand managed balanced fund. It also retains the ability of Council to internally borrow against these reserves, if it chooses to do so. As part of this, the appropriate delegations and reporting have been added to the policy.
- 6 It is important to note that Councils Long Term Plan has Council moving from a net investor to a core borrower so the changes to the policy also incorporate more detail about Council's borrowing limits and how it will manage its borrowing risks by incorporating good practice methods into the liability management policy.
- 7 At the Finance and Assurance Committee held on the 24th February 2021, committee members heard from staff and also Brett Johanson (PWC) over the key elements of the policy. The chairman emphasised the role of the committee is recommending policy and ensuring compliance. As part of the risk management he asked the committee to understand and carefully consider the risk management strategies outlined in the policy as well as the borrowing limits being proposed.
- 8 After careful consideration the committee recommended the policy and borrowing limits to Council, noting that the next stage was the development of Investment and Liability strategies,

which outlines the “what and how” for investments and borrowings. This is the practical component of investing and borrowing.

Recommendation

That the Council:

- a) Receives the **report titled “Investment and Liability Management Policy” dated 8 April 2021.**
- 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 to adopt the draft Investment and Liability Management Policy (including any amendments agreed at this meeting) including the following borrowing limits:

Net debt as a percentage of total revenue	<175%
Net interest as a percentage of total revenue	<10%
Net interest as a percentage of rates revenue	<7%
Liquidity (external, borrowing + available committed loan facilities + available liquid investments as a percentage of existing external debt)	>110%

- e) Agrees to staff amending Councils delegations manual to incorporate the delegations that are outlined in the draft Investment and Liability Management Policy adopted.

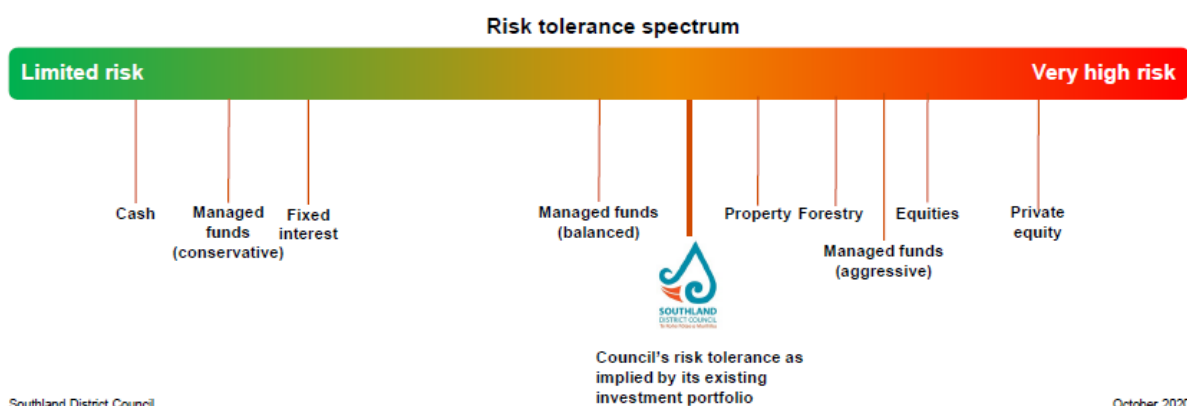
Background

- 9 Under Section 102 of the Local Government Act 2002 (LGA 2002), Council is required to have both an Investment Policy and a Liability Management Policy. These policies have been merged into one document (the policy) due to their similar nature.
- 10 This policy was last revised and consulted on in 2018.

-
- 11 In developing this policy, PWC was engaged to work with the Finance and Assurance Committee and Council to undertake the following
- an investment strategy review, which would provide a framework to feed into the Investment Policy review. The review will look at the investment portfolio needed to achieve Council's short and longer term objectives
 - considering the role and purpose of Council's portfolio and key objectives
 - Council's role as a custodian of an intergenerational investment portfolio, including comparisons to other councils approaches
 - Council's purpose and approach to reserves
 - what an appropriate portfolio composition is
 - the optimal return and annual volatility targets
 - assist Council to understand and consider LGFA membership
 - treasury policy review and update
- 12 In undertaking the above, PWC held a number of workshops with the Finance and Assurance Committee and Council to understand Council, its risk appetite and its current investment approach.
- 13 The first workshop held with Council intended to assist Council in determining its future investment strategy and as such covered the following items:
- Council's existing investment policies, framework and approach
 - the current investment portfolio
 - desirable asset class characteristics
 - Council's desired future investment objectives and approach.
- 14 Throughout, feedback was sought on a range of topics to help shape the discussion and potential future investment direction. These included:
- the appropriateness of Council's current approach and its investment objectives
 - Council's risk tolerance
 - return targets
 - other investment constraints.
- 15 Overall, this outlined the \$57 million of investments and reserves held and the investment characteristics for Council of each asset type.

	Asset Class	Current Investments (\$m)	Use of Revenue	Capital Protection	Liquidity	Capital Growth	Cash Yield
Reserves	Internal Loans	\$35.4m	<ul style="list-style-type: none"> Offset general rates Reduce external debt Fund interest liability on reserves 	High	Low	Low	Low
	Loans and advances for community development	-	<ul style="list-style-type: none"> Social and community – no required return 	Low	Low	Low	Low
	Treasury investments ¹	\$6.4m	<ul style="list-style-type: none"> Fund council activities Offset revenue Offset external debt 	High	High	Low	Low/Moderate
Investments	Property	-	<ul style="list-style-type: none"> Offset general rates Offset opex 	Moderate	Moderate	High	Moderate
	Forestry	\$14.8m	<ul style="list-style-type: none"> Offset general rates Fund working capital Fund reserves 	Moderate	Moderate	Moderate	Moderate
	Equity investments	\$0.4m	<ul style="list-style-type: none"> Offset general rates 	Low	Low	High	Moderate

- 16 To put investment risk into perspective, PWC presented the below table which plotted the different asset classes by their overall risk. Overall risk is based on the qualities noted in the table above including capital protection, volatility, liquidity and capital growth. The table notes Council's current risk tolerance implied by its existing investment portfolio



- 17 On 20 November 2020 PWC prepared its investment strategy review and recommendation report which it presented at a further workshop in November 2020. The key review point was a desire of Council to investigate the rebalance its internal loans. This rebalance was sought to achieve a potentially greater return. Currently reserves are invested in bank deposits and internal loans. Interest is charged on internal loans at 4.5% with ratepayers paying this return. A rebalance would see these internal loans refinanced from external loans, through the LGFA at a lower interest rate (currently 2.2% for 16 years). The resulting cash would then be invested externally.
- 18 A review of the current investment objectives indicated their continued relevance. The objectives being:
- to manage investments in a sustainable and equitable way
 - effective management of assets to ensure adequate safeguarding of portfolio value

- maximise interest income within a prudent level of investment risk
- Council recognises that as a responsible public authority, any investments that it holds should be of relatively low risk.

19 The below slide from the PWC presentation outlines the considerations and discussions held that considered the risk assessed and the types of investment most appropriate for Council

Determining the appropriate investment for Council

Council workshop feedback indicated the future approach to investing reserves (as described on page 11) was attractive. Determining the appropriate asset classes in which this approach could be executed requires Council to determine its risk tolerance and return requirements. Below we have the key items we asked Council for its feedback on and its response. This ultimately resulted in Council's decision to invest in balanced managed Funds.

	Risk	Returns	Asset Classes
What we asked you	<ul style="list-style-type: none"> • What is Council's risk tolerance? • What is Council's view on the level of risk associated with each of its existing investments? • Would Council seek to position its investments in a different way? 	<ul style="list-style-type: none"> • What is the right amount of cash yield for Council to receive? • What does Council want to use its investment income for? • What is the appropriate level of income that should be put in reserves each year? 	<ul style="list-style-type: none"> • Does Council have a preference to invest directly or indirectly? • What are Council's views on the characteristics of the asset classes presented to them (refer Appendix)? • Does Council have a particular view on the returns it expects from particular asset classes?
What you told us	<ul style="list-style-type: none"> • Council's risk tolerance identified as being moderate. This is reasonably aligned with other peer councils. • Outside of internal loans, Council is comfortable with its other investments and their risk profiles. 	<ul style="list-style-type: none"> • Council had not historically maximised its investment returns. • Strong desire for Council to achieve higher investment returns for the benefit of current and future generations. • Income to be used to subsidise rates and to be reinvested. 	<ul style="list-style-type: none"> • Preference to invest indirectly. • Mixture of capital growth and cash yield required from asset classes. • Asset class alignment with Council's risk tolerance important.

Council decision to invest funds raised from 'rebalancing' internal loans in a balanced managed Fund.

- 20 Based on the questions and the discussions held, PWC assessed Council's risk tolerance as moderate. From a range of suitable asset classes a balanced managed fund was identified as having the traits most likely aligned with Council's investment objectives and requirements from its reserve investments. PWC have recommended based on the likely size of Council's investment that an existing managed fund be used although it noted that Council could hire its own investment manager. Examples of existing managed balanced funds indicate five year returns around 6% to 7%.
- 21 It also noted Council's continued desire to retain its forestry investment for the long term and the desire for investments to provide intergenerational benefit.

What is in the draft policy

- 22 The investment part of the policy is designed to ensure that the financial resources of Council are managed in an efficient and effective way. It sets out why Council holds investments, its strategy towards risk, mix of investments it has and how it will distribute any return on investments.
- 23 The key aspects of the Investment Policy are:
- the use of banks for working capital, restricted reserves etc where the bank has a Standard and Poors rating of A- or above. This currently excludes investment in SBS who has a rating of BBB. Currently, Council only invests in New Zealand registered banks where investment is limited to \$10 million and if the bank has a rating of A1 or better
 - the use of a balanced managed fund for general reserve funds repurposed to cash from internal loans. Typically these funds have an equal allocation of income (cash on call, term deposits, Australasian and International bonds) and growth (property, Australasian and international equities, Infrastructure) assets to ensure some investment income and capital growth is achieved
 - outlining Council's risk profile, overall Council identifies itself a risk conscious entity. It then acknowledges that the type and purpose of the investment defines the risk approach being mindful to the rationale of holding the various types of investments. The policy notes that treasury investments should be low risk and are there for the investments of working capital, achieving returns within risk parameters noted and investing amounts allocated to general reserves, trust funds and special funds. For externally managed funds used to maintain and protect the real capital value of general reserves and maintaining liquidity, the policy acknowledges the monies may be used to offset rates as well as maintain capital and as such a moderate risk profile is acceptable hence the policy allows for the purchase of units in an established externally managed balanced fund
 - Council's ability to invest internally through the use of internal loans is retained.
 - the ability for Council to invest in the Local Government Funding Agency Limited (LGFA) which occurs when Council borrows from the LGFA. All borrowers are required to contribute 1.6% of the total amount borrowed as borrower's notes.
- 24 The liability management part of the policy is designed to provide a framework for prudent debt management. It sets out the objectives of any borrowing undertaken, the limits to borrowing, the forms of borrowing, how Council will handle risk and the reporting/delegations to support the function to enable best practice.

25 The key aspects of the proposed Liability Management Policy are:

- borrowing Limits
- four ratios are needed as part of the covenants agreed to with LGFA these are shown in the table below

BORROWING RATIO	COUNCIL BORROWING LIMIT PROPOSED	LGFA MAXIMUM BORROWING LIMIT
Net debt as a percentage of total revenue	<175%	<175%
Net interest as a percentage of total revenue	<10%	<20%
Net interest as a percentage of rates revenue	<7%	<20%
Liquidity (external, borrowing + available committed loan facilities + available liquid investments as a percentage of existing external debt)	>110%	>110%

- the net debt as a percentage of total revenue has been set as part of the financial strategy. Based on the financial information supporting the 2021-31 LTP consultation document the above proposed limits are achievable
- how Council will handle interest rates, liquidity and funding risks. This includes hedging, to manage the impact that movements in interest rates can have. Table 4 in the policy outlines the policy around this
- that security for borrowing will usually be way of negative pledge or a charge over rates. However an option exists to offer security over other assets of Council where Council considers doing so would help further its community goals or objectives.
- that Council can as one of its debt funding options, borrow from the Local Government Funding Authority.
- that Council can advance internal loans for the purpose of capital or one-off activities. Council investments may be used as a source of the funding of these loans.

26 Overall, the policy also outlines the structure of responsibilities and reporting lines within Council. These ensure appropriate management and accountability of liability and investment activities.

27 The policy also includes a series of benchmarks to determine the success of its policy, which will be regularly reported on.

Issues

- 28 As noted above the policy has been developed from the discussions held between PWC and Council.
- It notes Council is risk conscious. Acknowledging that Council is prepared to accept different risk levels for different investment types. Low risk for working capital and restricted reserves. Moderate risk for general reserves.
 - continued ability to invest in internal loans and banks with a rating of A- or above
 - ability to invest in a New Zealand managed balanced fund
 - ability to borrow from the LGFA and other lending institutions
 - tighter controls around the management of borrowing risks
 - establishment of borrowing limits
 - further development of roles and responsibilities and reporting for investing and borrowing.
- 29 There is no legal requirement to consult over this policy and it is not proposed to do so. Potential changes to the way Council invested was noted in the public consultation over the LGFA, no feedback was received.

Factors to Consider

Legal and Statutory Requirements

- 30 As has been stated above, under the act, Council is required to have both an Investment Policy and a Liability Management Policy. Council must state its policies in respect of investments, including:
- the mix of investments
 - acquire new investments
 - an outline of the procedures by which investments are managed and reported on to the local authority
 - an outline of how risks associated with investments are assessed and managed.
- 31 The act also requires Council to state its policy in respect to both borrowing and other liabilities, including:
- interest rate exposure
 - liquidity
 - credit exposure
 - debt repayment.
- 32 Under Section 102 of the Act, amendments to the policy can be made by a resolution of Council. There is no legal requirement to consult.

33 Pursuant to Clause 32(2), Schedule 7, of the Local Government Act 2002, Council may make delegations to Council staff to allow for the efficient conduct of Council business. Clause 32(3), Schedule 7 of the Act also allows staff to delegate those powers to other staff.

34 The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan remains the sole responsibility of Council (Clause 32(1)(c), Schedule 7). This responsibility cannot be delegated.

Community Views

35 Included in the proposal to participate in the Local Government Funding Agency, Council noted its desire to externally borrow its current internal loans used to fund capital programmes.

36 It outlined that this meant that cash reserves that are currently being used to fund these internal loans (\$35.3 million at 30 June 2020) would instead be available for investing.

37 It further indicated that Council was currently reviewing its Investment and Liability policy and had indicated a desire to broaden the policy to allow for investments in managed funds.

38 Overall, it is likely that the public would support prudent and effective management, a balanced investment/risk profile, and to maintain appropriate procedures, controls and reporting.

Costs and Funding

39 There are no costs associated with implementing a new policy.

40 At the 30 June 2020, Council had \$41.8 million of reserves and \$15.2 million of investment assets, made up of \$14.8 million of forestry assets, \$0.4 million of Milford Sound Tourism shares and \$0.2 million of Civic Financial Services shares.

Policy Implications

41 Included in the draft Investment and Liability Management Policy, is a number of delegations. When the policy is approved, Council's delegations manual will be updated to incorporate any changes.

Analysis

Options Considered

42 Council is required to adopt an Investment and Liability Management Policy. On this basis, Council has the option of adopting the draft policy, or making further changes to the policy.

Analysis of Options

Option 1 – Adoption of the draft Investment and Liability Management Policy
(including any amendments agreed at this meeting)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• gives a clear outline of how Council will manage its investments and liabilities• complies with legislation• meets best practice guidelines• documents current practice and the rationale for future reference• ensures appropriate management and accountability of liability and investment activities.	<ul style="list-style-type: none">• there are no known disadvantages.

Option 2 – Making further changes to the draft Policy

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• further clarifies Council's thinking on investments and borrowings.	<ul style="list-style-type: none">• this option may mean the policy is adopted later, however, there is still the capacity to meet legislative requirements.

Assessment of Significance

- 43 This policy has been assessed as not being significant in relation to Council's Significance and Engagement Policy.

Recommended Option

- 44 Option One - recommend to Council the adoption of the draft Investment and Liability Management Policy.

Next Steps

- 45 Make any changes identified at the meeting.
- 46 Circulate the adopted policy to relevant staff and make the necessary changes to the delegations manual.
- 47 Continue to work with the Local Government Funding Agency to become a participating guaranteeing Local Authority
- 48 Start work on the investment and borrowing strategies for discussion with the Finance and Assurance Committee as well as developing the reports required of this policy.

Attachments

- A Draft Investment and Liability Policy [↓](#)

Investment Policy and Liability Management Policy

Group Responsible: Chief Financial Officer

Date Approved: DRAFT FOR DISCUSSION

Date Amended:

File No: 19/4/6521

1.0 Overview

The Local Government Act 2002 requires local authorities to adopt an Investment Policy and a Liability Management Policy.

The Investment Policy is designed to ensure that the financial resources of the Council are managed in an efficient and effective way. It sets out how Council can utilise funds from the sale of assets, what should be done with the investment income and so on.

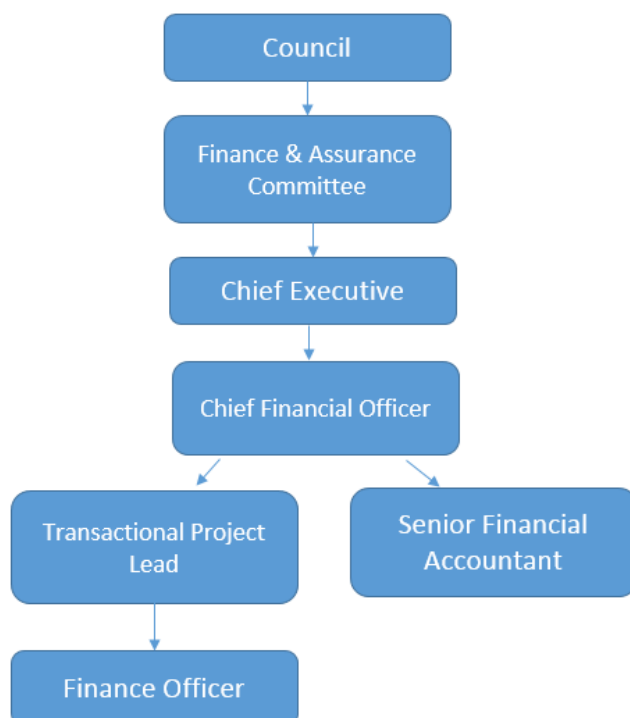
The Liability Management Policy is designed to provide a framework for prudent debt management and sets out how Council may wish to use debt as a funding mechanism.

Council has a structure of responsibilities and reporting lines to ensure the appropriate management and accountability of the liability and investing activities.

2.0 Structure

Organisational Structure

The organisational chart for the finance activity is as follows:



Responsibilities

The key responsibilities of the above positions are as follows:

Council

- approve, adopt and review the Policies including any revisions and amendments.
- approve by resolution all external Council borrowing outside of that noted in the long term plan.
- approve the external managed fund and the appointment of any fund managers.
- approve amount of funds to be placed with external managed fund
- approve membership to LGFA including CCO/CCTOs

Finance & Assurance Committee

- oversee the treasury function of Council ensuring compliance with the relevant Council policies and plans
- ensuring compliance with the requirements of Council's trust deeds
- recommend to Council treasury policies at least every three years
- approving debt, interest rate and external investment management strategy

Chief Executive (CE)

- ultimately responsible for ensuring the Policies adopted by Council are implemented by officers of Council and administered in accordance with their terms.

Chief Financial Officer (CFO)

- responsible for recommending investment, borrowing and risk management strategy in conjunction with relevant staff.
- ensure compliance with any relevant Strategies
- responsible for determining the level of cash available for investment and that held for working capital purposes.
- execute the external investment management and interest rate strategy
- approve amounts to be placed with an external fund manager for investment purposes within that set within the Annual Plan or Long Term plan or by way of separate Council resolution
- recommend to Finance & Assurance Committee and Council amendments to the Policies as required
- recommend to Finance & Assurance Committee the debt, interest rate and external investment management strategy for approval.
- review internal audit reports and ensure any recommendations agreed by the Finance & Assurance Committee are made.
- approve new treasury investments ensuring the proposed investment complies with these policy documents.
- receive managed fund reports and annually monitor performance and present the necessary reports to the Finance & Assurance Committee.

Transactional Project Lead

- responsible for confirming adherence to the policies, through internal reviews, to be performed on a regular basis and present a summarised report of compliance to the CFO.
- responsible for recommending to the CFO the level of cash available for investment and that held for working capital purposes.
- negotiate and undertake treasury investment and borrowing/funding transactions.
- assist in identifying amendments to the investment, borrowing and risk management strategy, which may require amendment of the Policies.
- responsible for all activities relating to the daily implementation and maintenance of the Policies.
- assist in determining the most appropriate sources and terms for borrowing and investing.
- responsible for keeping the CFO informed of significant activity and market trends.
- responsible for reviewing/approving the weekly cashflow and cash management transaction requirements completed by the Senior Accounts Payable Officer (or equivalent).

Senior Financial Accountant

- check all treasury deal confirmations against the treasury spreadsheet and report any irregularities immediately to the CFO.
- Responsible for settling treasury transactions

Finance Officer

- prepare and manage Council's cashflow and cash requirements
- report to the Finance Manager on the weekly cashflow position and resulting cash management transactions required.

3.0 Investment

Introduction

This Investment Policy has been prepared pursuant to Section 102(1) of the Local Government Act 2002 (the “Act”), which requires the Council to adopt an Investment Policy and a Liability Management Policy. Section 105 of the Act sets out what must be included in an Investment Policy.

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity.

Council’s rationale for retaining investments is:

- strategic assets are to be held by the Council, for public good.
- to earn from strategic investments a cash flow for investment in community wellbeing.
- to prudently manage cash flows within annual budget parameters.

Council is a risk conscious entity and does not wish to incur additional risk from its treasury activities. Accordingly, Council’s primary objective when investing is the protection of its initial investment and generating a commercial return on strategic investments is considered a secondary objective.

Objectives

The key investment policy objectives are to:

- provide a framework for the prudent and effective management of investments.
- ensure that investments are managed in accordance with current governing legislation and Council’s strategic and commercial objectives.
- manage investments in a sustainable and equitable way, having regard to current and future generations.
- recognise the community ownership of these assets and the need for a balanced investment/risk profile.
- ensure Council assets are managed prudently and adequately safeguarded.
- safeguard Council’s financial market investments by establishing and regularly reviewing investment parameters and ensuring all investment activities are carried out within these parameters.
- maximise interest income on treasury investments, within a prudent level of investment risk. Council recognises that as a responsible public authority any treasury investments that it does hold should be of relatively low risk. It also recognises that lower risk generally means lower returns.
- maintain and increase the real capital value of the eternal managed funds.
- ensure funds are available to meet Council’s needs.
- maintain professional relationships with the Council’s bankers, financial market participants, fund managers, trustees and other stakeholders.
- regularly review the performance and creditworthiness of all investments.
- maintain procedures and controls and provide timely and accurate financial and management information.

These objectives will be achieved by having regard to:

- the mix of investments that Council will utilise.
- the process for the acquisition and divestment of new investments.
- the management and assessment of risk.
- the need for appropriate management and reporting procedures.

Investment Mix

Council has a portfolio of investments; at any time, these could comprise:

- treasury investments,
- direct equity investments.
- property.
- other property investments – Community Housing.
- forestry.
- loans, advances for community development purposes.
- internal loans
- external managed funds that could include equities .

The decision on which mix of investments Council will hold at any time will be based on the purpose for which the funds were acquired and the market conditions at the time.

Acquisition of New Investments

With the exception of treasury investments, internal loans and equity investments, new investments are acquired if an opportunity arises and approved by Council resolution, based on advice and recommendations from management. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives and the financial risks of owning the investment.

The authority to acquire treasury investments is delegated to the Chief Financial Officer.

Application of Returns from Investments

Some returns are earmarked for specific purposes, but generally returns on Council investments are applied to give equal benefit to the District ratepayers by application in a pro-rata basis to offset the costs of District services.

Direct Equity Investments

Nature of Investment

Direct equity investments are held for strategic purposes only and include interests in:

- **Civic Assurance Corporation** (13,715 shares).
Civic Assurance is a specialist Local Government insurance company.
- **Milford Sound Tourism Limited** (2,000 shares). The role of Council is to facilitate and co-ordinate development and operations at Milford Sound/*Piopiota* and Council's intention is to retain its shareholding in the company.

Rationale for Holding Investment

The Council may hold equity for non-investment purposes, provided that the holding is in furtherance of its purpose under the Local Government Act 2002.

To have the ability to utilise equity investments where necessary to:

- achieve the desired level of returns; and/or
- to provide a diversified investment portfolio.

Disposition of Revenue

These investments are held for strategic reasons only and not for investment purposes.

As such these investments do not derive revenue to Council in the form of dividends. If they do, revenue or dividends will be used to offset general rates.

Risk Management

Investments in the Civic Assurance Corporation and the Milford Sound Tourism Limited are held for strategic purposes. For any other equity investments, Council reviews the performance of the trading enterprises at least annually to ensure that strategic and financial objectives are being achieved.

Dispositions and acquisitions require Council approval.

Property

Nature of Investment

The Council's first objective is to only own property that is strategically necessary for the economic, physical and social development of the Southland District and secondly, to achieve an acceptable rate of return. Property investments do not include properties for operational purposes.

Rationale for Holding Investment

Council holds investment properties in order to generate income to offset general rates.

The Council reviews the performance of its property investments on an annual basis and ensures that the benefits of continued ownership are consistent with its stated objectives. Any disposition of these investments requires the Council's approval.

Disposition of Revenue

Income generated is used to offset operational expenditure. Surplus funds will be used to fund future property projects.

Risk Management

The risk in respect of holding investment property is evaluated as low given the location of the properties and their current and long-term use.

Rental income is considered low risk, due to the fixed and long-term nature of the lease agreements. Lease rental is negotiated at the time the lease expires.

Other Property Investments - Community Housing

Nature of Investment

Council has 69 community housing units available for rental. These houses are located in various townships across the Southland District.

Rationale for Holding Investment

Council retains community housing to allow people to continue to live in its local community. The elderly or people with disabilities are given preference.

Council's philosophies include ensuring that rental charges cover costs (excluding depreciation) and to continue to maintain the housing at its current high standard. There is no required rate of return on this investment.

Disposition of Revenue

Revenue earned from the investment in community housing is retained in the community housing investment.

Risk Management

The risk in respect of holding other property investments is evaluated as low given the location of the properties and their current and long term use.

Council's community housing activities are managed by staff in the Property Department. They regularly review Council's involvement in community housing, including assessment of the need for this asset within the community.

Dispositions and acquisitions require Council approval.

Forestry

Nature of Investment

The Council and its predecessor organisations have been involved in forestry for many years. Council's current forestry policy is that it will operate and maintain up to 3,000 planted hectares. The Council currently maintains 1,800 hectares of land.

Rationale for Holding Investment

Forestry assets are held as a long-term investment. The overall investment policy of the Council with regard to forestry is to maximise profit, with harvesting on a sustainable yield basis and without any demand on rates.

Disposition of Revenue

Any surplus revenue is used to offset rates. Any surplus not used in the year it was earned is accumulated into a forestry reserve and used to offset future rates. The use of the reserve in future years, will often be based on an even spread over a number of years to minimise rates fluctuations. Approximately \$100,000 is retained for operating working capital at any time.

Risk Management

Forests are currently managed by a specialist external party. Forestry activities are reviewed by the Services and Assets Committee.

Significant risk management strategies include diversity of forest age classes, insurance against fire and access to a rural fire fighting force, a mix of species, geographic spread of forests and controlled access. Retention of the forest is reviewed periodically.

Dispositions and acquisitions require Council approval.

Loans and Advances for community development purposes

Nature of Investment

The Council is not a lender and therefore is not generally involved in providing loans or advances.

Rationale for Holding Investment

Council provides loans for community development purposes. From time to time, Council has provided a loan or advance to a community organisation to facilitate the ongoing provision of community services or recreational opportunities. The loans/investments are not made for financial investment purposes.

Council sets the terms and conditions for any loans or advances as they are granted. Council will require security as deemed appropriate for each loan or advance. The security will be the assets or revenue of the organisation.

Disposition of Revenue

Generally, these loans are to the benefit of the local community and not for financial investment purposes. Interest will be charged at a rate that is consistent with Council's interest rate on internal loans. Any revenue would be applied to reserves, reduce external debt or offsetting general rates.

Risk Management

Council will review the performance of its loan advances on a regular basis to ensure the planned strategic and economic objectives are being achieved.

Council monitors the compliance of the borrower with the terms and conditions agreed upon.

All loans and advances documentation are subject to independent legal review prior to finalisation.

Internal Loans

Nature of Investment

Council may utilise its general reserves and surplus funds for internal borrowing/lending purposes to reduce external debt, thus effectively reducing borrowing costs.

Rationale for Holding Investment

To facilitate the development of Council activities within Council and the community to minimise the costs associated with borrowing externally.

Disposition of Revenue

Income derived from internal loans is generally used to generate a return to reserves.. Any surplus income is used to reduce external debt and/or offset against general rates.

Risk Management

Internal loans shall be managed as a treasury investment. Interest rates will be set having regard for Council's opportunity cost forgone.

Council may not achieve the opportunity cost due to actual external interest rates being different to the interest rate set for any given year as part of the LTP/Annual Plan process. In this case the return to Council may be more or less and will impact on the return to reserves.

Treasury Investments

Nature of Investment

To provide the ability to utilise a range of financial investments not already specified in this policy.

Approved treasury investments include;

CATEGORY	INSTRUMENT
TREASURY INVESTMENTS	Call and term bank deposits Bank certificates of deposit (RCDs) Treasury Bills and Government Bonds LGFA bonds/Floating Rate Notes (FRN)/Commercial Paper (CP) LGFA borrower notes

With the exception of LGFA borrower notes, the term of the treasury instruments is no greater than one year.

Rationale for Holding Investment

Council's philosophy in the management of treasury investments is to optimise its capital protection and liquidity objectives while balancing risk and return considerations. Council recognises that as a responsible public authority any treasury investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

The Council maintains treasury investments to:

- invest surplus cash and working capital funds.
- achieve the desired level of returns within acceptable risk parameters.
- invest amounts allocated to general reserves, trust funds and special funds.

Council's primary objective when investing is the protection and liquidity of its investment. Accordingly, only credit-worthy counterparties are acceptable. Credit-worthy counterparties are selected on the basis of their current Standard and Poor's (S&P) or equivalent rating, which must be strong or better.

To avoid undue concentration of exposures, treasury investments should be used with as wide a range of counterparties as practicable. Transaction principal amounts and maturities should be well spread where possible.

Within the above constraints, Council also seeks to:

- ensure investments are liquid.
- maximise investment return.
- manage potential capital losses due to interest rate movements.

Liquidity risk is minimised by ensuring that all negotiable treasury investments must be capable of being liquidated in a readily available secondary market.

Disposition of Revenue

Income derived from Council's treasury activities will be used to fund Council activities including the allocation of interest on reserves, offsetting rates and repaying external debt.

Externally Managed Funds

Nature of Investment

Council may invest its general reserves in externally managed funds. Council has a medium to long-term investment horizon as it seeks to manage investments in a sustainable and equitable way, having regard to both current and future generations of ratepayers.

Council would purchase units in a NZD managed fund or funds.

Rationale for Holding Investment

Council maintains externally managed funds to:

- maintain, protect and increase the real capital value of the principal amount invested. Real capital value is the value that has been adjusted for the effect of inflation.
- diversify the investment of Council's general reserves.
- maintain liquidity and access to cash if needed.
- obtain annual cash income to subsidise rates revenue.

Where practical, investments will be made considering the ethical practices of the investment entity. Council's intention for the Funds is to avoid direct involvement with industries that have a negative impact on society and the environment. This includes:

- alcohol,
- tobacco, and
- military/weapons.

Disposition of Revenue

The managed funds are expected to return (before fees and taxes) at least 5% per annum. Council will consider as part of its planning process what is appropriate to subsidise rates revenue and what should be accrued back to its reserves, having regard to its rationale noted above. The actual disposition may differ from that planned as a result of the actual returns being more or less than budgeted again having regard to the rationale above.

Income derived from managed funds in the form of interest and dividends, is generally used to offset general rates with any surplus income used to provide a return on reserves. Surplus income can be re-invested in the managed fund(s).

Annually, Council evaluates whether to realise any capital gains that have been accumulated by the managed funds over the period. Overall the objective is to hold the managed funds for the medium to long term.

Risk Management

Council has a preference to invest indirectly in externally managed funds that are managed by a suitably qualified fund manager(s) and be managed within the below criteria.

Council's risk profile is considered moderate for financial investment purposes and therefore seeks to invest in a 'balanced' managed fund where there is a mix of capital growth and income asset types. Council will buy units in an established externally managed fund but could appoint its own investment manager.

The strategic asset allocation and tactical ranges are provided in the following table:

Allocation	Benchmark %	Ranges %
Total growth assets	50%	40-60%
Total income assets	50%	40-60%

Growth assets include approved asset types; listed domestic and international equities and listed property shares. Income assets include asset types such as; cash, term deposits, domestic and international floating and fixed rate debt securities. Any other asset types must be approved by Council before any investment is made.

Investments may be hedged back to NZD.

The counterparty risk policy set out in section 4 does not apply to externally managed funds. The investment guidelines are set out in Appendix 1.

At least quarterly reporting is provided on the performance of the managed fund(s). Annually the fund performance is benchmarked to other similar funds.

Local Government Funding Agency Limited (LGFA)

Despite anything earlier in this Investment Policy, Council may invest in shares and other financial instruments of the New Zealand LGFA and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- obtain a return on the investment; and
- ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, Council may also subscribe for uncalled capital in the LGFA.

4.0 Liability Management

Introduction

This Liability Management Policy has been prepared pursuant to the

Local Government Act 2002; section 102(1) which requires the Council to adopt a Liability Management Policy and section 104 which outlines the contents of the policy.

Generally, Council borrows to provide funding for the following activities:

- fund Council capital expenditure requirements.
- manage timing differences between cash inflows and outflows.
- cover special 'one-off' projects.
- fund assets with intergenerational qualities.
- manage timing differences in the rebalancing of its internal loan portfolio into externally managed funds.

Total debt levels are determined through Council's Long-Term Plan (LTP) and Annual Plans. Council approves this borrowing requirement for each financial year in the Annual Plan or LTP or by resolution during the year.

Objectives

- ensure Council has appropriate working capital funds available to carry out its plans as outlined in its LTP and Annual Plan.
- ensure that Council has an on-going ability to meet its debts in an orderly manner as and when they fall due in both the short and long term, through appropriate liquidity and funding risk management.
- arrange appropriate funding facilities for Council, ensuring they are at market related margins utilising bank debt facilities and/or capital markets as appropriate.
- maintain lender and LGFA relationships and Council general borrowing profile in the local debt and, if applicable, capital markets, so that Council is able to fund its activities appropriately at all times.
- control Council's cost of borrowing through the effective management of its interest rate risks, within the interest rate risk management limits established by this policy.
- ensure compliance with any financing/borrowing covenants and ratios.
- maintain adequate internal controls to mitigate operational risks.
- produce accurate and timely reports that can be relied on by senior management and Council for control and exposure monitoring purposes in relation to the debt raising activities of Council.

Council will manage its borrowing activities prudently to ensure the best interests of the District are maintained. To undertake this, the following will be considered in conjunction with every transaction undertaken:

- cost minimisation
- cost stabilisation/risk management

Specific Borrowing Limits

Total debt levels are maintained at a prudent level and will be managed within the following limits:

ITEM	BORROWING LIMIT
NET DEBT AS A PERCENTAGE OF TOTAL REVENUE	<175%
NET INTEREST AS A PERCENTAGE OF TOTAL REVENUE	<10%
NET INTEREST AS A PERCENTAGE OF RATES REVENUE	<7%
LIQUIDITY (EXTERNAL, BORROWING + AVAILABLE COMMITTED LOAN FACILITIES + AVAILABLE LIQUID INVESTMENTS AS A PERCENTAGE OF EXISTING EXTERNAL DEBT)	>110%

- total Revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- net debt is defined as total debt less treasury investments. External debt that is specifically borrowed for on-lending to a CCO/CCTO is netted with the corresponding loan asset for the LGFA covenant calculation.
- liquid investments are unencumbered assets defined as being:
 - Overnight Bank cash deposits
 - Wholesale/retail bank term deposits no greater than 31 days.
 - Bank issued registered certificates of deposit less than 181 days
- external debt funding and associated investment activity relating to pre-funding is excluded from the liquidity ratio calculation
- net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.
- annual Rates Revenue is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- financial covenants are measured on Council only.
- disaster recovery requirements are to be met through the liquidity ratio.

Debt Repayment

Total debt levels are indicated through Council's LTP or Annual Plans. Council's Annual Report will contain information to allow actual debt levels to be compared with those forecasted.

Loans raised for specific projects will generally be repaid through user charges or rates. Loans raised for local purposes will generally be repaid by the ratepayers in the relevant local area. Surplus Council funds and proceeds from the sale of investments and assets will be reviewed periodically by Council with a view to repaying debt, or for funding capital projects.

The Council may repay debt before maturity in special cases where the circumstances suggest that this would be in the best interests of the District.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to CCOs, financial institutions on loans when the purposes of the loan are in line with Council's strategic objectives.

For any outstanding guarantees, Council will ensure that sufficient financial capacity exists relative to LGFA lending covenants. Unless approved by Council, guarantees or financial arrangements given will not exceed NZ\$1 million in aggregate.

Council is not permitted to provide any guarantee of indebtedness in favour of any loans to CCTOs under Section 62 of the Local Government Act.

For any guarantee for indebtedness provided by Council to a CCO that borrows directly from the LGFA or bank lender, Council will approve the specific borrowing and guarantee arrangement.

Borrowing mechanisms for council-controlled organisations and council-controlled trading organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any lending arrangement to a CCO/CCTO must be approved by Council. In recommending an arrangement for approval the Chief Financial Officer considers the following:

- credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- impact on Council's credit standing, debt cap amount (where applied), borrowing limits with the LGFA and other lenders and Council's future borrowing capacity.
- the form and quality of security arrangements provided.
- the lending rate given factors such as; CCO/CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- lending arrangements must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.

- accounting and taxation impact on-lending arrangement.

All lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

LGFA

Despite anything earlier in this Liability Management Policy, Council may borrow from LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA.
- provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- subscribe for shares and uncalled capital in the LGFA.
- secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Internal Loans

All Council investments may be used as a source for internal loans in relation to expenditure of a capital (or one off) nature related to any activity that would otherwise be funded by external loan.

The term of any internal loan shall not be more than 30 years and will be set after taking into account the ability of ratepayers affected to pay, alternative uses of the funds and the life of the assets to be funded. The term set will be subject to review during the course of the loan.

The interest rate to be applied to internal loans for any given year will be developed as part of Council's Long-Term Plan or Annual Plan. To remove any doubt, the interest rate calculated will be the interest rate used for that year for budgeting and end of year actual results.

The method of calculation and the resulting interest rate will be resolved by Council as part of this annual process. In developing the method of calculation, Council will consider its investment policy objective, which is to obtain the net opportunity cost of not having the funds invested externally. Council will also consider its present and future financial position as well as market conditions.

After taking into account fairness and equity, Council can resolve to apply a lesser interest rate than the interest rate calculated where it agrees the circumstances are such that it is warranted.

Security

It is Council's general policy to offer security for its borrowing and risk management activities by way of negative pledge or a charge over its rates offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or *pari passu* with other lenders.

In the normal course, the Council's policy is not to offer a guarantee or security over any of the other assets of the Council. However, the Council may decide to offer security over the asset:

- where borrowing is by way of finance lease, or some other form of trade credit under which it is normal practice to provide security over the asset concerned, or
- where the Council considers doing so would help further its community goals and objectives.

Any lending to a CCO or CCTO will be on a secured basis and be approved by Council.

Interest Rate Exposure

Interest rate risk management refers to managing the impact that movements in interest rates can have on Council's cash flows. This can have both a positive and/or negative impact. A 1% change in interest rate will have a 0.4% impact on rates (on rates of \$50 million).

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of wholesale interest costs. Certainty around interest costs is to be achieved through the proactive management of underlying interest rate exposures.

When actual debt amounts are at \$20 million or above it is mandatory that the interest rate exposures of Council are managed according to the limits detailed in the following table. Council's gross external core debt forecasts (less any pre-funded debt amounts) must be within the following fixed/floating interest rate risk control limits:

FIXED RATE HEDGING PERCENTAGES		
Term	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
Current	40%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	20%	70%
Year 6	0%	65%
Year 7	0%	60%
Year 8	0%	50%
Year 9	0%	50%
Year 10	0%	50%
Year 11	0%	25%
Year 12	0%	25%
Year 13	0%	25%
Year 14	0%	25%
Year 15	0%	25%

"Fixed rate" is defined as all known interest rate obligations on forecast external core debt, including where hedging instruments have converted floating rate obligations into firm commitments.

"Floating rate" is defined as any interest rate obligation subject to movements in the applicable reset rate.

Gross forecast external core debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums. Pre-funded debt amounts are excluded from the gross debt forecast.

Core debt is defined as debt that is expected to remain for a period of greater than one year.

A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits beyond 90-days requires specific approval by Council.

Any fixed rate hedge with a maturity beyond 15 years must be approved by Council. The exception to this will be if Council raises LGFA funding as fixed rate or as a swapped floating rate and this maturity is beyond 15 years.

Hedging outside the above risk parameters must be approved by Council.

Approved interest rate instruments are as follows:

CATEGORY	INSTRUMENT
INTEREST RATE RISK MANAGEMENT	<p>Forward rate agreements (“FRAs”) on:</p> <ul style="list-style-type: none"> Bank bills <p>Interest rate swaps/collars including:</p> <ul style="list-style-type: none"> Swap extensions, deferrals and shortenings <p>Interest rate options on:</p> <ul style="list-style-type: none"> Bank bills (purchased caps and one for one collars) Interest rate swaptions (purchased swaptions and one for one collars only)

- One for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate ‘in-the-money’;
- Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.
- Purchased borrower swaptions must mature within 12 months;
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation;
- Forward start period on swaps and collars to be no more than 36 months from deal date except where the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar;

Any other interest rate instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

Prudent selection of interest rate instruments and mix will help the Council achieve its low debt servicing costs and risk minimisation objectives.

Liquidity and Funding Risk Management

Liquidity management refers to the timely availability of funds to Council when needed, without incurring penalty costs. This takes into account the ability to refinance or raise new debt at a future time at the same or more favourable pricing and terms of existing facilities.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong credit rating and manage its relationships with the LGFA and financial institutions. To this end it is the Council's intention to seek and maintain a strong balance sheet position.

Council may use a mixture of short-term facilities (which generally have lower credit margins) as well as longer term facilities to achieve an effective borrowing mix, balancing the requirements of liquidity and cost.

Council's objective for funding risk management is to minimise the risk of large concentrations of debt being reissued or raised at a time of adverse movements in borrowing margins beyond the Council's control.

The Council's policy for liquidity and funding risk management is:

- Ensure that Council's committed debt facilities and term loans mature over a wide time period;
- External debt plus available committed debt facilities, plus liquid assets must be maintained at an amount of at least 110% over existing external debt
- Through the LGFA and bank lenders, diversify borrowing over a range of wholesale investors and lenders.

Ensuring that bank borrowings are only sought from approved strongly rated New Zealand registered banks.

- Matching expenditure closely to its revenue streams and managing cash flow timing differences
- Maintaining its treasury investments in cash/cash equivalent liquid investments
- Council has the ability to pre-fund up to 18 months of the forecast debt requirements including re-financings.

When actual debt amounts are at \$20 million or above it is mandatory that the following limits apply for managing funding risk. The maturity profile of the total committed funding in respect to all external debt and committed debt facilities is to be controlled by the following system:

Period	Minimum %	Maximum %
1 to 3 years	15	60
3 to 7 years	25	85
7 years plus	0	60

A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile outside of policy limits beyond 90-days requires specific approval by Council.

To minimise concentration risk the LGFA requires that no more than the greater of NZD 100 million or 33% of a Council's borrowings from the LGFA will mature in any 12-month period.

Approved debt and liquidity instruments include;

CATEGORY	INSTRUMENT
CASH MANAGEMENT, LIQUIDITY AND BORROWING	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long-term loan facilities) Floating Rate Note (FRN) Fixed Rate Note (MTN) Commercial paper (CP)/Promissory notes

Credit Risk Management

Counterparty credit risk is the risk of losses, realised or unrealised, arising from a counterparty defaulting on a financial instrument where the Council is a party. Treasury investments, interest rate and foreign currency instruments are captured within the policy. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Amounts should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

Credit risk is minimised by placing maximum prescribed limits for each broad class of non-Government issuer and by limiting investments and risk management instruments to registered banks that have a credit rating from a recognised international credit rating agency. The limit system is as follows;

COUNTERPARTY/ISSUER	MINIMUM S&P LONG TERM/SHORT TERM CREDIT RATING	TOTAL MAXIMUM COMBINED LIMIT PER COUNTERPARTY (\$MILLION) *
NZ GOVERNMENT	AA+/A-1+	Unlimited
NZ LOCAL GOVERNMENT FUNDING AGENCY	AA/A-1	Unlimited
NZ REGISTERED BANK (PER BANK)	AA /AA-/A-1	10.0
NZ REGISTERED BANK (PER BANK)	A+/A/A-1	5.0
* THIS COMBINED TOTAL MAXIMUM LIMIT INCLUDES EXPOSURE TO THE COUNTERPARTIES INCLUDING TREASURY INVESTMENTS AND RISK MANAGEMENT INSTRUMENTS AND EXCLUDES EXTERNALLY MANAGED FUND(S).		

In determining the usage of the above gross limits, the following weightings will be used:

- Treasury investments (e.g. bank term deposits) – Transaction principal amount.
- Interest rate risk management (e.g. swaps, FRAs) – Transaction Notional x Maturity (years) x 3%

- Foreign Exchange Risk (e.g. Forward Exchange Contract) – Transaction Face Value amount x ((square root of the maturity (years)) x 15%).

Each transaction should be entered into a treasury spreadsheet and a quarterly report prepared to show assessed counterparty actual exposure versus limits. Credit ratings are reviewed on an ongoing basis and in the event of material credit downgrades should be immediately reported to the Chief Financial Officer and assessed against exposure limits. If any counterparty's credit rating falls below the minimum specified in the above table, then all practical steps are taken to eliminate the credit exposure to that counterparty as soon as practicable.

Counterparties exceeding limits should be reported to Council.

Foreign currency

Council has foreign exchange exposure through the occasional foreign exchange transactions that Council may undertake such as plant and equipment.

Significant commitments for foreign exchange can be hedged using foreign exchange contracts, once expenditure is approved. Forward exchange contracts can be used by the Council. The majority of these transactions would be small and would carry no significant foreign exchange risk.

Council does not borrow or enter into incidental arrangements within or outside New Zealand in currency other than New Zealand currency.

5.0 Procedures for Management and Reporting

Cash Management

The finance function is responsible for managing the Council's cash surpluses and/or deficits.

The Council maintains rolling daily, monthly and annual cash flow projections which form the basis of its cash management activity. The Council maintains one main bank account for its operating cash flows as well as other bank accounts for specialist activities such as investment and borrowing requirements.

Individual business units within the Council do not maintain separate bank accounts.

The Council manages its working capital balances by matching expenditure closely to its revenue streams and managing cash flow timing differences to its favour. Daily bank balances are extracted by the Finance Officer.

Generally, cash flow surpluses from timing differences are available for periods less than 90 days.

Cash management activities must be undertaken within the following parameters:

- an optimal daily range of \$10,000 is targeted for in the Council's main bank account, with investments adjusted to balance the current account if required.
- cash flow surpluses are placed in call deposits, term deposits, registered certificates of deposits and promissory notes.
- amounts invested must be in approved instruments and within approved credit limits .
- the Council has a committed bank facility with a limit of \$5,000,000 for working capital purposes which is used on an operational basis.
- the use of interest rate risk management on cash management balances is not permitted.

Internal Controls

The Council's systems of internal controls over cash management and treasury activity includes adequate segregation of duties among the core treasury functions of deal execution, confirmation, settling and accounting/reporting.

Key internal cash management controls are as follows:

- cheque/electronic banking signatories - dual signatures are required for all cheques and electronic transfers.
- authorised personnel - all counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.
- reconciliations - general bank reconciliation is performed daily and monthly by the Debtors Officer (or equivalent) and reviewed by a senior finance staff member.

There are a small number of people involved in treasury activity. Accordingly strict segregation of duties is not always achievable. The risk from this is minimised by the following processes:

- a documented discretionary approval process for treasury activity.
- regular management reporting.
- operational risk control reviews will be undertaken periodically.
- appropriate organisational, systems, procedural and reconciliation controls exist to ensure:
 - (a) all treasury activity is bona fide and properly authorised;
 - (b) checks are in place to ensure the Council's accounts and records are updated promptly, accurately and completely.

The details of any exceptions, including remedial action taken or intended to be taken.

Legal risk

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks.

Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third-party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

Financial instruments can only be entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with Council.

Council's internal/appointed legal counsel must sign off on all documentation.

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

Reports

The following reports are produced to monitor treasury activity:

REPORT NAME	FREQUENCY	PREPARED BY	RECIPIENT
DAILY CASH POSITION	Daily	Finance Officer or equivalent	Senior Finance staff member
TREASURY SPREADSHEET	As required	Finance Officer or equivalent	Senior Finance staff member
TREASURY EXCEPTIONS REPORT	As required	Finance Officer or equivalent	Senior Finance staff member/CFO
TREASURY REPORT POLICY LIMIT COMPLIANCE BORROWING LIMITS FUNDING AND INTEREST RISK POSITION TOTAL DEBT FUNDING FACILITY UTILISATION NEW TREASURY TRANSACTIONS COST OF FUNDS VS BUDGET CASH FLOW FORECAST REPORT LIQUIDITY RISK POSITION COUNTERPARTY CREDIT DEBT MATURITY PROFILE RENEWAL INVESTMENT OPERATING INVESTMENT EXCEPTIONS	Monthly	Finance Officer or equivalent	CFO
TREASURY REPORT INCLUDE MONTHLY REPORT ALONG WITH;	Quarterly	Finance Officer or equivalent	CFO and Finance and Audit Committee

EXTERNAL MANAGED FUNDS REPORT A STATEMENT OF POLICY COMPLIANCE. TREASURY AND MARKETS COMMENTARY TREASURY PERFORMANCE CCO/CCTO LOANS AND GUARANTEES, FINANCIAL ARRANGEMENTS REVALUATION OF FINANCIAL INSTRUMENTS			
TRUSTEE REPORT	As required by the Trustee	Finance Officer or equivalent	CFO/Trustee company
LGFA REPORT	Annual	Finance Officer or equivalent	CFO/LGFA

Benchmarking

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a quarterly and YTD basis

- All treasury limits must be complied with including (but not limited to) counterparty credit limits, dealing limits and control limits.
- All treasury deadlines are to be met, including reporting deadlines.
- The actual borrowing cost for Council (taking into consideration costs of entering into interest rate risk management transactions) should be below the budgeted borrowing costs.
- The actual investment return for Council on the external managed funds are above the budget investment return amounts.
- Annually the actual total return on the externally managed funds is compared to average annual total return of peer 'balanced' managed funds.

Compliance with the benchmarking standard is not required if Council's nominal debt levels are less than \$10M.

Delegations

Pursuant to Clause 32 (2), Schedule 7, of the Local Government Act 2002, the Council may make delegations to officers of the Council to allow for the efficient conduct of Council business. Clause 32 (3), Schedule 7 of this Act allows officers to delegate those powers to other officers.

Notwithstanding Clause 32 (1) (c), Schedule 7 the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan remains the sole responsibility of the Council. This responsibility cannot be delegated.

The Liability Management and Investment Policy related delegations are below.

DELEGATIONS		
Activity	Delegated to	Limits
Approve and amend policy document	Council	Unlimited
Approve external borrowing as set out in the Annual Plan or Long Term Plan	Chief Executive or Chief Financial Officer	As Per Annual Plan or Long Term Plan
Approve LGFA membership	Council	Unlimited subject to legislative limitations
Approve LGFA membership for CCO/CCTO	Council	Unlimited subject to legislative limitations
Approve giving of Council guarantee or uncalled capital	Council	Unlimited subject to legislative limitations
Approve selection of external managed Funds) and amount placed with Fund(s)	Council	Unlimited
Approve amount placed with approved managed fund	Chief Executive or Chief Financial Officer	As per Annual Plan or Long Term Plan
Acquisition and disposition of investments other than treasury investments	Council	Unlimited
Approval for charging assets as security over borrowing and risk management activity	Council	Unlimited
Negotiation and ongoing management of lending arrangements with CCO/CCTO	Chief Executive, Chief Financial Officer	

DELEGATIONS		
Approving new and re-financed debt amounts.	Chief Executive, Chief Financial Officer	Unlimited
Open/close bank accounts	Chief Financial Officer with advice given to Chief Executive	Unlimited
Approve signatories to Council's Bank Accounts	Chief Executive and Chief Financial Officer	Unlimited
Approve electronic banking amendment	Chief Financial Officer	
Liquidity, debt and investment management	Chief Executive, Chief Financial Officer	Subject to policy
Interest rate and foreign currency management	Chief Executive and Chief Financial Officer	Subject to policy
Cash management	Chief Executive, Chief Financial Officer, Finance Manager	Subject to policy
Approving transactions outside policy	Council	Unlimited
Approving allowable risk management instruments	Council	Unlimited subject to legislative limitations
Maximum daily transaction amount (approved investment, debt, cash management, interest rate risk and foreign currency management)	Council Chief Executive Chief Financial Officer	Unlimited \$10m \$5m
Approve debt, investment and interest rate strategies	Finance & Assurance Committee	
Ensuring compliance with policy	Chief Financial Officer	N/A
Triennial review of the Policy	Chief Financial Officer	N/A

Appendix 1 – External Managed Funds - Investment Guidelines

The guidelines and constraints required by Council to be observed by the managed funds or Investment Manager, as applicable are set out below. For the purposes of these constraints, “Funds” shall relate to the portion of the investment assets under the management of the Investment Managers.

Where the Funds are invested into an external managed fund(s) or collective investment vehicle (“units”) or product Council recognises that the strict application of these guidelines and constraints may not be possible. The Manager(s) of the externally managed funds will inform Council of its pooled or collective investment guidelines. Council expect the Manager(s) to inform them of any investment or management practice that materially falls outside the guidelines and constraints so that Council can continually reassess the overall suitability of such an investment approach.

Cash and Term deposits

Council may invest cash in bank, call, term deposits or registered certificates of deposit. Where it does so it may invest in the following:

Bank, call, term deposits and registered certificates of deposit with New Zealand Registered Banks with a Standard and Poor’s or equivalent credit agency, short term credit rating of ‘A-1’ or stronger. Bank term deposits have a maturity date of no greater than 3-years.

To be classified as a cash investment, deposits must have a maturity date of 31 days or less. Both bank term deposits and registered bank bills must have a maturity date of no more than 12 months.

New Zealand and International Fixed Interest

Investment in an unsecured, senior or secured debt security and should have a minimum long-term credit rating of no less than BBB or short term credit rating of A-2, as measured by Standard & Poor’s, or equivalent credit agency.

Commercial Paper issued by a corporate borrower, with a Standard and Poor’s or equivalent credit agency, short term credit rating of ‘A-2’ or stronger. The maturity date can be no more than 12 months.

No investments in direct mortgages, subordinated debt, structured debt, high yield/junk bonds and leveraged loans should be made.

Equities

Investments must be confined to publicly listed widely held securities trading in recognised markets.

New Zealand and International Property Investments

Investment in property entities that are listed on the New Zealand or internationally recognised Stock Exchange.

Risk management update - March 2021 quarter

Record No: R/21/3/8641

Author: Jane Edwards, Policy Analyst

Approved by: Trudie Hurst, Group Manager Customer Delivery

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of this report is to inform Council of the highest priority strategic and corporate risks for the March 2021 quarter.

Executive Summary

- 2 The intent of the risk management reporting process is to provide Council with the relevant level of information to make informed decisions, and to provide confidence that Council's priority strategic and corporate risks are being effectively monitored and managed.
- 3 The executive leadership team (ELT) have reviewed the status of the ten priority risks endorsed by Council and these were presented to the Finance and Assurance Committee (the committee) for the March 2021 quarterly risk management update. The committee oversees the strategic and corporate risk register and actively monitors the management of the top ten priority risks.
- 4 Following consideration at its meeting on 24 March 2021, the committee stated it had confidence in the management of the priority risks to Council for the current quarter.
- 5 After each quarterly review, the committee is required to inform Council, for information purposes, the risks with thresholds that are currently assessed as high or very high pre-treatment.
- 6 A summary, presented to Council in Attachment A, lists the nine risks categorised as high or very high (pre-treatment) for the March 2021 quarter.
- 7 The matrices used to assess the risks are included for information as Attachment B.
- 8 Staff also advise the committee that on 30 March 2021, ELT undertook the annual review of Council's priority risks. This was an opportunity to determine the draft risk register of Council's top strategic risks going forward. The revised top strategic risks will be presented to the committee at its meeting 15 June 2021 seeking recommendation to Council for adoption. Once adopted, the draft risk register will become effective 1 July 2021.

Recommendation

That the Council:

- a) **Receives the report titled “Risk management update - March 2021 quarter” dated 31 March 2021.**
- 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) Notes the risks with pre-treatment thresholds that are currently assessed as high or very high.

Background

- 9 The quarterly risk management report has been developed in line with Council’s Risk Management Framework (RMF), that was adopted by Council in February 2019. This framework supports risk management knowledge across Council so that risk management can be understood, planned for and mitigated across all levels and activities.
- 10 As part of the RMF, Council’s ten priority strategic and corporate risks were identified and endorsed in June 2020 and these form the basis of quarterly risk report including the risk register.
- 11 The top ten priority risks endorsed by Council are jointly owned by the ELT, who are responsible for undertaking a comprehensive review of the status of the risks, and any emerging operational risks, on a quarterly basis. This update includes evaluation of each risk, any current and proposed mitigations, and the residual risk assessment for each. ELT’s review is incorporated into the risk management update report that is presented to the committee for consideration each quarter.
- 12 Following feedback from the committee, those risks with thresholds categorised as very high and high are required by the RMF to be reported to the next Council meeting.
- 13 The risk threshold measures the extent of the risk, and is determined after analysis of the impact of each potential risk, the consequence level, and an assessment of the likelihood of it happening.
- 14 Each risk has two risk thresholds. The pre-mitigation threshold (or inherent risk) as assessed as if no controls are in place. Post-mitigation (or residual risk) is the risk threshold once controls and mitigations have been considered.
- 15 Risks assessed as **very high** are those that range from possible to highly likely to occur and/or would create major to catastrophic impact on Council.
- 16 The **status** of each risk gives an indication of whether the mitigations that have been put in place are assessed as causing the threshold to rise, lower or remain in place.

- 17 Risks are ranked in accordance with their priority weighted scoring from highest to lowest. The scorings were assessed by ELT in February 2020.

Overview of Council's highest strategic risks

- 18 Nine of the ten priority strategic and corporate risks to Council are categorised as having pre-mitigation thresholds of high or very high. These risks have received comprehensive analysis from ELT and they have been presented to the committee who stated their satisfaction that the risks were being appropriately monitored and managed.
- 19 Four risks are assessed as having a pre-mitigation risk threshold of very high. The residual threshold for three of these is assessed as reducing to high, and one as reducing to medium, as a result of the mitigations currently in place.
- 20 Five risks are assessed as having a pre-mitigation threshold of high. The residual threshold for two of these is assessed as reducing to medium, and one as reducing to low. Two risks remain static at high.

Issues

- 21 This section of the report highlights key issues or changes to the strategic risk register this quarter.

Risk 3: Infrastructure not fit for purpose to withstand climate change

- 22 ELT considered this risk at its meeting 23 February 2021 and acknowledged that it is an emerging priority.
- 23 Last quarter, the risk threshold was raised from medium (both pre and post mitigation) to high (both pre and post mitigation). This was due to risks associated with three waters and old landfill sites near coastlines (specifically these sites being susceptible to erosion/weather events due to climate change impacts).
- 24 While the risk status remains static this quarter, change is anticipated as a result of the annual review of Council's key risks. An in-depth analysis will be undertaken by the ELT and the committee over the next quarter and any changes will be presented to Council at its June 2021 meeting.

Risk 5: Natural or biosecurity event impacts the wellbeing of the District

- 25 This quarter, Council has been required to react swiftly to Government announcements of lockdown measures. Council's pandemic plan and Covid-19 health and safety management plan will remain under ongoing review to ensure they continue to support timely and effective decision making.
- 26 ELT assessment is that the recent lockdown measures have not significantly changed the outlook of this risk and subsequently it will continue to be monitored and reviewed as necessary.

Risks that have a status of 'worsening'

The status of Risk 9 (over commitment leads to inability to deliver agreed work programme) continues to be assessed as 'worsening'. This is attributed to increasing pressure and demands on

the organisation, such as from legislative change, COVID-19 impacts, revisiting historically deferred projects and the LTP.

Other change in status

- 27 This quarter, the status of Risk 8 (difficulty retaining or recruiting staff affects service levels) has changed from improving to static. ELT felt this change was appropriate as although Southland is still seen as a 'safe' place to relocate to, the interest from high calibre applicants has slowed over the last quarter.
- 28 The status of Risk 10 (growth and demand dependent model makes it hard to fund new infrastructure) has changed from worsening to static. ELT consider that the impacts of this risk being realised as a result of the Covid-19 pandemic has stabilised.

Next Steps

- 29 In the next month, the risk review process will begin for the June quarter, and assessment of the priority corporate and strategic risks will be presented to the committee and to Council when they meet in September 2021.
- 30 ELT undertook the annual review of Council's priority risks at a workshop 30 March 2021. The revised top strategic risks will be considered by the committee at its meeting 15 June 2021 and then presented to Council for adoption on 22 June 2021. If adopted, the draft risk register will become effective 1 July 2021.

Attachments

- A Risk register - Council - March 2021 [↓](#)
- B Risk Management Framework - risk matrices [↓](#)



Council – Quarterly risk update March 2021

KEY:

CONSEQUENCE	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
LIKELIHOOD	RARE	UNLIKELY	POSSIBLE	LIKELY	HIGHLY LIKELY
THRESHOLD		LOW	MEDIUM	HIGH	VERY HIGH
STATUS		IMPROVING	STATIC	WORSENING	

RISK 1	Inaccurate data leads to bad decisions/asset failure	Weighted score: 3.50	Status: Improving
DESCRIPTION	Council does not have the data and information it needs to make informed decisions		
PRE TREATMENT	Consequence: Major	Likelihood: Likely	
THRESHOLD	HIGH		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> Long Term Plan and subsequent work programme community facilities implementing asset management data tool contract alignment to asset management processes ensure communication with communities is appropriate and accurate throughout identified project milestones looking at reporting options through JDE accounting system to enable managers to assess summary to detail information easily ensure staff are trained and supported to adequately use the tools they have available implementation of metadata standards and Infor Public Sector (IPS) recruitment of data/Geographic Information System (GIS) temporary resource 		
POST TREATMENT	Consequence: Major	Likelihood: Likely	
TARGET THRESHOLD	MEDIUM		



PROPOSED MITIGATIONS	<ul style="list-style-type: none">• data stewardship and standards gap analysis work• establish infrastructure design standards to ensure consistency and delivery of infrastructure assets
COMPLETED MITIGATIONS	<ul style="list-style-type: none">• IPS/GIS management process established• master data specifications completed for water and waste• internal cost estimation process review and reconciliation process completed



RISK 2	Underinvestment in infrastructure	Weighted score: 3.40	Status: Improving
DESCRIPTION	Failure to maintain infrastructure that has the capacity and capability needed to meet an agreed level of service		
PRE TREATMENT	Consequence: Major/Catastrophic	Likelihood: Possible	
CURRENT THRESHOLD	VERY HIGH		
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • allocation of appropriate funding and resources to deliver the prioritised work plan identified through the Infrastructure Strategy and the activity management plan process • E-delivery project and regular updating of IT equipment • Council office buildings assessed as fit for purpose 		
POST TREATMENT	Consequence: Major/Catastrophic	Likelihood: Possible	
TARGET THRESHOLD	HIGH		
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • business continuity planning • look to 'quantify', in descriptive and financial terms, the extent of the deficit in different asset and service areas • set targets for 2021 Long Term Plan and beyond • develop a view on acceptable level of risk by different service areas 		
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • development of established minimum levels of service for community facilities • Council office buildings fit for purpose – office relocations completed • setting targets for the 2021 Long Term Plan and beyond – levels of service and key performance indicators developed, community board direction setting completed and overall Long Term Plan budgets developed. • appropriate operations and maintenance contracts established across infrastructure • Local Government Act 2002 section 17a service delivery reviews • development of a prioritised programme to address deficits to an acceptable level over time is underway 		



RISK 3	Infrastructure not fit for purpose to withstand climate change		Weighted score: 3.00	Status: Static
DESCRIPTION	Infrastructure fails to deliver the agreed levels of service as a result of changing weather patterns			
PRE TREATMENT	Consequence:	Major	Likelihood:	Possible
THRESHOLD	HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> research programme, including stakeholder input, to develop a position on likely changes in future demands for Council services adequate borrowing capacity in place to assist with recovery costs Local Authority Protection Programme (LAPP) insurance in place review of activity against the climate change assumptions in the Long Term Plan, and make investments and delivery decisions appropriately remaining abreast of the process and development of the three new planned laws proposed as part of the Resource Management Act (RMA) reform 			
POST TREATMENT	Consequence:	Major	Likelihood:	Possible
TARGET THRESHOLD	HIGH			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> consider and develop a climate change strategy building climate change impact assessments into business cases and activity management plans research Council's carbon emission footprint options to reduce risks posed to lifeline infrastructure to be considered funding established from Long Term Plan Year 3 review of old landfill sites and remediation work 			
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> to develop a position on likely changes in future demands for Council services: <ul style="list-style-type: none"> regional climate change assessment completed Deep South science challenge has been completed (investigating how many Council assets are within 3m of sea level) 			



RISK 4	Inadequate, incomplete or lack of strategy/policy impacts the wellbeing of the District		Weighted score: 2.85	Status: Static
DESCRIPTION	A lack of consistent strategic direction-setting could result in poorly aligned and uninformed decisions that impact the community			
PRE TREATMENT	Consequence:	Major	Likelihood:	Likely
THRESHOLD	VERY HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • strategy development work plan • research projects instigated to meet RMA reform requirements 			
POST TREATMENT	Consequence:	Major	Likelihood:	Possible
TARGET THRESHOLD	MEDIUM			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • long term formal commitment to collaboration between Council and key agencies 			



RISK 5	Natural or biosecurity event impacts the wellbeing of the District		Weighted score: 2.70	Status: Static
DESCRIPTION	External event negatively impacts the landscape that Council is operating in and/or its communities			
PRE TREATMENT	Consequence:	Major/catastrophic	Likelihood:	Unlikely
THRESHOLD	HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • ongoing review of pandemic preparedness and planning • essential services prioritisation • business continuity plans completed in order to assist in incident management and response • adequate financial capacity in place to assist with recovery costs 			
POST TREATMENT	Consequence:	Moderate	Likelihood:	Unlikely
TARGET THRESHOLD	LOW			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • none proposed in March 2021 quarterly update 			
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • debrief by incident management team of process followed during lockdowns • review of rates remission and rates postponement policy • review of provision of funding and resources to Emergency Management Southland to assist with civil defence emergency management. 			



RISK 6	Health and safety controls fail to protect staff and contractor safety		Weighted score: 2.55	Status: Improving
DESCRIPTION	Systems processes and controls fail to protect our workers			
PRE TREATMENT	Consequence:	Catastrophic	Likelihood:	Possible
THRESHOLD	VERY HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • prioritisation programme to address health and safety gap analysis recommendations • comprehensive audit framework • site observations of contractors undertaken by all contract managers and activity managers • use of risk assessment methodology to identify the potential Corrective Actions required • training and education of contractors • creation of a wellbeing programme • appropriate health and safety controls in response to lockdown requirements due to COVID-19 			
POST TREATMENT	Consequence:	Catastrophic	Likelihood:	Unlikely
TARGET THRESHOLD	HIGH			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • none proposed in March 2021 quarterly update 			
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • core improvement in standardisation of contract administration process • GPS introduced in all Council vehicles • health and safety plan adopted by Council • correct procurement/contractor induction processes in place for all project work • review of pre-qualification process for contractors completed • fatigue guidelines implemented • alcohol and drug policy implemented 			



RISK 7	Financial conservatism constrains progress towards strategic objectives		Weighted score: 2.55	Status: Static
DESCRIPTION	Council's work programme and levels of service are constrained to conservative financial targets being set			
PRE TREATMENT	Consequence:	Major	Likelihood:	Likely
THRESHOLD	VERY HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • work to understand prioritisation, delivery and affordability across the District that brings a greater understanding of generational responsibility • robust business cases, with clear strategic objectives, will help put projects in context of other works needed and help achieve strategic outcomes and transparency 			
POST TREATMENT	Consequence:	Major	Likelihood:	Possible
TARGET THRESHOLD	HIGH			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • better data needed to make good business decisions • investigate sources of revenue and funding • next LTP – consider challenges for the next ten years and identify financial requirements, levels of service and risk 			
COMPLETED MITIGATIONS	<ul style="list-style-type: none"> • one component completed to investigate sources of revenue and funding: <ul style="list-style-type: none"> ○ draft revenue and financing policy adopted by Council 			



RISK 9	Over commitment leads to inability to deliver agreed work programme		Weighted score: 2.30	Status: Worsening
DESCRIPTION	Unable to deliver the organization's agreed work programme			
PRE TREATMENT	Consequence:	Moderate	Likelihood:	Highly likely
THRESHOLD	HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none"> • executive leadership team to ensure work programme is deliverable, achievable and resourced • create an understanding/recognition of purpose and roles/responsibilities that come with Long Term Plan • understand capacity and capability and ensure realistic commitments • ensure adequate planning and correct resources, including contractors availability, for the achievement of the plan • use of CAMMs (Council's project management tool) 			
POST TREATMENT	Consequence:	Minor	Likelihood:	Likely
TARGET THRESHOLD	MEDIUM			
PROPOSED MITIGATIONS	<ul style="list-style-type: none"> • implement robust team business planning and reporting processes • ensure adequate community engagement 			



RISK 10	Growth and demand dependent model make it hard to fund new infrastructure		Weighted score: 2.00	Status: Static
DESCRIPTION	Inability to access funding, despite increasing need, due to lack of eligibility			
PRE TREATMENT	Consequence:	Moderate	Likelihood:	Highly Likely
THRESHOLD	HIGH			
CURRENT MITIGATIONS	<ul style="list-style-type: none">• lobby available funding sources where appropriate• researching and identifying why and where Council is ineligible			
POST TREATMENT	Consequence:	Moderate	Likelihood:	Highly Likely
TARGET THRESHOLD	HIGH			
PROPOSED MITIGATIONS	<ul style="list-style-type: none">• none proposed in March 2021 quarterly update			
COMPLETED	<ul style="list-style-type: none">• consider the demand and need for new infrastructure – completed through activity management planning			



Risk management framework – risk matrices

CONSEQUENCE	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
STRATEGIC	No significant adverse public comment No impact on achievement of LTP objectives Key stakeholder relationships unaffected	Adverse comment in local or social media Letter to CEO, complaints to Councillors May slow achievement of LTP objectives Minor impact on key stakeholder relationships	National media coverage Will impact achievement of one or more LTP objectives Negative impact on key stakeholder relationships	National media coverage 2-3 days Will significantly impact the achievement of multiple LTP objectives Significant impact on multiple key stakeholder relationships	Coverage in national media 3+ days Commission of Inquiry/Parliamentary questions Stakeholder relations irreparably damaged Cannot deliver on most LTP objectives
OPERATIONAL	No loss of operational capability Minimal changes to service level Minimal loss of internal capacity	Loss of operational capability in some areas Some disruption to service levels Internal capacity lost for up to 1 week	Serious loss of operational capability for over 6 weeks and/or Disruption to service levels for 4-6 weeks Loss of internal capacity 1-3 weeks	Serious loss of operational of capability for over 8 weeks and major disruption to service levels and/or Loss of internal capacity 4-6 weeks	Serious loss of operational capability for 3-4 months and serious disruption to service levels and Loss of internal capacity for more than 6 weeks
FINANCIAL	No impact on financial targets	Up to 1% impact on financial targets	Up to 5% impact on financial targets	Up to 10% impact on financial targets	More than 10% impact on financial targets
HEALTH, SAFETY AND WELLBEING	No Medical treatment required Issue noted, no action required	Minimal personal injury and/or sickness AND Less than 2 weeks incapacitation H&S issue noted by Worksafe	Personal injury and/or sickness with up to 3mths incapacitation OR H&S issue to court	Significant public health impact OR Personal injury and/or sickness with 3+ months incapacitation or long term disability OR	Permanent severe disability or loss of life OR H&S issue taken to court resulting in imprisonment OR



CONSEQUENCE	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
				H&S issue to court and fine imposed	Widespread community sickness
SOCIAL, CULTURAL, ENVIRONMENTAL	No significant community Impact	Single community affected	Multiple communities affected	Many communities affected	Most or all communities OR
	Localised short-term reversible environmental, economic or social impact	Localised short-term reversible environmental, economic or social damage	Localised medium term (1 month +) reversible damage or disruption (environmental, economic, social or cultural)	Localised or widespread long term (3-6m) reversible damage or disruption (environmental, economic, social or cultural)	Extensive or irreversible damage or disruption (environmental, economic, social or cultural)
REGULATORY AND COMPLIANCE	Fine/ liability less than \$10K	Fine/ liability \$10 - \$100K	Fine/ liability \$100 - \$250K	Fine/ liability \$250K - \$1M	Fine/ liability \$1M+



LIKELIHOOD	
HIGHLY LIKELY	Risk event is expected to occur in most circumstances; or 90% chance within the next 12 months; or 18 out of every 20 years
LIKELY	Risk event will probably occur in most circumstances; or 55% chance within the next 12 months; or 11 out of every 20 years
POSSIBLE	Risk event should occur at some time; or 25% chance within the next 12 months; or 5 out of every 20 years
UNLIKELY	Risk event could occur at some time; or 10% chance within next 12 months; or 1 out of every 10 years
RARE	Risk event may occur only in exceptional circumstances Up to 4% chance within next 12 months Once in 25 years

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Catastrophic
HIGHLY LIKELY	Low	Medium	High	Very High	Very High
LIKELY	Low	Medium	High	Very High	Very High
POSSIBLE	Low	Medium	Medium	High	Very High
UNLIKELY	Low	Low	Medium	Medium	High
RARE	Low	Low	Low	Medium	Medium

Draft Procurement Policy - Deliberations and Adoption

Record No: R/21/2/4619
Author: Robyn Rout, Policy Analyst
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to provide information and to present options to Council following written submissions being presented to Council 28 January 2021, so that it can make decisions on the draft Procurement Policy (the draft policy).
- 2 This report is also to present the draft policy for adoption. The draft policy is included as Attachment A.

Executive Summary

- 3 Staff are currently in the process of reviewing Council's Procurement Policy.
- 4 A draft policy has been developed that outlines a set of procurement policy objectives, and includes policy statements on how Council will achieve those objectives. If adopted, the draft policy will be applied when any good, service or asset is actively being sought from a supplier.
- 5 To sit alongside the policy, staff have been developing a procurement manual that will include the operational steps that staff will have to go through to procure.
- 6 Council has completed a consultation process on the draft policy. Council received four submissions and these were presented to and considered by Council at its meeting on 28 January 2021.
- 7 Staff are now requesting that Council select how it would like to proceed. Staff recommend that Council adopt the draft policy that was put out for consultation, without amendment. It is proposed that the policy come into effect on 1 July 2021.
- 8 In response to feedback provided by a submitter, staff have also included in the recommendations for this report, to provide the draft procurement manual to community boards, for their information.
- 9 If Council proceed and adopt the draft policy at this meeting, the proposed next steps are to:
 - provide the draft procurement manual to all Council's community boards, for their information
 - present the draft procurement manual to the Finance and Assurance Committee at the 21 May meeting – to give the committee assurance that Council is complying with legislation, standards and best practice guidelines
 - ensure appropriate procurement information and training is provided to staff, so staff can implement the policy and abide by the manual

- request ELT adopt the procurement manual by June 2021, with the manual also to come into effect on 1 July 2021
- request Council adopt any required changes to the Delegations Manual to come into effect on 1 July 2021.

Recommendation

That Council:

- a) **Receives the report titled “Draft Procurement Policy - Deliberations and Adoption”** dated 7 April 2021.
- 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) Considers the submissions received on the draft Procurement Policy.
- e) **Agrees to have ‘supporting local suppliers’ as a consideration when assessing ‘public value’ (as is outlined in the draft Procurement Policy included with this report as Attachment A).**
- f) Agrees to adopt the draft Procurement Policy (included with this report as Attachment A), with the policy to come into effect on 1 July 2021.
- g) **Agrees to request staff provide the draft Procurement Manual to Council’s nine community boards, for the boards’ information.**

Background

- 10 The current Procurement Policy was adopted in 2010, and is due for review.
- 11 The current policy includes both policy information and information on the practical steps that staff must undertake when they procure. Early in the review process, staff thought it was appropriate to separate the policy and operational parts of procurement. This was to ensure Council documents contain the right information and are being used consistently across Council.

The draft policy

- 12 Council staff have produced a draft policy, which is included with this report as Attachment A. The draft policy has been informed by the best practice guidelines of the Office of the Auditor General (OAG) and the Government Procurement Rules, and the requirements of the Local Government Act 2002 (LGA).

- 13 The draft policy establishes a decision-making framework for procurement that aims to achieve a number of objectives. The draft policy has a series of high-level policy statements on how Council will achieve those objectives.
- 14 The draft policy outlines that to achieve public value, Council will consider, in addition to quality and whole-of-life costs, other outcomes that can be generated from procurement activities. These outcomes can be social, environmental, cultural or economic, and include costs and benefits to the district. Staff will be able to identify evaluation criteria (such as supporting local suppliers, achieving environmental outcomes etc) and make procurement decisions based on those criteria.
- 15 Council's current procurement policy also has a similar policy approach, as it outlines that Council will try and achieve broader social outcomes. The draft policy does not propose a significant change to this policy approach.
- 16 Compared to the current policy, the draft policy places more emphasis on undertaking appropriate procurement planning, keeping good records of procurement processes, and having good relationships with suppliers. The draft policy also places more emphasis on identifying and managing risk appropriately, through the procurement process.

The draft manual

- 17 A draft manual is also being produced that contains a series of steps that staff must complete before they procure. This manual will practically implement the procurement policy. The manual will place a number of requirements on staff, including to use standard procurement methods, to assess the risk of procurement, and to complete procurement documents.
- 18 As the procurement manual is an operational document, it will not be put out for formal public consultation. It will also be adopted by the executive leadership team (ELT).

Consultation

- 19 On 21 October 2020, Council endorsed the draft policy for public consultation. Council consulted on the draft policy from 4 November to 4 December 2020, in accordance with section 82 of the Local Government Act 2002 (the LGA). Four submissions were received, and the submissions and a summary of the feedback, were presented to Council on 28 January 2021.

Previous discussion about providing draft procurement manual to community boards

- 20 When the submissions were presented to Council on 28 January 2021, Council discussed feedback received from a community board. A board felt that in order to be able to provide feedback on Council's procurement approach, it needed to also view the procurement manual. Councillors indicated they were comfortable providing boards with a copy of the draft manual, and sought input from staff about whether this would be appropriate.

Issues

- 21 In response to a survey question drafted by staff, three of the submitters stated that they either supported 'all' or 'some' of the provisions in the draft policy. One submitter did not answer this survey question.

22 Specific feedback supported aspects of the draft policy, including:

- both the policy objective and policy statement about achieving public value (including considering factors other than the cost of procurement, and considering future liabilities not just upfront costs)
- procurement being aligned to the Government Procurement Rules and the Best Practice Guidelines of the Office of the Auditor General
- procurement processes being fair, equitable, transparent and consistent
- procurement processes appropriately managing risk.

Supporting local suppliers

- 23 A submitter proposed that a new policy objective be included in the policy - to support local suppliers (where qualifying criteria are met). Other feedback was also received about local suppliers that is not appropriate to incorporate into the policy, but that can be considered in relation to the procurement manual or in a wider procurement context (such as encouraging local suppliers to become approved suppliers, encouraging local suppliers to tender, and weighting tenders from local suppliers appropriately).
- 24 Staff have identified two ways Council could proceed in relation to local suppliers. Council could elect to approach 'supporting local suppliers' by:
- having local suppliers as one of the considerations when assessing public value (as is outlined in the draft policy included as Attachment A)
 - amending the draft policy to specifically include 'supporting local suppliers' (where appropriate) as both a policy objective and a policy statement.
- 25 Staff believe it is appropriate to keep supporting local suppliers as a component of 'public value'. If a new objective and policy statement to support local suppliers was included, it would indicate that securing a local supplier trumps other public value considerations, such as procuring quality goods/services, or securing a good price. Or it would also suggest that factors such as 'cost' and 'quality' also need to be objectives/policy statements. Staff believe the public value model enables Council to set its evaluation criteria, as is appropriate in the particular circumstance, and to balance different considerations.
- 26 The procurement manual will require staff to detail evaluation criteria. This is where staff specify the aspects of 'public value' that will be prioritised, such as supporting local suppliers. The procurement documents will be approved by managers in accordance with the Delegations Manual, to ensure staff are effectively implementing the policy and following the manual.

Providing the draft manual to community boards for feedback

- 27 As has been outlined above, a community board felt that in order to be able to provide feedback on Council's procurement approach, it needed to also view the draft procurement manual. At the Council meeting on 28 January 2021, Councillors indicated they were comfortable providing the draft manual to community boards. Elected members are not typically involved in developing operational documents, however staff see no issue with providing the draft manual to the boards for their information.

Change to next steps

- 28 Staff had previously proposed to endorse a policy position at this meeting, and then proceed and adopt the policy at a later date, when the manual was also finalised. However, staff have reconsidered this approach and believe it is more efficient to adopt the policy at this time, but bring the policy into effect in a few months, when the manual will also be complete.

Factors to Consider

Legal and Statutory Requirements

- 29 The OAG and Government Procurement Rules outline that councils should have their own procurement policy and processes in place, that are tailored to their operating environment.
- 30 The LGA (section 14) details principles relating to local authorities. A number of these principles relate to Council's procurement activities, and the draft policy is in accordance with these principles.
- 31 Other legislation that is relevant to procurement is:
- Civil Defence Emergency Management Act 2002
 - Commerce Act 1986
 - Construction Contracts Act 2002
 - Contract and Commercial Law Act 2017
 - Fair Trading Act 1986
 - Goods and Services Tax Act 1985
 - Health and Safety at Work Act 2015
 - Land Transport Act 1998
 - Land Transport Management Act 2003
 - Local Authorities (Members' Interests) Act 1968
 - Local Government Act 2002
 - Local Government Official Information and Meetings Act 1987
 - Official Information Act 1982
 - Privacy Act 1993
 - Public Audit Act 2001
 - Public Finance Act 1989
 - Public Records Act 2005
 - Public Works Act 1981
 - Resource Management Act 1991
 - Withholding Tax Regulations.
- 32 Best practice guidelines are an important part of Council's procurement activity. The Government's procurement policy framework, consisting of principles, a charter, rules and good practice guidance set the government's expectations for how government agencies should approach procurement activities. The draft policy is informed by this framework, but it is noted that Council is not currently bound by the rules. Other government entities, such as government departments and ministries, are bound. In October 2020, the Ministry of Business, Innovation and Employment sought feedback from the local government sector on potential impacts if the sector was required to apply the Government Procurement Rules. This indicates changes may be afoot in the procurement space, but that this stage staff cannot be certain of the exact nature of the changes or when they would be implemented.
- 33 The OAG also provides guidance on procurement that is designed for use by any public entity. Again, the draft policy has been informed by this guidance.
- 34 Staff have consulted on the draft policy in accordance with section 82 of the LGA. Staff have made the draft policy and relevant information publicly available and encouraged people to give

feedback. Under Section 78 of the LGA, Council must, when deciding how to proceed, consider the views and preferences of persons likely to be affected by, or to have an interest in, the matter. There is not a requirement to agree with the submitters, but Council must consider the views that have been expressed, with an open mind.

- 35 The procurement manual does not contain any delegations, it refers to the Delegations Manual. Some minor changes to the Delegations Manual will be required when the procurement manual is implemented, to ensure appropriate delegations/authorities are in place.

Community Views

- 36 A summary of the community views captured through the formal consultation process on the draft policy was outlined in the issues section of the report that went to Council on 28 January 2021. The submissions received through the consultation process were also included as an attachment to that report. This can be accessed on the hub or on Council's website.

Costs and Funding

- 37 Costs associated with reviewing the procurement policy include staff time and advertising. These will be met within current budgets.
- 38 As an indication of the amount Council spends on procurement, in the year ended 30 June 2019, Council spent \$24.994m on 'activity capital expenditure' (including vested assets) and \$41.319m on operational expenditure (excluding employee benefit expenses, depreciation and amortisation and finance costs). As Council spends a significant amount of public money, it is seeking to ensure all procurement is undertaken and managed in a way consistent with legislation, good practice and a sound business approach.

Policy Implications

- 39 As has been indicated above, the current policy includes high level policy statements and the procedural steps necessary to undertake procurement. The draft policy differs from the current policy, as the draft just includes high-level policy information. On this basis, the current and draft policies will be used quite differently.
- 40 If adopted in its current state, the draft policy sets an expectation that staff will undertake thorough procurement planning, keeping good records of procurement processes, and identify and manage risk appropriately. The extra time staff will have to spend on these tasks has not been formally quantified – but staff consider the tasks are necessary, to meet best-practice standards.

Analysis

Options Considered

- 41 The following options have been identified, for how Council could proceed:
- **option 1** – adopt the draft policy, with the policy to come into effect on 1 July 2021
 - **option 2** – propose a different way forward.

Analysis of Options

Option 1 – adopt the draft policy, with the policy to come into effect on 1 July 2021

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the draft policy proposes a sound approach to procurement, that aligns to legislation and recommended procurement practiceas with Council's current policy, the draft policy proposes to achieve other positive outcomes through procurementCouncil has captured community views on the draft policy and is in an informed positionsubmitters were generally supportive of the draft policy.	<ul style="list-style-type: none">there is a very small chance the procurement manual may not be finalised by 1 July 2021, which would require staff to put a report to Council, requesting it to delay the policy coming into effect.

Option 2 - propose a different way forward

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">would give clarity on Council's preferred approach.	<ul style="list-style-type: none">the public will have an expectation that a decision will be reached on the draft policyif Council recommend substantial changes to the draft policy, it may be appropriate for Council to re-consultchanging the policy approach at this stage is likely to result in more staff time/cost being spent on this matter.

Assessment of Significance

- 42 Staff do not believe the decision to adopt the policy meets the threshold of being a significant decision (in accordance with Council's Significance and Engagement Policy, and the LGA).
- 43 The current and draft policies have similar objectives in relation to achieving broad social outcomes through procurement, so there isn't a substantial change in this policy approach. Because of this similar approach, people may be less interested in and affected by the draft policy, and the draft policy may not achieve different outcomes in relation to the four community 'wellbeings'.

Council is aware however, that it spends public money and that its procurement activities have an impact on the local and domestic economy. For this reason, staff are aware the recommendations proposed in this report are still important.

Recommended Option

- 44 It is recommended Council proceed with option 1 and adopt the draft policy.

Next Steps

- 45 For the next steps, staff are proposing to provide the draft procurement manual to all Council's community boards, for the boards' information.
- 46 Staff then intend to present the draft manual to the Finance and Assurance Committee on 21 May 2021, to provide the committee assurance that Council:
- is complying with laws and best practice guidelines
 - has embedded a culture that is committed to probity and ethical behaviour.
- 47 The final steps will then be to request the Executive Leadership Team to adopt the procurement manual, with the manual also to come into effect on 1 July 2021. Council will also need to adopt any necessary changes to the Delegations Manual, and it is likely this would happen in June 2021.

Implementation and review

- 48 Staff will be informed about the new policy and manual, and training will be provided. Particular roles within Council will receive more in-depth training and support. It is being considered whether minimum training standards for staff are appropriate. In some areas of Council, there will be specialist procurement roles to help ensure consistent procurement.
- 49 Staff are aware procurement within Council will need to be evaluated, to ensure that Council is achieving its policy objectives. It has been discussed whether a group within Council should be tasked with reviewing a set number of procurements on an annual basis, when the contracts are finished. The review would involve establishing evaluation criteria and liaising with staff to assess whether Council has been effectively implementing the procurement policy.
- 50 It is proposed to review the new procurement policy and manual, triennially.

Attachments

- A Draft Procurement Policy, for adoption [↗](#)
- B Current Procurement Policy [↗](#)



Procurement Policy

Group responsible: Services and Assets/Finance

Date approved: 14 April 2021

Effective from: 1 July 2021

File no: R/16/10/16349

Introduction

This policy contains high level policy statements that will guide procurement decisions for Southland District Council (Council).

Procurement is all aspects of acquiring and delivering goods, services and works. It starts with identifying the need and finishes with either the end of a service contract or the end of the useful life and disposal of an asset.

Council recognises that it is a significant user of public money and the expenditure of this money has an impact on the local and domestic economy. As such, Council seeks to ensure all procurement of goods, services and works are undertaken and managed in a way consistent with legislation, good practice and a sound business approach.

This policy informs any person working for or on behalf of Council of the policy approach that should be followed when conducting procurement. It also provides potential suppliers information about Council's procurement practices.

Council's procurement manual contains the practical steps that should be completed when procuring.

Objectives

This policy and the procurement manual are to establish a decision making framework for procurement that:

- ensures procurement is managed in accordance with legal process/legislation
- is used consistently across Council
- encourages good relationships with suppliers
- helps achieve public value
- establishes a sound business approach to procurement
- appropriately manages risk
- aligns with the delegation manual and facilitates compliance with that manual.



Scope

This policy and the procurement manual apply when goods, services and assets are actively being sought from a supplier.

Neither this policy, nor the procurement manual, cover:

- the setting of levels of service and budgets which are part of the long term plan process
- the setting of financial delegations for individual staff
- decisions about the preferred method of service delivery at the activity level (such decisions will be made in accordance with service delivery reviews required under section 17A of the Local Government Act 2002)
- how contracts should be managed.

Associated documents and important considerations

There are a number of factors that guide procurement for Council. These include:

- legislation/legal process – there are specific pieces of legislation that guide Council procurement, depending on the nature of the procurement
- the Government Procurement Rules – these rules are not compulsory for councils but they are a benchmark against which councils are measured
- the standards of the Office of the Auditor General – the Office of the Auditor General is interested in ensuring that councils conduct their business, including procurement, in a prudent and business-like manner. They are also the auditor of all public sector entities
- Council's Procurement Manual – this outlines the detailed processes that staff are required to follow to conduct procurement in line with this policy
- Council's policies – including Council's Conflict of Interest and Fraud Policies
- Council's Delegation Manual
- Council's Code of Conduct for staff
- major funder requirements, for example the New Zealand Transport Agency (NZTA), and the Ministry for Business Innovation and Employment (MBIE) can have specific procurement requirements in order for Council to attract funding.

Deviations from this policy

In exceptional situations, procurement may need to fall outside this policy. Council will comply with section 80 the Local Government Act 2002, if it makes decisions inconsistent with this policy.

Policy statements

This section outlines policy statements that are to be applied to all procurement activities, to achieve Council's procurement objectives.

Procurement will be in accordance with legal process/legislation

Council will abide by legal process and by legislation when it procures.



Procurement will be consistent across Council

All purchasing activity will be undertaken in accordance with the requirements set out in this policy and in the procurement manual.

The standard procurement methods outlined in the procurement manual will be followed. Any deviation from the standard procurement methods will be appropriately authorised.

Council will foster relationships with suppliers

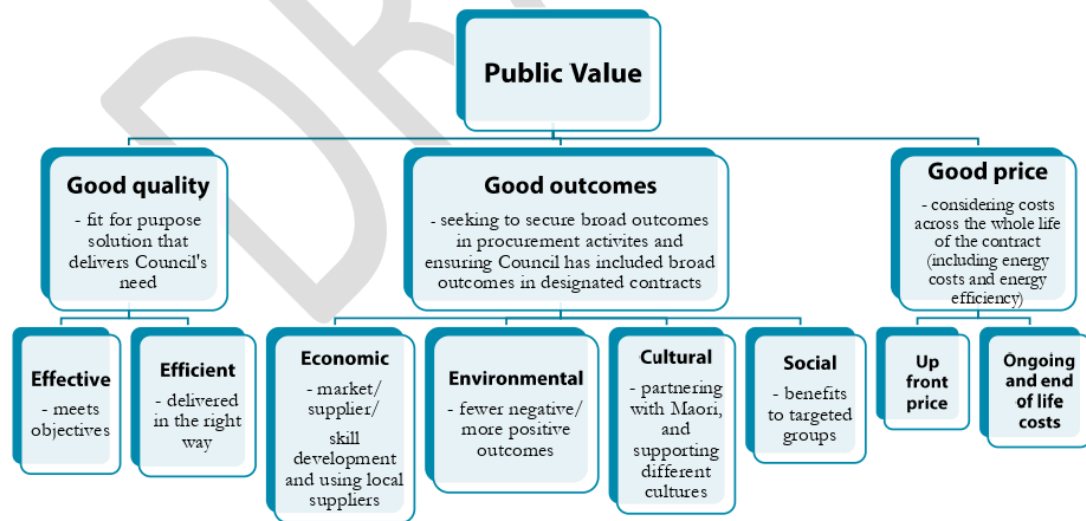
Council will foster relationships with suppliers to help ensure Council gets the best results. Where possible, relationships will be:

- collaborative
- professional
- demanding, but fair and productive
- focused on results and objectives
- mutually rewarding.

Council will make procurement decisions based on achieving public value

To procure responsibly, Council will aim to achieve public value. As is shown in figure 1 below, public value includes trying to procure quality and cost-effective goods/ services, but also trying to procure in a way that achieves other broader Council outcomes.

Figure 1. Public value¹



¹ Amended from the New Zealand Government Procurement Rules, 4th Edition.



The Local Government Act 2002 prioritises achieving economic, social, cultural and environmental outcomes. Council, through its procurement processes, will leverage these outcomes where possible.

This will include:

- considering whether economic, environment, cultural and social outcomes can be achieved when identifying Council's business need and setting evaluation criteria
- getting the best possible procurement result
- using resources effectively, economically and without waste
- considering whole-of-life costs
- making it as easy as possible for suppliers to do business with Council, and where possible, ensuring opportunities are accessible for all
- making procurement decisions to consider a low emissions economy and to promote greater environmental responsibility.

There will be a sound business approach to procurement

Council will ensure a sound business approach by conducting procurement in accordance with the Government Procurement Rules and other 'good practice' guidelines, and also by:

- planning appropriately
- ensuring that procurement is effective and efficient
- acting with integrity
- making decisions based on public value
- abiding by the Health and Safety at Work Act 2015, and prioritising keeping staff, contractors and members of the public safe and healthy
- recognising the requirements of other agencies that provide funding, to assist with the delivery of Council services, such as the NZ Transport Agency.

Risk will be managed appropriately

Although risk is inherent in any procurement activity, Council will manage risk so it is acceptable from from a contractual and delivery point of view, to ensure that ratepayers are not exposed to significant unmitigated risk and future liability.

An element of risk management will be achieved by selecting the appropriate procurement method, contract, and basis of payment methods.

Council staff, are responsible for identifying and managing or mitigating risk effectively through each stage of the procurement process within their respective areas of responsibility.

The risk of fraud or impropriety will be reduced by conducting procurement in a fair and transparent manner, following appropriate procurement policies and procedures, and having appropriate internal controls in place.

Council will ensure that each employee or agent involved in a procurement process has the required skills for the type and level of procurement.

The general principle of risk management will be for Council to only transfer an appropriate level of risk.



Procurement decisions will be made in accordance with delegated authority

Council staff will act within their delegation when undertaking procurement and contracting activities. Procurement will not be undertaken without appropriate approval.

Review

This policy will be reviewed within three years of adoption. Any amendments shall be made with the approval of Council.

There will be ongoing evaluations of the effectiveness of procurement activities.

Implementation

This policy will become effective on 1 July 2021. The Procurement Manual will be used to implement this policy.

POLICY: **PROCUREMENT**

GROUP RESPONSIBLE: Chief Executive

DATE APPROVED: 29 September 2010

DATE AMENDED:

FILE NO: 140/20/1/13

POLICY DETAIL:

OUTLINE OF THE PROCUREMENT POLICY

This policy sets out the strategic objectives for Council's procurement. In particular, there is an explicit emphasis on Value for Money (Section 4). Value for money is about whole of life costs and benefits, and non-monetary qualities that Council seeks to promote. These include sustainability across the four well-beings: economic, environmental, cultural and social.

Key tools for procurement included in this policy are:

- Market assessment: to ensure that Council considers the nature of the market it purchases from and the impact its procurement decisions have on the long term structure of the market (Section 6.1)
- Guidance on supplier selection (Section 7), including qualities of suppliers, competitive processes, and restricted processes.
- Clarity on the levels of procurement controls (Sections 8.2 and 9), in conjunction with the financial delegations).
- Guidance on dealing with sensitive expenditure (Section 8.3) and conflicts of interest, real and perceived (Section 8.5).
- Executive management team review of procurement documentation, as a means of identifying areas for improvement for the organisation as a whole, as well as high level internal audit (Section 8.1.1).

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.

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.

3. Context of Council's Procurement

3.1. *Our Way Southland - Community Outcomes*

Southland local authorities have a shared set of community outcomes:

- Southland is a great place to live.
- A diverse economy built from our strengths for growth and prosperity.
- Safe places in a caring society that is free from crime.
- We are a healthy people.
- Strong effective leadership taking us into the future.
- A treasured environment which we care for and which supports us now and in the future.
- A well-educated and skilled community continually seeking further opportunities to learn.

Details of these outcomes, how Council's activities contribute to them, and progress against them are outlined in the LTCCP and Our Way Southland documents.

3.2. *Shared Procurement*

Southland District Council also pursues opportunities to establish shared services with other entities - primarily other Councils. Examples include Venture Southland, Civil Defence, and WasteNet.

Where appropriate Council may also establish shared services outside of local government. For example Southern Rural Fire is a shared service arrangement that includes the Department of Conservation and private forestry owners. These entities generally have their own governance structures, and procurement procedures. However, where these do not exist, clear procurement processes will be established that comply with good procurement practices, and fit within the relevant entities policies.

4. Value for Money, Current and Future

Value for Money is about more than cash. Council is committed to ensuring it obtains value for money in procuring goods and services. Value for Money is defined as the best possible outcome for the money spent. Considerations in assessing Value for Money include, but are not necessarily limited to:

- Whole of life financial cost assessment, including upfront costs, maintenance, depreciation, upgrades required within the life of the asset, and disposal costs (where applicable).
- Whole of life financial benefit assessment, including revenue (eg user pays fees), gain on sale (where applicable).
- Future costs and benefits shall be appropriately discounted, taking into account the costs of capital (eg interest rates), risk, and social returns. Guidance on selection of a discount rate can be found at the NZ Treasury website¹.
- Any additional considerations pertaining to the quality of good or service, such as guarantees, technological benefits, benefits/complementary nature with existing services or future good or service needs
- Identifying and mitigating any associated negative externalities, such as environmental impacts of an activity during construction/implementation and/or through the life of the asset or contract.
- Sustainable practices, including environmental, social, cultural, and economic sustainability which are outlined in Section 5 below.
- Long term competitive markets as outlined in Section 6 below.
- Flexibility in service delivery for Council, where appropriate.

The importance of the above factors may vary between projects, either because of the nature of the projects themselves, or because decision makers will bring different perspectives (Council, Community Boards, Community Development Area Sub-committees etc). Where possible, weightings (quantitative or qualitative) will be added to tender request documents to guide potential tenders to matters which are considered important to the specific purchase.

In making this assessment, the ability for Council to deliver the good or service internally will also be considered against the above criteria.

In addition, the costs of the procurement process (both financial and resource use) shall be appropriate for the value of the purchase.

5. Sustainable Procurement

Sustainable procurement involves considering the long-term as well as short term effects of purchase decisions across a broad range of objectives; and taking extra care when procurement causes changes that might be irreversible or uncertain.

¹ <http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/primer/15.htm>

5.1. Socially Sustainable Procurement

Socially sustainable procurement involves supporting suppliers who are socially responsible and adopt ethical practices. The following points are relevant to socially sustainable procurement:

- Practices within the workplace eg suppliers who have high health and safety standards; suppliers who employ or support disadvantaged members of the community.
- The impact of procurement decisions on local businesses and employment in our communities.
- Mitigation of negative social impacts that may arise from the project.

5.2. Culturally Sustainable Procurement

Council works in partnership with local iwi, specifically through Te Ao Mārama. Where a project has implications for significant sites, or practices, Te Ao Mārama will be consulted. There may be specific requirements that need to be incorporated into the procurement process.

5.3. Environmentally Sustainable Procurement

Environmentally sustainable procurement is about working towards:

- Ensuring awareness of 'sustainable' procurement at all levels.
- Using recycled resources where appropriate and financially viable.
- Minimising and/or mitigating the effects of emissions, run off etc.
- Providing potential cost savings.
- Conserving natural resources and improving our environmental 'footprint'.

Council will favour purchasing goods, works and services that are less harmful to the environment - land, air, and water elements. Sustainable products are those that are made with less harmful material or which are produced, used and able to be recycled or disposed of with minimal impact on the environment. Council will consider the following characteristics in goods, works, and services it purchases:

- Recycled content or content from an environmentally sustainable source.
- Recyclable, biodegradable or able to be disposed of safely.
- Durable, as opposed to single use and ability to be repaired.
- Energy-efficient products, or processes.
- Shipped with minimal packaging or packaging that is recyclable.
- Works and services provided by suppliers with environmentally sustainable practices.

Council has a sustainable procurement guide, with checklists to assist in assessing environmental sustainability of goods, works, and services.

5.4. Economically Sustainable Procurement

Economically sustainable procurement includes:

- Adopting practices and strategies to avoid unnecessary consumption and manage demand.

- Considering whole of life financial costs and benefits, including the implications of quality trade-offs.
- Making procurement decisions in a way that supports long term affordability; this may include making decisions that support long term competitive markets, maintaining strategic relationships with suppliers.
- Taking into account the impact of procurement decisions on local communities and businesses.

6. Maintaining Competitive Markets

The majority of Council's procurement activities are ongoing, therefore the capability and capacity of providers and the local market are factors in maintaining value for money over the long term.

As noted above, the procurement market that Council operates within has specific features that mean its procurement choices have the potential to shape that market.

These features include:

- Limited number of providers based locally.
- Difficulty and/or expense of relying on national providers locating in Southland for specific projects.
- There are a large number of smaller contractors operating in Southland.
- Council is a major purchaser of engineering works and services in the lower South Island.
- Distance from major centres, and across the District brings its own costs and constraints.

For these reasons, when making procurement decisions, Council will need to consider not only the value for money of the individual procurement process/decision, but also its long term implications for maintaining a competitive market ie the implications for value for money of future purchases of goods and services.

Council will use a range of tools to ensure that its procurement choices are not to the detriment of a sustainable competitive market.

- Work will be packaged so as to give all players a fair chance to win business.
- Local contractors will be used, where they can provide equal or greater value for money (as outlined above in Sections 4, 5 and 6).
- Choice of tendering or direct negotiation as supplier selection methods.

6.1. Market Assessment

Council will complete a market assessment to support procurement decisions - both the method of procurement and the selection of supplier. A market assessment is required for all areas of procurement and will be reviewed in advance of major procurement decisions, or reviews of standing arrangements. The market assessment will consider, but not necessarily be limited to:

- The number and size of suppliers, both locally and those who have demonstrated an ability to supply in the lower South Island; and the level of competition in the market.
- Council's current spending intentions (as outlined in the LTCCP/AMPs).

- Impact of other Councils or significant purchasers in the market, locally; and opportunities for collaboration in purchasing and/or information sharing.
- Market testing. This may include:
 - (a) previous competitive tenders;
 - (b) quotes;
 - (c) early steps in the procurement process, including Expressions of Interest, Registration of Interest, and Requests for Information; and/or
 - (d) early contractor involvement with appropriate suppliers

The market assessment will be submitted to whomever is responsible for the procurement decision, as per Sections 8.2 and 9 below. It will also be reviewed by the Executive team, as outlined in Section 8.1.1 below.

7. Supplier Selection

7.1. Qualities of Potential Suppliers

The history and qualifications of potential suppliers will be an important factor in selecting a provider. Assessment will include:

- Any established track record with Council, or other Councils/entities where this can be reliably verified.
- The ability of the provider to meet the standards required. Required standards includes the quality of the good or service for procurement, any impacts that may arise incidentally to its provision eg noise control during construction, and safety practices.
- The sustainable practices used by the supplier (Section 5 refers).

7.2. Competitive Tender or Quotes

Procurement decisions of between \$5,000 and \$20,000 will generally be made on the basis of three quotes. It is the responsibility of the staff member completing the purchase (as per the financial delegations) to select the three suppliers and evaluate them.

Procurement decisions over \$20,000 will generally be made on the basis of a competitive tender, and will follow the processes outlined in Sections 7.2 and 0 below.

Where a contract has been tendered, and subsequently substantively amended, an explicit decision must be made by the authorised delegate (as per the financial delegations and Section 9 below) as to whether the contract should be put up for tender again, or negotiated with the winning tenderer. Re-letting the tender will be the default, and the decision documented, in line with Section 7.3. Factors to be considered include:

- If the changes are likely to have drawn tenders from further providers, had they formed part of the original tender document.
- Whether changes relate to the scope of the contract (ie Council amendments), or options for savings identified by winning contractor (in which case re-letting would be inappropriate).

7.3. **Alternative procurement methods**

Competitive process will be the predominant method for supplier selection. However, Council may consider opportunities to procure through alternative methods (such as negotiation with a single provider, limited invitation to price, and preferred suppliers), rather than through competitive tenders, where this can be demonstrated to provide a better outcome in the long run.

Any departure from the competitive process must be supported by the market assessment and a report outlining the reasons why a non-competitive process is preferred. The report will be submitted to whomever is responsible for the procurement decision, as per Section 9 below. It will also be reviewed by the Executive team, as outlined in Section 8.1.1 below, and be available to any member of the public on request.

Instances where this is likely to be the case include, but are not limited to:

- Sole provider of services, such as auditing services which are carried out by Audit NZ for Council.
- The market contains a strictly limited number of viable suppliers.
- Goods or services are of strategic importance to Council operations.
- There is a significant level of work required before a contract can be confirmed, such as for community projects relying on external funding (grants etc).
- The provider holds significant corporate knowledge which, if another provider was engaged, would cost the Council a significant sum of money to replicate.

Where Council purchases from a provider without a competitive tender process, the principles and practices contained within the Partnerships with the Private Sector Policy will apply. Considerations in negotiating a contract with a provider include:

- Higher quality results over the long term.
- Ensuring market sustainability, capacity, and capability in the long term.
- Enabling innovative approaches to providing the best outcomes.
- Providing flexibility to fast track works through direct appointment of suitably qualified suppliers.
- Track record of the provider in providing goods or services for Council.

Council acknowledges that some external funders, such as some Government Departments will require a competitive process, and where this is the case tenders or quotes will be used.

7.4. **Locally Based Suppliers**

In maintaining the provision of goods and services in the long term, Council has an interest in ensuring that there is a viable and competitive market able to provide goods and services now and into the future. In some areas of procurement, this may mean ensuring the ongoing viability of locally based suppliers. Council also has an interest in the economic well-being of the District, under the Local Government Act 2002.

Council will, therefore, choose to procure goods and services from locally based suppliers where:

- The value for money offered by the locally based supplier is at least as good as suppliers based outside the District or the province of Southland; and/or
- There is a need to ensure market capacity and capability in the long term; and/or
- Community will benefit from selection of local provider, through stronger commitment and/or local accountability.

Council will also bundle its procurement in a manner that ensures locally based (smaller) suppliers are able to supply, where this is practical ie it is cost effective and does not compromise efficient management systems.

8. Management and Implementation

8.1. *Procurement Capability and Oversight*

The Council employs appropriately experienced staff to manage its procurement programmes. Where required, additional specialist expertise (including legal expertise) may also be employed and will be required to comply with the Council's procurement policy.

The financial control and reporting functions are key components of the Council's procurement system. They support maintaining capability, by providing good information on the history of Council's procurement, including performance by suppliers and a standardised method for viewing/analysing proposals.

These systems also support appropriate oversight of procurement activities - through controls on approvals of purchases, and reporting through to various levels of the organisation.

8.1.1. *Executive Management Team Review*

The Executive Management team, supported by Policy and Finance and other staff as required, shall review procurement documentation: including market assessment, reviews of standing arrangements, and reports/recommendations for supplier selection (by tender and/or negotiation). Reviews shall be completed at least annually.

The purpose of Executive Management Team Review is to:

- Ensure that the procurement policy is being followed.
- Identify and share learning as part of a continuous improvement of procurement practice.
- Perform a (limited) internal audit of procurement documentation (as outlined in Section 8.6) and decision-making.
- Make recommendations for amendment of the procurement policy, if required.

8.2. *Levels of Procurement Control*

There are three categories of procurement control, delineated by relative levels of risk and financial value. All values are stated GST exclusive, and transactions must be within existing budgets and authorised approval levels.

8.2.1. Routine small goods and services

Definition: Low cost goods and services that have minimal risk to Council business, individual purchases total less than \$5,000.

Types: Stationery, office furniture, fuel, vehicle servicing.

Procurement Arrangements:

- (a) Individual transactions are the responsibility of staff, as required.
- (b) Where appropriate, arrangements to be made with a single supplier in order to minimise individual transaction costs.
 - (i) Supplier to be assessed annually against this policy, including a market assessment.
 - (ii) Designated staff member to be responsible for maintaining the relationship, and establishing and reviewing terms and conditions of provision with supplier.
- (c) Where standing arrangements are not in place, staff member responsible to undertake an appropriate level of price comparisons prior to purchase.

8.2.2. Specialised small goods and services

Definition: Goods and services that have specific time requirements and/or are of a higher value than (1), that require skilled/specialist administration, individual transactions total less than \$5,000.

Types: Travel, catering, advertising, minor printing, works schemes supplies.

Procurement Arrangements:

- (a) All purchasing to be done through designated staff only, due to specialised nature of good/service.
- (b) Where appropriate, arrangements to be made with a suitable range of providers to minimise individual transaction costs (as determined by designated staff member).
- (c) Where standing arrangements exist:
 - (i) Designated staff member is to be responsible for maintaining the relationship, and establishing and reviewing terms and conditions of provision with Supplier.
 - (ii) Supplier(s) to be assessed annually against this policy, including a market assessment.
- (d) Where standing arrangements are not in place, staff member responsible to undertake an appropriate level of price comparisons prior to purchase.

8.2.3. Higher value goods and services

Definition: Goods and services over \$5,000 in value

Types: Works and services contracts, printing, advertising, vehicles, professional services, office equipment leases.

Procurement Arrangements:

- (a) Procurement arrangements to follow the delegations and procedures outlined below.

- (b) Designated staff member to be assigned responsibility for overseeing contract, from design to evaluation of delivery.

8.3. Sensitive Expenditure

Sensitive expenditure is expenditure that could be seen as giving some private benefit to an individual staff member or elected representative that is additional to the business benefit to Council. It can include travel, hospitality, and/or expenditure that may be considered unusual for Council. Council will ensure that all sensitive expenditure decisions:

- Have a justifiable business purpose;
- Preserve impartiality;
- Are made with integrity;
- Are moderate and conservative, having regard to the circumstances;
- Are made transparently; and
- Are appropriate in all respects.

In addition, Council has some specific policies governing areas of expenditure that include sensitive expenditure, such as the Elected Representatives Remuneration and Reimbursements Policy, which sets out what reasonable costs Council will reimburse for elected representatives in the course of their duties.

8.4. Contract and Performance Management

Where appropriate, Council will use industry standard contract management practices. Terms of service, aggregation etc, shall be determined in a manner consistent with the nature of the procurement activity and maintaining a sustainable competitive market.

Performance indicators are incorporated in Council's Annual Report, LTCCP and Annual Plan. Performance measures for any project will be incorporated in the specification of the project and associated contracts; measures will include timeliness, cost, and quality dimensions. Performance against these measures will be assessed and reported on regularly, and performance will be taken into account when contracts come up for renewal, or in considerations for new contracts.

In addition to formal performance management systems, Council also receives regular feedback from Community Boards, Community Development Area Subcommittees on local works and services.

8.5. Risk Management

Council has completed a council-wide risk assessment, including what existing policies and practices are in place that mitigates those risks. In the context of procurement, the following risks and mitigations are in place. Risks for specific procurement activities will be managed to a level appropriate for the activity by the individual responsible:

Risk	Mitigation
Staff turnover Changes in staff mean that institutional knowledge may be lost about individual contracts/suppliers. Staff turnover also poses risks to maintaining relationships with suppliers (potentially impacting on value for money of procurement).	Documentation of contracts, including clearly identifying who is responsible for them (enabling effective handover). Senior Management will maintain a relationship with significant suppliers, as well as those responsible for the day to day management of contracts. This ensures that relationship between supplier and Council is not reliant on a single individual.
Project-specific risks Risks to project results (quality, timeliness etc); or involving technical, environmental, or safety issues.	Appropriate skills and expertise will be utilised on a project - both internally and in assessing the supplier.
Policy change Council's activities are driven by democratically elected representatives, and are also heavily influenced by Central government policy. In this respect, a change in direction and/or funding has the potential for significant impact on activity (positive or negative)	Staff will ensure that Council is as fully informed as is possible in making its decisions. Council will make submissions on significant policy change from central government and maintain close relationships with Government departments/agencies. Council will maintain a close relationship with its major suppliers in order that changes in policy can be worked through in a constructive manner.
Legal Challenge Council's procurement may be challenged on legal grounds	Council procurement will comply with the procurement policy. For complex procurement arrangements, external legal or other specialist advice will be sought. Procurement processes and decisions will also be clearly documented, at a level appropriate for the size of the procurement activity. Industry standard contract management processes will also be used.
Fraud Procurement may be used by staff as a means to direct or indirect personal financial gain.	Council has a Fraud Policy in place to deal with instances where procurement has been inappropriately used for the benefit of individuals or entities.

Risk	Mitigation
Conflicts of Interest Procurement decisions may be affected by, or challenged on the basis of conflicts of interest.	<p>Councillors are required to list all commercial/financial interests, and to exclude themselves from decisions where they have a conflict of interest (direct or indirect). Councillors may also exclude themselves from decisions where there may be an appearance of bias, potentially opening up the decision to challenge. Council complies with the Local Authorities (Members' Interests) Act 1968.</p> <p>Staff operate on ethical standards, and shall declare any conflicts, or the appearance of conflicts of interest in writing prior to the commencement of the procurement process, or immediately any conflicts of interest arise. These may be direct or indirect. In the event of a conflict of interest, final procurement decisions will be escalated to the next tier of management.</p>

8.6. **Key documentation**

The following outlines the key documents that relate to procurement decisions, in general. It is a guideline only, it is up to the responsible staff member to decide on the appropriate level of documentation, and the content of that documentation, based on the scale and risk of the purchase. Documentation may be reviewed by the Executive Management Team:

- Project and procurement plans, where they exist (required for all roading procurement by NZTA).
- Market assessment (as outlined in Section 6.1).
- Report supporting non-competitive process (where this has been used).
- Market documents, including Request for Information, Expressions of Interest, Registration of Interest, Request for Proposal, Request for Tender, and Quotes.
- Notices to Tenderers.
- Tenders Register.
- Records of meetings or contact with tenderers.
- Tender evaluations, and evaluation report.
- Records of any negotiations.
- Approval decision (APAC or Council minutes, authorisation document).
- Letters of acceptance and decline.

9. **Delegations and Procedures**

The following procedures support a clear and transparent procurement process and shall apply wherever goods or services or works are to be provided to Council (note: all figures are GST exclusive).

1. The Council agrees to:
 - (a) Delegate authority to the Activities Performance and Audit Committee (APAC), of composition as determined from time to time by Council, to approve contracts/purchases in excess of \$200,000 in total value.
 - (b) Delegate authority to the Chief Executive to approve separate contracts/purchases for amounts between \$50,000 and \$200,000.
 - (c) Delegate authority to Group Managers for to approve separate contracts/purchases for amounts less than \$50,000.
 - (d) In the case of vehicle purchases, vehicles will be purchased in accordance with the Council's vehicle policy and authority delegated to:
 - (i) The Chief Executive for the purchase of new vehicles, and
 - (ii) The Group Manager Services and Assets for replacement vehicles.
2. A market assessment shall be completed to inform procurement decisions, as outlined in Sections 5.1 and 8.2 of this policy.
3. Method of supplier selection shall be as follows :
 - (a) Competitive tendering will be the default method for any goods, works and services expected to have a value over \$20,000.
 - (b) Decision to use direct negotiation shall be documented clearly and will require the following authorisation:
 - (i) Any goods, services or works expected to have a value over \$200,000 is to be approved by APAC.
 - (ii) Any goods, services or works expected to have a value between \$50,000 and \$200,000 is to be approved in writing by the Chief Executive.
 - (iii) Any goods, services or works expected to have a value between \$20,000 and \$50,000 is to be approved in writing by the appropriate Group Manager.
 - (c) A minimum of three written quotes shall be required for any purchase between \$5,000 and \$20,000, except with the written approval of the Group Manager. Approval may be given on an ongoing basis, where appropriate.
4. Calling of public tenders or commencement of negotiations for the supply of goods, services or works shall be dependent upon:
 - (a) Financial approval for those goods and services having been provided for in the current estimates, or
 - (b) Financial approval having been provided through a Council, Community Board, or Community Development Area Subcommittee resolution.

5. No tender shall be advertised or negotiations commenced without appropriate cost estimate, specifications and conditions being prepared and approved by the appropriate Group Manager prior.
6. Advertising will be appropriate to the activity, and may include, but not be limited to newspaper advertising, and the Government Electronic Tendering System (GETS). Information shall be disseminated to all interested parties at the same time, that is there shall be no early release.
7. The Group Manager is responsible for nominating a single contact person for the tender or negotiation process (this may be the Group Manager). All enquiries must be directed to that person during the procurement process, and responses appropriately documented. Informal contact is to be discouraged.
8. All tenders are to be deposited in the Tenders Box at Council's Invercargill Office. Any tender received after the prescribed closing time shall be excluded.
9. All tenders are to be opened in the presence of at least two senior officers one of whom shall be from the Customer and Financial Services area, and the second appointed by the appropriate Group Manager.
10. All tenders received are to be identified and entered into a Tenders Register.
11. The appropriate Group Manager is responsible for selecting the evaluation procedure, and evaluating tenders received or conducting negotiations in accordance with this policy, and any other relevant policies, plans or procedures.
12. At the time the evaluation of tenders is carried out, the appropriate Group Manager will consult in confidence, as they determine appropriate, with Councillors and/or Community Board and/or Community Development Area Subcommittee members on matters relating to submitted tenders.
13. The APAC will treat all tenders as confidential. Decisions made by the APAC may be recorded in open meeting and tenderers notified. Where appropriate, tenderers will be made aware of the dollar range of tenders received and/or scores (eg weighted attributes) as appropriate.
14. Where the APAC does not accept the recommendation of the Group Manager Services and Assets on the acceptance of a roading related tender and wishes to accept an alternative tender:
 - (a) Confirmation by the Council will be necessary.
 - (b) Legal advice may be sought to support Council's deliberations.
 - (c) Successful and unsuccessful tenderers will not be advised until the Council gives its decision.
15. Contracts for all tenders awarded, or direct negotiations completed under 1(a) and 1(b) above shall be signed by the Chief Executive on behalf of Council, and contracts for tenders awarded under 1(c) above shall be signed by the Mayor and Chief Executive under seal.
16. All works eligible for New Zealand Transport Agency funding shall be let in accordance with Agency requirements, as set out in the Agency's Procurement Manual and Council's Roading Procurement Strategy (as approved by the Agency).

17. Tenders and APAC recommendations are to be reported in GST-exclusive terms to enable direct comparison with estimates and Annual Plan figures.
18. Contracts approved or tenders let shall usually include an appropriate contingency figure to ensure total payments do not exceed the approved contract sum.
19. Any Variation Order form issued shall contain references to the contract sum.
20. Any contract/tender which exceeds the agreed price/estimate is to be considered/approved as follows:
 - (a) Up to \$20,000 by the appropriate Group Manager.
 - (b) Between \$20,000 and \$50,000 by the Chief Executive.
 - (c) Over \$50,000 by the APAC.
21. Bonds are required for physical construction contracts as outlined, unless alternative cover already exists, such as public indemnity insurance:
 - (a) Contracts with an estimated cost of less than \$100,000, no bond is required, unless specified by the Group Manager.
 - (b) Except as set out in (d) below, contracts with an estimated cost in excess of \$100,000, and less than \$1,000,000, a 10% bond is required.
 - (c) Except as set out in (d) below, contracts with an estimated cost in excess of \$1,000,000, a 10% bond on first \$1,000,000 and a 5% bond thereafter is required.
 - (d) For contracts that have very special characteristics such as complexity or for very large maintenance contracts the requirements for additional bonds are at the discretion of the Group Manager Services and Assets.
 - (e) Bonds in lieu of retentions may be used in addition to, or in place of performance bonds, at the discretion of the Group Manager.
22. The authority to make payments for approved purchases shall be in terms of the Financial Delegation schedule as approved by Council.

10. Related Documents/Policies

Partnerships with Private Sector
Activity Management Plans,
LTCCP, Annual Plan
Fraud Policy
Vehicle Policy

Sustainable Procurement Guide
Financial Delegations
Elected Members Remuneration and
Reimbursement Policy

11. Review

This policy will be reviewed every three years. Amendments may also be made in the interim, where there have been substantive developments in best procurement practices and/or capability.

Interim Performance Report - Period two - 1 July 2020 to 28 February 2021

Record No: R/21/3/13216

Author: Shannon Oliver, Planning and Reporting Analyst

Approved by: Trudie Hurst, Group Manager Customer Delivery

☐ Decision

☐ Recommendation

☒ Information

Purpose

- 1 The purpose of the report is to provide the Finance and Assurance Committee with the Interim Performance Report for the period 1 July 2020 to 28 February 2021 for review and feedback.

Executive Summary

- 2 The Interim Performance Report (IPR) forms part of the Corporate Performance Framework (CPF), the purpose of which is to streamline Council planning and reporting functions.
- 3 The IPR provides a 'snapshot in time' record of the status of Council's key performance indicators (KPIs) and is reported to the Finance and Assurance Committee every four months. The report will be presented as a cumulative record throughout the financial year, 1 July 2020 to 30 June 2021.
- 4 For the February 2021 reporting period the results for the 113 KPIs indicate that 70 (62%) were achieved and 24 (21%) were not achieved and 19 (17%) were not measured.
- 5 In comparison for reporting period one last year (July-Feb 2020) 80 (71%) were on target to be achieved and 33 (29%) were not on target to being achieved so the current result is very similar. At the end of the financial year the result was that 68% were achieved and 32% were not achieved. In order to achieve the targets, those that are currently not achieved need to improve over the next reporting period.
- 6 The final interim performance report results at the end of June 2021 are used in the Annual Report 2020/2021. The Annual Report is audited by Audit NZ and will be examined to ensure that the final result is correct and the methodology for monitoring the KPI is recorded and robust.
- 7 Staff recommend that the committee receive this report and provide feedback.

Recommendation

That the Council:

- a) **Receives the report titled “Interim Performance Report - Period two - 1 July 2020 to 28 February 2021” dated 7 April 2021.**
- 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.

Background

- 8 The Corporate Performance Framework (CPF) aligns Council’s high-level direction to its activities and outcomes, and its purpose is to streamline Council planning and reporting functions.
- 9 As part of the framework, Council produces interim performance reports for the periods - July to October, November to February and March to June showing the years accumulative results at that time, with the third being produced to inform the Annual Report at year end.
- 10 The CPF has been endorsed by Council and incorporated into the 2018-2028 Long Term Plan. Council measures performance against targets that are clearly linked to the benefits outlined in the strategic framework and to levels of service. This set of key performance indicators (KPIs) provide a leading indicator of whether a change in performance has occurred. There are 113 KPIs showing the measures and targets for organisational, community and district benefits.
- 11 The intended role of the IPR is to provide a touch point throughout the financial year, for elected members and staff to monitor progress against targets and milestones. Interim reporting is a critical element of any performance monitoring framework, keeping high level performance goals relevant to daily operations and enabling early identification of potential issues.
- 12 In order to produce the IPR an online reporting tool CAMMs Strategy is used. The CAMMs Strategy online tool was introduced in October 2018 to activity managers within Council, and those staff who will be inputting the information needed to complete the report.
- 13 The IPR provides Council with a snapshot in time on how we are progressing towards meeting our LTP key performance indicator (KPI) targets. The KPIs have been put into scorecards which are split into the organisations six groups: Community and Futures, Customer Delivery, Environmental Services, Financial Services, People and Capability and Services and Assets. The relevant group manager provides an overall summary of their group’s performance for the reporting period.
- 14 A summary of Council’s overall KPI performance measures as contained in the report are detailed below.

Results and Analysis

The KPI results have the following key definitions.

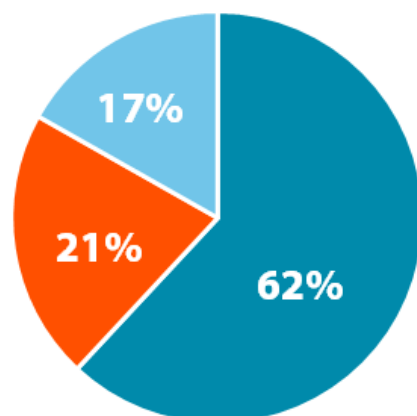
Achieved/on track/green	Not achieved/off track/red	Not measured
The result shows that the set target has been met.	The result shows that the set target has not been met	The result is not available within the reporting period because the information is not available.

- 15 For the KPIs that were not achieved or not measured, these have been categorised. KPI's that are annual or not measured in the first report period have been classified as 'not measured'. KPI's that have not met their target or need to be monitored have been classified as 'not achieved'.

Category	Description	classification	Oct number	Feb number
Not measured in the first report period	These relate to different surveys that are not conducted until later in the year.	Not measured	14	17
Annual	These are KPI's that are measured at year end because the results are not available until then that do not relate to surveys.		4	2
KPI target not met	These are KPI's that have already exceeded their target or will never reach the target because the priority has now changed.	Not achieved	5	10
Monitor	These are KPI's that have currently not met target, but are still able to recover and improve on their result.		22	14

- 16 For the February 2021 reporting period the results for the 113 KPIs indicate that 70 (62%) were achieved and 24 (21%) were not achieved and 19 (17%) were not measured.

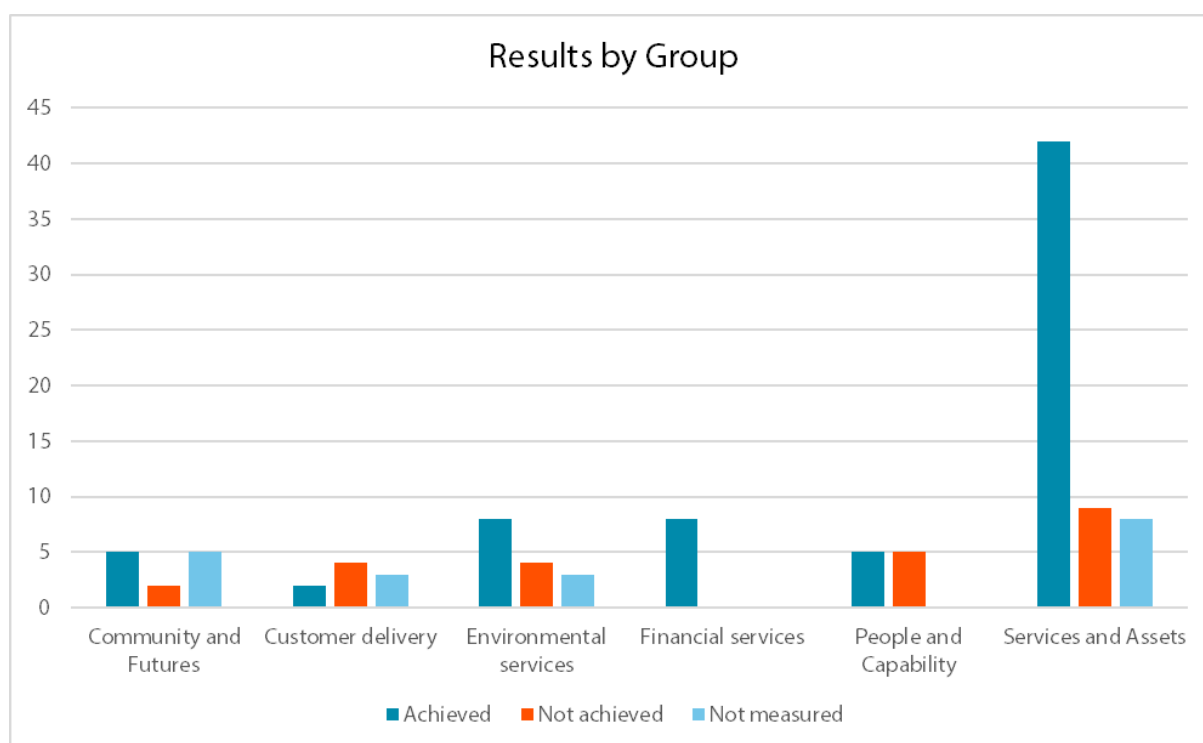
Interim Performance Report - February 2021



■ on track ■ off track ■ not measured this period

Result by group

Group	Achieved	Not achieved	Not measured	Total
Community and Futures	5	2	5	12
Customer Delivery	2	4	3	9
Environmental Services	8	4	3	15
Financial Services	8	-	-	8
People and Capability	5	5	-	10
Services and Assets	42	9	8	59
All	70	24	19	113



Not achieved KPIs

For the purpose of this report, of the four categories of annual, not measured, target not met and monitor, there are two key categories; target not met, and monitor KPI's.

Target not met KPIs						
GROUP	KPI	UNIT	TARGET	ACTUAL	OCT COMMENT	FEB COMMENT
People and Capability	29.4.a - Number of Worksafe notifications	#	0	1 (Oct) 1 (Feb)	One Worksafe notification for a contractor near miss on project site. Worksafe did not investigate further.	One Worksafe notification for a contractor near miss on project site this reporting year to date. Worksafe did not investigate further.
People and Capability	29.4.b - Number of medical treatment injuries	#	0	1 (Oct) 8 (Feb)	One medical treatment injury which resulted in an ACC claim for a lumbar sprain (back strain) this period. Workstation assessment and adjustment completed.	We have had eight reported medical treatment injuries this reporting year to date. All have been investigated with corrective actions applied.
People and Capability	29.4.c - Number of health and safety incidents	#	0	20 (Oct) 49 (Feb)	Even though this target is zero we have had 20 incidents reported for the year to date. However other than the notifiable near miss reported to us by a contractor in October, there have been no major incidents or events to date, the number includes hazards, near miss and early reporting for	Even though this target is zero we have had 49 incidents reported for the year to date. However other than the notifiable near miss reported to us by a contractor in October, there have been no major incidents or events to date, the number includes hazards, near miss and early reporting for

					pain/discomfort. The targets will be reviewed as part of the new Long Term Plan to ensure they are realistic and more tangible.	pain/discomfort. The targets have been reviewed and will be reported in health and safety reporting to the Finance and Assurance Committee and Council.
People and Capability	29.4.d - Number of lost time due to injury incidents	#	0	14		We have had 14 days in lost time this reporting year to date. This total has been made up of two separate medical treatment events that both required seven days off each.
Community and Futures	31.1 - Number of Milford Community Trust meetings held annually	#	4	0 (Oct) 1 (Feb)	Due to the delays experienced by Audit NZ the first meeting of the trust was held on November 5. This was in order for the trust to be able to receive and sign off on the 2019/2020 performance report and the audit report. The target is four meetings per year.	The first meeting was held on 5 November 2020 and the second, planned for the 26th February had to be cancelled due to a lack of quorum - it was rescheduled and held on 2 March 2021.
Services and Assets	2.3 - Percentage of effluent tests that comply with relevant resource consent conditions	%	100	94 (Oct) 97 (Feb)	94% are compliant. There was an issue at Oban with dissolved inorganic nitrogen. Work is ongoing to upgrade the disposal field which should address this issue and be completed within the next 18 months as it forms part of the government stimulus funding	97% are compliant, ammonia nitrogen at Winton.
Services and Assets	2.4 - Total number of overflow incidents	#	4	4 (Oct) 6 (Feb)	There were two WET and two DRY weather overflows (Riverton and Winton). This is caused by blockages or by rainfall events.	There were two overflow events in period two, one being Wet, the other Dry. Both were recorded in January at Te Anau.
Services and Assets	8.3 - Stormwater - Percentage of monitoring results that show compliance with resource consent conditions	%	100	6	On target	Seven samples collected, Five samples compliant with consent conditions, two non-compliant with resource consent conditions.
Services and Assets	23.1.d - Percentage of public toilets that meet desired standards	%	100	98.5 (Oct) 98.5 (Feb)	There is currently one toilet at Athol that is currently out of service. This is due to the plumbing connection and the septic tank not being able to meet the demand placed on it. Council staff	There is currently one toilet at Athol that is currently out of service. This is due to the plumbing connection and the septic tank not being able to meet the demand placed on it. Council staff

					<p>now have an arrangement with a member of the community to provide public toilets while they investigate options for the provision of service in Athol. There is currently a proposal to review the public toilets across the district to determine that they are in the correct location and can meet future requirements. Desired standards relate to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.</p>	<p>now have an arrangement with a member of the community to provide public toilets while they investigate options for the provision of service in Athol. There is currently a proposal to review the public toilets across the district to determine that they are in the correct location and can meet future requirements.</p> <p>Staff have had some issues with the doors on the toilets at Colac Bay and Clifden being caught by the wind and damaging them. They are working with the toilet providers to find an appropriate solution to stop this happening in the future. It is anticipated that work will occur early in the next financial year.</p> <p>Desired standards relate to those set under the contract and includes a range of factors such as cleaning, equipment inspection and maintenance.</p>
Services and Assets	23.3 - Number of complaints about public toilets	#	25	26	<p>Council received 15 requests for service (RFS) over the period. Three of these were for a non Council owned toilets, nine requesting additional cleaning and three requesting the dump station at the Te Anau boat harbour be emptied. We are still having issues with vandalism throughout the district with the most recent being broken toilet bowls and graffiti at Riverton.</p>	<p>Council received 15 requests for service over the period. One of these were for a non Council owned toilet, eight requesting additional cleaning and three were for vandalism, two for toilets being blocked and one for no toilet paper. We are still having issues with vandalism at these facilities throughout the district.</p>

Monitor KPI's						
GROUP	KPI	UNIT	TARGET	ACTUAL	OCT COMMENT	FEB COMMENT
Community and Futures	31.2 - Number of public forums held in Milford each year	#	1	0 (Oct) 1 (Feb)	The first meeting of the trust for this financial year was held in Te Anau. The trustees are yet to decide when a meeting will be held in Milford Sound Piopiotahi.	The first meeting of the trust for this financial year was held in Te Anau. The trustees are yet to decide when a meeting will be held in Milford Sound/Piopiotahi.
Customer Delivery	3.1 - Percentage of requests for service resolved within service levels	%	90	89 (Oct) 87 (Feb)	4398 requests for service completed over this period. 89% of these were completed within pre-determined service levels. Over the past two years of the long-term plan there has been a decrease in the number of transport request types being outside of service level but an increase in requests relating to Building Solutions and Resource Management. Customer support continues to work closely with activity managers in all departments to encourage the resolution of request for service in the defined timeframe.	6428 requests for service were received over this four month period. 87% were completed within pre-determined service levels. There will always be a percentage of request for service that are unable to be resolved within usual service levels due to the nature of the request. Activity Managers are working alongside customer support and business solutions to identify and manage these longer term request types to reflect the time that it takes to deal to these.
Customer Delivery	3.2 - Percentage of abandoned calls	%	1.5	2.44 (Oct) 2 (Feb)	An ambitious target of 1.5% was set for this year of the Long Term Plan. The contact centre workforce plan is based on keeping staff levels as low as possible and this generally works very well. However, from time to time, we receive a high volume of calls at the same time, which can result in an increase in abandoned calls. Overall however, the average wait time during this 4-month period was 22 seconds, which still provides an excellent level of service to the community. We received 16,114 calls and had 347 abandoned. Within the next six months we will be introducing callback options to our customers which should enhance these service levels further.	Abandoned calls were at 2% for this four month period. While this doesn't meet the target set for this year, it is certainly within industry accepted service levels. We received 12686 calls and the average wait time was 22 secs. We are continuing to work on the call-back option and hope to have this introduced by the end of June. This will allow our customers another option when calling Council.
Customer Delivery	3.3 - Request for service net promoter score	#	53	36 (Oct) 34 (Feb)	A disappointing result, especially following the high score we received in the last period. The previous period was inclusive of the Covid-19 lockdown as customers were very appreciative of the assistance that staff provided over this difficult time. With a return to Level 2 saw an increase in demand for Council services as people resumed normal activities. This has created some pressure within Council which has resulted in slower response times. We will continue to monitor monthly reporting and	We received a score of 34 with results varying considerably over the 4 months – November was 19.6, December 47.9, January 13.6 and February 48.4. In giving some perspective around the scores 74% of those surveyed were considered promoters or neutral and 26% were detractors.

					advise activity managers of any areas of concerns.	
Customer Delivery	24.1 - Active library membership per capita	%	17.5	14 (Oct) 14 (Feb)	Our active library membership has stabilised after 12 months of decline. The closure of the Winton Library due to toxic mould has had a direct impact on our membership as customers no longer have direct access to a collection large enough for our community, especially non-fiction, and our current temporary space does not meet the requirements for many users. Until we are able to shift back into a suitable space in Winton, with a large enough collection, and refreshed programming, I do not believe that we will see any significant increase in membership. To increase membership outside of Winton we will also need to address the same questions of "is the space suitable", "are we offering the right collections and programming for the area".	As with previous months, our membership has remained stable at 14% of district population. With the appointment of two new staff members (with one more in the recruitment stage) focusing on building new connections between the library and our community we hope so eventually see a gradual increase in membership in the long term.
Environmental Services	9.1 - Median time to process non-notified consent applications	Days	18	19 (Oct) 20 (Feb)	This is the median for all consents processed for year to date which exceeds the target. The team has been working through two vacancies and some delays receiving internal comments from departments which has contributed to consents going over time	This is the median for all consents processed for year to date which exceeds the target. The team has been working through two vacancies and some delays receiving internal comments from departments which has contributed to consents going over time. The median working day number reported does not accurately reflect the real picture of the performance of the team.
Environmental Services	9.2 - Median charge per non-notified resource consent application	\$	1000	\$800 (Oct) \$1,200 (Feb)	This KPI is on track (median YTD) although, invoicing for additional charges for consent processing has been delayed due to resourcing pressure. There are currently 45 invoices to send out spanning over the last four months. Time has been allocated to get back up to date in this space.	This is off track (median year to date) and it is likely to be lower than the actual amount as invoicing for additional charges for consent processing has been delayed due to resourcing pressure. There are currently 27 invoices to send out spanning over the last few months. Time has been allocated to get back up to date in this space.
Environmental Services	13.1.a - Average time to process applications for building consents	Days	18	21 (Oct) 19.26 (Feb)	Average time is calculated as a 'cumulative year to date average'. As a result, while an improvement has been realised in the first period, processing delays experienced earlier in the year (July) have negatively impacted October results. The actual 'average' time to process for February 2021 only is 16.5 days.	Average time is calculated as a 'cumulative year to date average'. At 19.26 days Council are within the 20 day requirement. A concentrated effort by the team to improve timeframes has reduced this average. The actual 'average' time to process for February 2021 only is 11 days.
Environmental Services	13.1.c - Average time to process	Days	9	24 (Oct) 21 (Feb)	No PIM only applications have been received or issued since August 2020. As a result, the	The cumulative PIM only application timeframe has reduced. However, the

	applications for PIM				average days (which are calculated as 'cumulative' days) remains at 24 days, reflecting capacity issues experienced earlier in the year.	average timeframe continues to exceed statutory timeframe.
Environmental Services	13.3 - Number of building consents where code of compliance certificates are yet to be issued	#	2,360	2,400 (Oct)	At the end of the report period the result is 2400. As a building consent, once issued, appears on this list, Council need to issue more CCC's than building consents consistently to reduce this number. A challenge in the current environment.	On target for this period
People and Capability	29.1 - Budgeted FTE	#	153	166 (Oct) 168 (Feb)	This target will remain as a variance for year as based on annual plan number of FTE's which with things such as the services and assets, water and building review together with other approved new roles since it was set has increased beyond the variance.	This target will remain as a variance for year as based on annual plan number of FTE's which with things such as the services and assets, water and building review together with other approved new roles since it was set has increased beyond the variance.
People and Capability	29.3.a - Percentage of staff with annual leave greater than 25 days	%	18	39 (Oct) 15 (Feb)	As expected. The organisation annual leave rollover date was 30 June – Covid-19 has also interrupted a large number of holiday plans.	The is now on target. Managers are working with staff to encourage the use of leave. However, the constant change of alert levels in the north island is impacting on planning. We expect to see another drop in April with the Easter break being seen as an opportunity for staff to take further leave. The percentage of staff with annual leave greater in 25 days is 15%.
People and Capability	29.3.b - Percentage of staff with annual leave greater than 40 days	%	8	14 (Oct) 4.5 (Feb)	On target - expect this number to reduce over summer season.	The is now on target. We have managed to all but halve the number of staff with leave over 40 days. Our people leaders are working with these people 1:1 to ensure that a plan is in place.
Services and Assets	15.1.a - Amount of waste diverted from landfill as a percentage of total waste	%	40	39 (Oct) 34 (Feb)	The year to date result is 39%. Diverted Materials (refers to materials diverted from landfill disposal i.e. green waste, clean fill, recycling, metals, glass etc.)	The year to date result is 34%. Diverted Materials (refers to materials diverted from landfill disposal ie, green waste, clean fill, recycling, metals, glass etc). What was previously permitted for recycling has changed. Cleanfill is not accepted at Southland District transfer stations.
Services and Assets	15.1.b - Amount of waste per property disposed to landfill	T	.65	.36		0.36 = 360 kg. Annual target is 650 kg measured on a cumulative basis and the actuals are on track to meet the target.
Services and Assets	22.1.b - Percentage of facilities that meet	%	100	90.91 (Oct) 90.91 (Feb)	For Riverton five out of six – One of the Council structures is non-compliant due to an ongoing access issue which has meant we	For Riverton 5 out of 6 – One of the Council structures is non-compliant due to an ongoing access issue which

	desired standards - wharves and jetties				<p>are unable to repair the structure. We have yet to resolve an issue with a wharf licence holder that is stopping us from undertaking the work required to bring the structure in Riverton up to standard.</p> <p>For Stewart Island – A report was tabled at the Council meeting on 27 August seeking approval to renew the Ulva Island wharf. Council approved the report. Staff are now working to satisfy the three conditions that were in the report before work can begin on renewing the wharf.</p>	<p>has meant we are unable to repair the structure. We have yet to resolve an issue with a wharf licence holder that is stopping us from undertaking the work required to bring the structure in Riverton up to standard. An additional assessment has been undertaken on the T Wharf to determine the weight loading. This was at the request of the Riverton Harbour subcommittee. Additional work will need to be carried out if the wharf is to be brought up to Class One standard. Discussions remain ongoing. Until such time as there is a resolution the wharf remains closed and unused.</p> <p>For Stewart Island – A report was tabled at the Council meeting on 27 August seeking approval to renew the Ulva Island wharf. Council approved the report. Staff have satisfied two of the three conditions that were in the report and are now waiting on a MOU between the Department of Conservation and the owners of the private land on Ulva Island before work can start. The Stewart Island Rakiura Community Board have given approval to apply for the resources consent.</p>
Services and Assets	22.2 Community housing occupancy rate	%	90	87		Nine flats vacant and at varying stages of refurbishment for re-tenanting. The fickle nature of local demand for priority persons and the increased due diligence requirement for non-priority persons has slowed the re-tenanting process. The timely availability of contractors to refurbish flats has further impacted on the timeliness.
Environmental Services	12.2 - Number of alcohol licensees that fail a controlled purchase operation	%	0	0 (Oct) 0 (Feb)	The police have not conducted a controlled purchase operation within the reporting period. As at the date of writing, we are aware that one has been completed in November and will be reported on in the next reporting period.	The is currently on target. Police conducted an operation on 27 November 2020. 14 off licensed premises were visited, mainly in Western Southland and also Winton. There were no sales, a successful result.
Services and Assets	6.2 - Average consumption of water per resident per day	L	850	888 (Oct) 826 (Feb)	This consumption per person is strictly in accordance with D.I.A requirements and does not account for network water loss. 2013 Census town level populations are also still being	This is now on target. As stated this DIA KPI is unsuited to the schemes analysed, in particular Mossburn, Otatau, Tuatapere and Ohai Nightcaps Wairoa

					used as 2018 populations are still not available at this level.	have stock water usage. Adding to the problem of reporting this KPI is the district having 70% unmetered supply.
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- 17 The more off-track KPIs there are for Council, the increased risk that levels of service, legislative requirements and community expectations are not being met.
- 18 The reason that a KPI is not achieved could indicate that:
- demand or priorities have changed since the target was set
 - there is a potential need for more resources or information to improve performance
 - a process improvement may be needed or an improvement plan needs to be put in place
 - the target was not set to the correct level in the Long Term Plan

Issues

KPI structure

Year-end KPIs

- 19 There are a number of “year-end” KPIs that do not show their performance result until the end of year which means that no action can be taken in advance to improve its performance if the final KPI result is off track.

Annual surveys

- 20 A number of the KPIs are reliant on annual surveys that are generally not conducted until the final reporting period.

Restating the target

- 21 KPI 29.1 which measures the budgeted FTE had the target restated from 134 to 153.

Change in focus

- 22 KPI 19.2 could not meet its target because instead of a focus on community leadership plans the focus had changed to community board plans.

Lack of resource

- 23 KPI 11.3 did not have the resource to measure the KPI.

Stretch KPI's

- 24 There are a number which has aspirational targets of 0 such as the health and safety KPI's. The structure of these KPI's are being reviewed for the next LTP.

Factors to Consider

Legal and Statutory Requirements

- 25 There are no legal or statutory requirements to consider, however the final interim performance report in June 2021 has information to be included in the non-financial performance measures in the Annual Report.

Community Views

- 26 Community views on Council's KPI's were sought as part of the 2018-2028 Long Term Plan (LTP) consultation process.

Costs and Funding

- 27 Council uses an online software strategic reporting system, CAMMs. There is also a cost of staff time to input into the results and develop the report. All costs are met within allocated budgets, and there are no additional cost for producing this report.

Policy Implications

- 28 There are no policy implications identified for this report.

Analysis

Options Considered

- 29 Option 1 – receive the interim performance report.
- 30 Option 2 – do not receive the interim performance report.

Analysis of Options

Option 1 – receive the interim performance report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the committee has a clear understanding of the status of performance measuresthe committee and staff can identify any issues as early as possible and take corrective actions as requiredgives transparency to the community about the performance results of Council	<ul style="list-style-type: none">no known disadvantages

Option 2 – do not receive the interim performance report

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">no known advantages	<ul style="list-style-type: none">non-financial performance information (service level performance to KPIs) is not monitored and assessed as per the terms of reference of the committeequality and completeness of internal reporting data is not reviewed as per the terms of reference of the committeepotential risks to Council are not identified and remedied as early as possible

Assessment of Significance

- 31 This report is not considered significant under Council's Significance and Engagement Policy.

Recommended Option

- 32 Staff recommend that the Finance and Assurance committee considers option 1 and receives the interim performance report.

Next Steps

- 33 The next interim performance report will be presented to the Finance and Assurance Committee in August 2021.

Attachments

- A Interim performance report - Period Two - 1 July to 28 February 2021 [↓](#)



Southland District Council

Performance Report

Printed: 30-Mar-2021







Applied Filters

Date Select: From 01 Jul 2020 to 28 Feb 2021

Community and Futures Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: For the reporting period, there are no indicators which pose a risk to the organisation. Any outside of the target have qualified why there is an anomaly and work has been completed to rectify these. In the next LTP, the key performance indicators for the group have been reviewed and form part of the supporting information.

Key Performance Indicator	Unit	Target	YTD	Indicator
19.1 - Number of community conversations held	#	10.00	11.00	 GREEN
No meetings or formal engagements were held over the Christmas period so the number stays the same as in October. The next period will see an increase with LTP engagement.				
19.2 - Number of community leadership plan processes held/completed	#	3.00	0.00	 RED
This piece of work has been replaced by the development of nine community board plans that are reflective of Council's new governance structure across the District. This year the community leadership team have been doing some more work with the boards around the chair's introductions and finalising of the action plans. The plans are with the Communications team who are working through the design and laying out the documents. It is intended that the majority will be completed by 30 June 2021. The plans will come into effect from 1 July 2021 and will be publicly available.				
20.1 - Percentage of funds distributed through contestable community grants and funding schemes that comply with grant criteria	%	100.00	100.00	 GREEN
All grants given out meet the criteria.				
21.1 - Southland regional unemployment rate	%	4.20	0.00	 GREEN
This is an annual KPI. The June 2020 numbers were released on 17 September and the Southland unemployment rate was 3.2% compared with the national rate of 4.0%. This is a 0.7% increase compared to March 2020 but only a 0.1% increase compared to the June 2019 which is likely due to seasonal work adjustments. The numbers are from the Labour market statistics snapshot produced by Ministry of Business, Innovation and Employment (MBIE).				
21.2 - Southland regional GDP	\$	6.36	0.00	 RED
This is an annual KPI. The year ending March 2019 regional GDP figure for Southland is \$6.36B. The results will be available from Statistics NZ in March 2021 and will be updated in June 2021. This information is only available on an annual basis.				
25.1.a - Percentage of residents that have confidence in Council decision-making	%	85.00	0.00	 RED

This survey is undertaken annually with the results will be available in June 2021. In 2019, the result was 73% which is similar to the previous year when the result was 75%. A programme to inform the community about the recently amended governance structure and how to make best use of their Community Boards and Councillors will be designed to lift those in the not so confident and not at all confident response category to a somewhat confident or very confident response category.

25.1.b - Percentage of residents that feel Council decision-making represents local and district needs

%	85.00	0.00	
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This survey is undertaken annually with the results available in June 2021. In 2019 the result was 44% which is slight increase on the 2019 result of 40%. The result is from the annual resident survey which is conducted in June. Although only 44% of respondents were either satisfied or very satisfied that Council decision making reflects local and district needs, 34% of those surveyed returned a neutral response. This neutral response, those who are neither satisfied nor dissatisfied, will be targeted for improvement over the coming year. The verbatim feedback illustrates a level of community sentiment that Council is 'disassociated with grass roots', 'disconnected with the district' and that 'Community boards should have been kept'. A programme to inform the community about the recently amended governance structure and how to make best use of their Community Boards and Councillors will be designed to lift those in the neutral response rate to a satisfied response. Staff anticipate that this programme would also lift the percentage of residents that have confidence in Council decision-making.

25.2 - Proportion of main (agenda) items held in open meetings

%	85.00	87.00	
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We are meeting target. Since October there were 12 items in public excluded out of a total of 169 items. This reflects a desire to be as open and transparent with reporting as possible.

27.1 - Level of public attendance at engagement activities/opportunities

#	200.00	346.00	
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There were no formal engagement events over the Christmas period or in the buildup to the LTP consultation. The next period will see more events with LTP consultations.

27.2 - Percentage of residents who are satisfied with Council communications

%	50.00	0.00	
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This survey is undertaken annually with the results available in June 2021. In 2019, the result was 50% which is a slight decrease on the 2019 result of 51%. Respondents were asked if they had any comments about the questions in the survey. The majority of the verbatim comments around communication were negative. Respondents listed reasons including: opinions don't count, poor condition of gravel roads, lack of consultation, taking too long to make decisions, removal of CDAs, cost of the Around the Mountains Cycle Trail, not getting back to customers, building consent delays, not listened to, project cost blowouts, Te Anau wastewater project is a bad idea and the recycle contract.

31.1 - Number of Milford Community Trust meetings held annually

#	4.00	1.00	
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The first meeting was held on the 5th of November 2020 and the second, planned for the 26th February had to be cancelled due to a lack of quorum - it was rescheduled and held on the 2nd of March 2021, which is outside of this reporting period. The March meeting will be recorded within the next reporting period in June.

31.2 - Number of public forums held in Milford each year






#	1.00	0.00	
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The first meeting of the trust for this financial year was held in Te Anau. The trustees are yet to decide when a meeting will be held in Milford Sound/Piopiota. The first meeting of the trust for this financial year was held in Te Anau. The trustees are yet to decide when a meeting will be held in Milford Sound/Piopiota.

Customer Delivery Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: Results have remained static from the last period. While the net promoter score has remained static at 34 and the majority are defined as being neutral or a promotor, there are still a segment of customers unhappy with the level of service provided in relation to RFS. Over the period work has been completed with two activity managers to improve the process flow. The work is completed on top of business as usual so does take time to complete. In February, separate from this report, Council received eight compliments from the public regarding the work completed from an RFS. This is the highest number of compliments in a month that have been received since the Customer Delivery Group was created. Users of the library service remain static and positive feedback from community members new to the service has received with introduction of the new roles accessed as part of central government funding. Business solutions continues to progress initiatives but as annual measure, this KPI is fixed at a moment in time.







Key Performance Indicator	Unit	Target	YTD	Indicator
3.1 - Percentage of requests for service resolved within service levels	%	90.00	87.00	 RED
6,428 requests for service were received over this four month period. 87% were completed within pre-determined service levels. There will always be a percentage of request for service that are unable to be resolved within usual service levels due to the nature of the request. Activity Managers are working alongside Customer support and business solutions to identify and manage these longer term request types to reflect the time that it takes to deal to these.				
3.2 - Percentage of abandoned calls	%	1.50	2.00	 RED
Abandoned calls were at 2% for this four month period. While this doesn't meet the target set for this year, it is certainly within industry accepted service levels. We received 12,686 calls and the average wait time was 22 seconds. We are continuing to work on the call-back option and hope to have this introduced by the end of June. This will allow our customers another option when calling council.				
3.3 - Request for service net promoter score	#	53.00	34.00	 RED
We received a score of 34 with results varying considerably over the four months – November was 19.6, December 47.9, January 13.6 and February 48.4. In giving some perspective around the scores 74% of those surveyed were considered promoters or neutral and 26% were detractors.				
24.1 - Active library membership per capita	%	17.50	14.00	 RED
As with previous months, our membership has remained stable at 14% of district population. With the appointment of two new staff members (with one more in the recruitment stage) focusing on building new connections between the library and our community we hope so eventually see a gradual increase in membership in the long term.				
24.1 - Active library membership per capita	%	17.50	14.00	 RED









As with previous months, our membership has remained stable at 14% of district population. With the appointment of two new staff members (with one more in the recruitment stage) focusing on building new connections between the library and our community we hope so eventually see a gradual increase in membership in the long term.				
24.2 - Cost of library service per person	\$	55.00	33.00	 GREEN
COVID-19 continues to affect our library service. Internationally the publishing world is still experiencing a lot of disruptions leading to printing and shipping delays and titles being pushed back month after month from initial release dates. This has greatly affected our ability to purchase new items for our library collections and makes up the main factors of our budget being under-spent. There are also other minor factors including less mileage claims due to decreased programming, less travel and training expenses also due to how COVID has affected travel, training and conferences within New Zealand.				
24.3 - Library programme net promoter score	#	100.00	100.00	 GREEN
Due to our community librarian stepping down from the role and a long recruitment period we have not been able to offer much in the way of programming across the district this quarter. Of the programming on offer we have received zero negative feedback.				
28.1.a - User satisfaction with information management - usability	%	67.00	0.00	 RED
The survey related to this KPI is conducted once per year in February. The survey is a snapshot in time but is not providing value for money. We are continually talking with teams to better understand the issues and have been working within our financial and capacity constraints to improve services. We will conduct a survey via survey monkey before year end to better understand how the recent equipment roll out has gone.				
28.1.b - User satisfaction with information management - features	%	70.00	0.00	 RED
The survey related to this KPI is conducted once per year in February. The survey is a snapshot in time but is not providing value for money. We are continually talking with teams to better understand the issues and have been working within our financial and capacity constraints to improve services. We will conduct a survey via survey monkey before year end to better understand how the recent equipment roll out has gone.				
28.1.c - User satisfaction with information management - data quality	%	63.00	0.00	 RED
The survey related to this KPI is conducted once per year in February. The survey is a snapshot in time but is not providing value for money. We are continually talking with teams to better understand the issues and have been working within our financial and capacity constraints to improve services. We will conduct a survey via survey monkey before year end to better understand how the recent equipment roll out has gone.				

Environmental Services Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: The resource management team are falling behind on their average processing timeframes due mainly to the slow appointment of new planners into vacancies. The planner roles have not been easy to recruit to. Although the building team are starting to realise the benefits resulting from the additional roles which were approved late last year, the first period's statistics were already impacted before vacant positions were filled. Once all the approved roles have been filled we will see the targets month on month improve for building. Unfortunately, however, it may not be possible to claw back the negative impact created by this first period's results by year end. Environmental Health, alcohol licensing, and dogs are all progressing well and are on target with key performance measures. Emergency management are ahead of target and progressing well.

Key Performance Indicator	Unit	Target	YTD	Indicator
9.1 - Median time to process non-notified consent applications	Days	18.00	20.00	 RED
This is the median for all consents processed for year to date which exceeds the target. The team has been working through two vacancies and some delays receiving internal comments from departments which has contributed to consents going over time. The median working day number reported does not accurately reflect the real picture of the performance of the team.				
9.2 - Median charge per non-notified resource consent application	\$	1,000.00	1,200.00	 RED
This is off track (median year to date) and it is likely to be lower than the actual amount as invoicing for additional charges for consent processing has been delayed due to resourcing pressure. There are currently 27 invoices to send out spanning over the last few months. Time has been allocated to get back up to date in this space.				
10.1 - Report two-yearly on District Plan effectiveness	#	1.00	0.00	 RED
The report is due by the end of the financial year. The report is being prepared now for delivery in May 2021.				
11.1 - Number of serious injuries to the public from dog attacks	#	0.00	0.00	 GREEN
There have been no reports of serious dog attacks to the public this period.				
11.2 - Percentage of non-working dogs subject to the responsible owner category	%	87.00	90.12	 GREEN
The current target is 87% we are currently at 90% for the responsible owner category which we consider a good level. We are still encouraging education and free microchipping. This KPI relates to non-working dogs.				
11.3 - Percentage of people contacting Council about dog/animal control satisfied with the response to their request	%	90.00	0.00	 RED

This was not completed due to administration resourcing issues which will continue to be an issue for the rest of the year. The priority for this year has been on moving to online services and continued training of the technical support partners who provide administration support to the team. This KPI will be removed through the next LTP development process.				
12.1 - Number of incidents of foodborne illness believed to be caused by food sold at a Council-certified business	#	0.00	0.00	 GREEN
There have been no incidents of foodborne illness caused by food sold at a Council-verified business				
12.2 - Number of alcohol licensees that fail a controlled purchase operation	%	10.00	0.00	 GREEN
Police conducted an operation on 27 November 2020. 14 off licensed premises were visited, mainly in Western Southland and also Winton. There were no sales, a successful result.				
13.1.a - Average time to process applications for building consents	Days	18.00	19.26	 RED
Average time is calculated as a 'cumulative year to date average'. At 19.26 days Council are within the 20 day requirement. A concentrated effort by the team to improve timeframes has reduced this average. The actual 'average' time to process for February 2021 only is 11 days.				
13.1.b - Average time to process applications for Land Information Memorandum (LIM)	Days	9.00	7.25	 GREEN
Council have met their KPI as stated in the LTP				
13.1.c - Average time to process applications for Project Information Memorandum (PIM)	Days	9.00	21.00	 RED
The cumulative PIM only application timeframe has reduced. However, the average timeframe continues to exceed statutory timeframe.				
13.2 - Maintain accreditation as a Building Consent Authority	#	1.00	1.00	 GREEN
Our IANZ accreditation assessment was completed in February 2021. Ongoing reporting to clear GNC's and achieve unconditional accreditation will occur over the coming months.				
13.3 - Number of building consents where code of compliance certificates (CCC's) are yet to be issued	#	2,360.00	1,004.00	 GREEN
After a significant focus regarding the clean-up of CCC decisions, 1,004 consents remain without any CCC decision made. 990 are pre-BA 2004 and are therefore not 'mandatory' by legislation and 14 post 2004 are at their due date.				
26.1 - Number of Southland communities covered by a community response plan	#	25.00	27.00	 GREEN

The LTP 2018-2028 target was 25 plans by 2021. There are 27 response plans now complete (including 17 with the Southland area). Emergency Management Southland are now starting a review process following the three year cycle to ensure all the plans are up to date.

26.2 - Percentage of surveyed households that have a written or verbal emergency plan





%	57.00	75.00	 GREEN
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The result is from an annual survey undertaken in July 2020. 75% of respondents were either somewhat prepared or very prepared. It is expected that the 2021 survey will be undertaken before the end of June 2021.

Financial Services Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: We continue to track well financially, the receipt of half of the three waters stimulus grants and the resulting additional work programme will continue to have an impact on the above results in a positive manner. As noted it is not expected that the full year end external loan will be required due to the timing of works and the advance receipt of funds. Staff are currently working with Services and Assets staff to establish the timing of cashflow needs and will update the committee and Council appropriately.

Key Performance Indicator	Unit	Target	YTD	Indicator
30.1.a - Rates income complies with the limits set in the financial strategy - rates increase over previous year (affordability benchmark/rates benchmark)	%	3.27	2.31	 GREEN
The actual percentage needs to be lower than the target to be achieved. The 2018-2028 LTP set the forecast for the rates increase. For 2020/2021 in the Annual Plan, Council have set 2.31% rates increase so we have therefore achieved this target.				
30.1.b - Rates income complies with the limits set in the financial strategy - rates as a proportion of total revenue (affordability benchmark/rates benchmark)	%	70.00	60.00	 GREEN
The actual result needs to be lower than the target to be achieved. We do not want our rates income to exceed 70% of our total revenue. Council rates income is lower at this time due to a grant revenue received for the Milford Opportunity project and the three waters stimulus funding.				
30.2 - Debt complies with the limits set in Council's financial strategy - external debt as a proportion of total revenue (Affordability benchmark/Debt benchmark)	%	100.00	0.00	 GREEN
Council has no external debt at the 28 February 2021. Council has the ability to loan up to 100% of its revenue as set out in Council's financial strategy. Council has planned to have \$19.8M of external debt in the 2020/2021 Annual Plan as a result of the Te Anau wastewater project.				
30.3 - Revenue (excluding income from development and financial contributions, revaluations and vested assets) exceeds operating	%	100.00	101.00	 GREEN









expenditure (sustainability benchmark/balanced budget benchmark)				
We have met this target because our operating revenue is higher than our operating expenditure for the year to date. This figure fluctuates throughout the year depending on timing of work programs.				
30.4 - Capital expenditure on the five network infrastructure services exceeds depreciation on those five services (essential services benchmark)	%	100.00	150.00	 GREEN
Currently capital expenditure is higher than depreciation due to the continuing work on the Te Anau wastewater project, three waters stimulus funded projects and bridge renewals (some of which were carried forward from last financial year).				
30.5 - Borrowing costs are less than 10% of operating revenue (sustainability benchmark/debt servicing benchmark)	%	10.00	0.03	 GREEN
0.03% relates to the fee Council is currently incurring in relation to borrowings it can access if required.				
30.6 - Net cash flow from operations equals or exceeds budget (Predictability benchmark/Operations control benchmark)	\$	20,833,000.00	27,552,187.00	 GREEN
The actual result reflects the cashflow to 28 February 2021. The main reason for the increase in net cash flow to date is the \$6.75 million of income received in advance for the three waters stimulus work programme.				
30.7 - Net debt is less than or equal to forecast net debt in the local authority's long term plan (predictability benchmark/debt control benchmark)	\$	7,700,000.00	0.00	 GREEN
At 28 February 2021 Council had no external borrowings. The 2020/2021 Annual Plan is forecasting Council will have \$19.8M of external debt at 30 June 2021, we are unlikely to meet this target.				



People and Capability Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: Our budgeted FTE is lower than our actual FTE for this period. This is because there has been a number of additional roles approved since the LTP 2018-2028 FTE numbers were set. The additional roles are to ensure we meet legislative timeframes, meet changing legislation and deliver our works programme. The percentage of staff with annual leave greater than 25 days and 40 days is now on track which means staff and leaders have been working hard to take breaks and encouraging leave. Our turnover has jumped this period and is now sitting at 8% so it is therefore expected to be over this for the year. 8% was always a stretch target but we are still hoping to keep it under 12%-14%.

Key Performance Indicator	Unit	Target	YTD	Indicator
---------------------------	------	--------	-----	-----------

29.1 - Budgeted Full time equivalent (FTE)	#	153.00	167.88	
This target will remain as a variance for year as based on annual plan number of FTE's which with things such as the services and assets, water and building review together with other approved new roles since it was set has increased beyond the variance.				
29.2 - Labour turnover	%	8.00	8.00	
We have had 11 resignations in this period with a headcount of permanent staff of 179 at the end of February. This gives us a labour turnover of 6% for the Oct-Feb period and 8% for the year. This will be more than 8% at the end of the year.				
29.3.a - Percentage of staff with annual leave greater than 25 days	%	18.00	15.00	
Managers are working with staff to encourage the use of leave. However, the constant change of alert levels across New Zealand is impacting on planning. We expect to see another drop in April with the Easter break being seen as an opportunity for staff to take further leave. The percentage of staff with annual leave greater in 25 days is 15%.				
29.3.b - Percentage of staff with annual leave greater than 40 days	%	8.00	4.50	
We have managed to all but halve the number of staff with leave over 40 days. Our people leaders are working with these people 1:1 to ensure that a plan is in place.				
29.4.a - Number of Worksafe notifications	#	0.00	1.00	
One worksafe notification for a contractor near miss on project site this reporting year to date. Worksafe did not investigate further.				
29.4.b - Number of medical treatment injuries	#	0.00	8.00	
We have had 8 reported medical treatment injuries this reporting year to date. All have been investigated with corrective actions applied.				
29.4.c - Number of health and safety incidents	#	0.00	49.00	
Even though this target is zero we have had 49 incidents reported for the year to date. However other than the notifiable near miss reported to us by a contractor in October, there have been no major incidents or events to date, the number includes hazards, near miss and early reporting for pain/discomfort. The targets have been reviewed and will be reported in Health and Safety reporting to the Finance and Assurance committee and Council.				
29.4.d - Number of lost time due to injury incidents	#	0.00	14.00	
We have had 14 days in lost time this reporting year to date. This total has been made up of two seperate medical treatment events that both required 7 days off each.				









29.4.e - Number of health and safety near misses	#	39.00	12.00	 GREEN
Twelve near miss events were reported for this reporting year to date and corrective actions were assigned accordingly.				
29.4.f - Percentage of health and safety investigations completed	%	100.00	86.00	 GREEN
Not all health and safety events require investigation, corrective actions are often applied at the time of event for less serious reports.				









Services and Assets Group

01 Jul 2020 – 28 Feb 2021

Group Manager Comments: KPI performance in generally in line with recent reporting periods. There are still a number of annual survey's to be completed in order to identify whether or not KPI targets are being met. KPI's have been reviewed as part of the LTP 2021 process and amendments have been made in some areas. There is general comfort that areas of non-performance have corrective actions in place.

Key Performance Indicator	Unit	Target	YTD	Indicator
1.1 - Number of dry weather overflows per 1000 wastewater connections	#	1.00	0.32	 GREEN
There was 1 Dry Weather overflow on 11 Jan in Te Anau. This has been added to the previous period of 2, to have cumulative total of 3. The overflow was the result of a plastic obstacle within the pipework, not a capacity issue.				
1.2.a - Median response times for sewage overflows resulting from blockages or other faults with the sewerage system between the time of notification and the time when service personnel reach the site	Hours	1.00	0.26	 GREEN
The median response time for sewage overflows in Period 2 (Nov 2020 to Feb 2021 inclusive) is 15 minutes				
1.2.b - Median resolution times for sewage overflows resulting from blockages or other faults with the sewerage system between the time of notification and resolution of the blockage or other fault	Hours	6.00	2.76	 GREEN
The median resolution time for sewage overflows in Period 2 (Nov 2020 to Feb 2021 inclusive) is 2 Hours and 45 minutes				

1.3 - Total number of sewerage system complaints about; odour, faults, blockages, and the way Council responds to any of these issues per 1000 connections	#	8.00	3.50	 GREEN
For reporting Period 2 Odour is 3, Faults 1, Blockages 6 which makes a total of 10. This equates to 0.93 per 1000 connections				
2.1.a - Compliance with resource consents for wastewater discharges measured by the total number of Abatement Notices issued received in relation to the resource consents	#	0.00	0.00	 GREEN
No Abatement Notices issued				
2.1.b - Compliance with resource consents for wastewater discharges measured by the total number of Infringement Notices issued received in relation to the resource consents	#	0.00	0.00	 GREEN
No Infringements issued				
2.1.c - Compliance with resource consents for wastewater discharges measured by the total number of Enforcement Orders issued received in relation to the resource consents	#	0.00	0.00	 GREEN
No enforcement orders Issued				
2.1.d - Compliance with resource consents for wastewater discharges measured by the total number of Convictions received in relation to the resource consents	#	0.00	0.00	 GREEN
No convictions				
2.2 - Annual cost per wastewater connection incl. GST	\$	663.00	0.00	 GREEN
The 2020/2021 cost per wastewater connection is \$218.82. (Pro rata, year to date).				
2.3 - Percentage of effluent tests that comply with relevant resource consent conditions	%	100.00	97.00	 RED
97% are compliant, ammonia nitrogen at Winton.				
2.4 - Total number of overflow incidents	#	4.00	6.00	 RED

There were two overflow events in Period 2, one being Wet, the other Dry. Both were recorded in January at Te Anau.				
4.1.a - Median time to attend urgent drinking water supply faults or unplanned interruption call-outs	Hours	1.00	0.25	 GREEN
The year to date median response time is 15 minutes.				
4.1.b - Median time to resolve urgent drinking water supply faults or unplanned interruption call-outs	Hours	6.00	4.85	 GREEN
For July to February (year to date) the median resolution time is 4 hours 51 minutes.				
4.1.c - Median time to attend non-urgent drinking water supply faults or unplanned interruption call-outs	Hours	4.00	1.06	 GREEN
The year to date median response time is 1 hour and 4 minutes.				
4.1.d - Median time to resolve non-urgent drinking water supply faults or unplanned interruption call-outs	Hours	24.00	15.60	 GREEN
The year to date median resolution time is 15 hours and 36 minutes.				
4.2 - Total number of drinking water complaints regarding; clarity, taste, odour, pressure or flow, continuity of supply, and the way Council responds to any of these issues per 1000 connections	#	10.00	4.39	 GREEN
The year to date result is 4.39 per 1000 connections. Quality is 1, pressure is 17 and supply is 17.				
5.1.a - Percentage of compliance with drinking water standards for bacteria	%	0.00	100.00	 GREEN
No bacteria found in any samples taken to date				
5.1.b - Percentage of compliance with drinking water standards for Protozoal	%	100.00	0.00	 RED
Next measure will be October 2021				
6.1 - Percentage of water lost from the reticulation network	%	25.00	19.30	 GREEN

Water Loss as a percentage has been reduced due to 19.3% factoring in 1) 25% of production is estimated. 2) Covid-19 effect. 3) Weather impact on water produced. As stated previously, the industry standardised "Benchloss" method of water loss analysis is being investigated due to low level of metering available.

6.2 - Average consumption of water per resident per day

L

850.00

826.00

 GREEN

As stated this DIA KPI is unsuited to the schemes analysed, in particular Mossburn, Otatau, Tuatapere and Ohai Nightcaps Wairio have stockwater usage. Adding to the problem of reporting this KPI is the District having 70% unmetered supply which does not allow accurate assessment.

6.3 - Annual cost per water connection incl. GST

\$

661.00

0.00

 GREEN

This cost is pro-rata, year to date.

7.1.a - Overflows resulting from the stormwater system that result in flooding of a habitable floor, total number per year

#

5.00

0.00

 GREEN

No overflows resulting in flooding of habitable floor (1 July 2020 to - Feb 2021)

7.1.b - Overflows resulting from the stormwater system that result in flooding of a habitable floor - number per 1000 properties connected

#

1.00

0.00

 GREEN

No overflows resulting in flooding of habitable floor (1 July 2020 to - Feb 2021)

7.2 - Median response time between the time of notification and the time when service personnel reach the site when habitable floors are affected by flooding resulting from faults in the stormwater system

Hours

2.00

0.00

 GREEN

There were no habitable floor flooding incidents for the reporting period.

7.3.a - Complaints about the stormwater system, number per 1000 properties connected

#

15.00

3.43

 GREEN

The year to date result for July - February is 3.43.

7.3.b - Number of complaints about the stormwater system









#









60.00







33.00








 GREEN

There have been 33 complaints related to the stormwater system for the year to date.

8.1.a - Compliance with resource consents for stormwater discharges, measured by the total number of stormwater abatement notices issued	#	0.00	0.00	 GREEN
No abatement notices issued.				
8.1.b - Compliance with resource consents for stormwater discharges, measured by the total number of infringement notices issued	#	0.00	0.00	 GREEN
No infringements issued.				
8.1.c - Compliance with resource consents for stormwater discharges, measured by the total number of enforcement orders issued	#	0.00	0.00	 GREEN
No enforcement orders issued				
8.1.d - Compliance with resource consents for stormwater discharges, measured by the total number of convictions	#	0.00	0.00	 GREEN
No convictions.				
8.2 - Average annual cost per property connected to stormwater network incl. GST	\$	103.00	0.00	 GREEN
Measured at year end (June 2021)				
8.3 - Stormwater - Percentage of monitoring results that show compliance with resource consent conditions	%	100.00	95.00	 RED
For the year to date there have been 43 samples taken with 41 compliant and 2 non compliant samples. For the 19/20 year there were 127 sites sampled with 12 sites returning non-compliant results which was a total of 85%.				
14.1.a - Percentage resident satisfaction with the services provided - rubbish and recycling wheelie bins	%	90.00	0.00	 RED
This survey is undertaken annually. Results available in June 2021.				
14.1.b - Percentage resident satisfaction with the services provided - transfer station locations	%	80.00	0.00	 RED

This survey is undertaken annually. Results available in June 2021.				
14.1.c - Percentage resident satisfaction with the services provided - transfer station hours	%	80.00	0.00	 RED
This survey is undertaken annually. Results available in June 2021.				
14.1.d - Percentage resident satisfaction with the services provided - recycle locations	%	80.00	0.00	 RED
This survey is undertaken annually. Results available in June 2021.				
15.1.a - Amount of waste diverted from landfill as a percentage of total waste	%	40.00	34.00	 RED
The year to date result is 34%. Diverted Materials (refers to materials diverted from landfill disposal i.e., green waste, clean fill, recycling, metals, glass etc). What was previously permitted for recycling has changed. Cleanfill is not accepted at Southland District transfer stations.				
15.1.b - Amount of waste per property disposed of to landfill	T	0.65	0.36	 GREEN
0.36 = 360 kg. Annual target is 650 kg measured on a cumulative basis and the actuals are on track to meet the target.				
16.1 - Average quality of ride on sealed local roads	%	97.00	0.00	 RED
This data is only collected every two years and will be available around April 2021 to report on.				
16.2 - Percentage of sealed local road network that is resurfaced	%	0.00	5.74	 GREEN
775,485m ² of reseal has been completed as at the end of February. This is approx. 76% of the 2020/21 programme which equates to 5.74% of the district. We are on track for meeting the target if greater than 7.3% by end of season.				
16.3 - Percentage of customer service requests responded to within required time frames	%	90.00	93.30	 GREEN
As at 08/03/2021 the year to date percentage of requests responded to within timeframe is 93.3%. This has been a focus area for improvement which is shown compared to last year's result of 83% overall.				
16.4 - Percentage of gravel road tests where road roughness meets acceptable standards	%	56.64	88.30	 GREEN

The annual roadroid district wide survey was undertaken during November 2020. The overall score was 88.3% good or satisfactory which is consistent with previous year scores and meets the target of greater than 85%.				
17.1 - Annual change in the number of fatalities and serious injury crashes	#	12.00	8.00	 GREEN
As at 08/03/2021; there are seven serious injury and one fatal crash recorded in the crash analysis system database. This is trending well compared to the same period last year (2019) which had 16 fatal or serious injury crashes in the same time period.				
18.1 - Percentage of footpaths in reasonable or better condition	%	70.00	0.00	 RED
The 2020/2021 footpath survey is currently being carried out and the result will be reported in the next performance report.				
22.1.a - Percentage of community centres that meet desired standards	%	100.00	100.00	 GREEN
All community centres meet required standards				
22.1.b - Percentage of facilities that meet desired standards - wharves and jetties	%	100.00	90.91	 RED
For Riverton 5 out of 6 – One of the Council structures is non-compliant due to an ongoing access issue which has meant we are unable to repair the structure. We have yet to resolve an issue with a wharf licence holder that is stopping us from undertaking the work required to bring the structure in Riverton up to standard. An additional assessment has been undertaken on the T Wharf to determine the weight loading. This was at the request of the Riverton Harbour subcommittee. Additional work will need to be carried out if the wharf is to be brought up to Class One standard. Discussions remain ongoing. Until such time as there is a resolution the wharf remains closed and unused. For Stewart Island – A report was tabled at the Council meeting on 27 August seeking approval to renew the Ulva Island wharf. Council approved the report. Staff have satisfied tow of the three conditions that were in the report and are now waiting on a MOU between the Department of Conservation and the owners of the private land on Ulva Island before work can start. The Stewart Island Rakiura Community Board have given approval to apply for the resources consent.				
22.2 - Community housing occupancy rate	%	90.00	87.00	 RED
9 Flats vacant and at varying stages of refurbishment for re tenanting. The fickle nature of local demand for priority persons and the increased due diligence requirement for non-priority persons has slowed the re-tenanting process. The timely availability of contractors to refurbish flats has further impacted on the timeliness.				
22.3 - Community housing net cost (rates)	\$	0.00	0.00	 GREEN
This measure equals community housing operational and capital costs are to be fully self-funded from rental income so there is no impact on rates. There has been no requirement to increase rates to fund the community housing for this reporting period.				

22.4 - Cemetery internment net cost (rates)	\$	0.00	0.00	 GREEN
Income year to date is \$32908 greater than actual costs which means no costs to rates.				
22.5 - Percentage of burial plots prepared by the time requested	%	100.00	100.00	 GREEN
The total year to date is 62 burials with all casket interment plots prepared on time.				
22.6 - Number of unplanned interruptions to Stewart Island electricity supply	#	6.00	3.00	 GREEN
There have been three unplanned interruptions to the Stewart Island Electricity Supply as measured by consumer outages. February data was not available at time of writing this commentary.				
23.1.a - Percentage of parks and reserves that meet desired standards	%	95.00	95.00	 GREEN
The parks and reserves are inspected by Council's contractors and no issues have been reported. There have been 32 requests for service for issues related to reserves that have been responded to within the assigned time frames. Not all of these related to council's assets or on council land. Although the number of RFS's has increased from the previous period it is indicative of the greater awareness that our customers now have on how to lodge requests with council. Desired standards relate to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.				
23.1.b - Percentage of playgrounds that meet desired standards	%	95.00	95.00	 GREEN
Council staff have been working with our maintenance contractors to ensure that they have the appropriate levels of qualification to carry out playground inspections on behalf of Council. Staff are working through the next priority level issues that were identified in the playground assessment. Individual detailed reports will be provided to each community board at their next meeting to start working towards a works programme to resolve the level 2 and 3 issues. Desired standards relate to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance. Staff and contractors are trialling a new phone based application that is used by other local authorities and recommended by Recreation Aotearoa to record audits undertaken on playgrounds. This is proving to be an easy to use application for our contractors and we are seeing regular audits coming through from them.				
23.1.c - Percentage of sportsfields that meet desired standards	%	95.00	95.00	 GREEN
Council sports fields are inspected by our contractors and contract managers. There have been no issues identified through Councils request for service (RFS) application relating to sports fields. Desired standards relate to those set under the contract and includes a range of factors such as lawn mowing, weed removal and equipment inspection and maintenance.				
23.1.d - Percentage of public toilets that meet desired standards	%	100.00	98.50	 RED

There is currently one toilet at Athol that is currently out of service. This is due to the plumbing connection and the septic tank not being able to meet the demand placed on it. Council staff now have an arrangement with a member of the community to provide public toilets while they investigate options for the provision of service in Athol. There is currently a proposal to review the public toilets across the district to determine that they are in the correct location and can meet future requirements. Staff have had some issues with the doors on the toilets at Colac Bay and Clifden being caught by the wind and damaging them. They are working with the toilet providers to find an appropriate solution to stop this happening in the future. It is anticipated that this work will occur early in the next financial year. Desired standards relate to those set under the contract and includes a range of factors such as cleaning, equipment inspection and maintenance.

23.2.a - Complete Open Space Strategy implementation plan within budget for open spaces projects

%

1.00

70.00



GREEN

Council staff have engaged a consultant to review strategy documents to develop a set of criteria to rank potential projects against. This is being developed to provide a robust set of guidelines to support the open space budgets identified in the LTP. Council have filled the open space graduate position and the successful applicant will start working through updating the reserve management plans and tree/garden management in Council's open spaces.

23.2.b - Complete Open Space Strategy implementation plan within budget for public toilet projects

#

6.00

45.00



GREEN

The condition assessment report commissioned will enable staff to prepare a works programme and subsequent implementation through the next LTP. The report identified structural issues with a number of the toilets and this requires further investigation to determine what level of resource and funding will be necessary to manage these facilities at the appropriate level of service. Council staff have received a proposal to undertake a review of Council's public conveniences and produce a strategy. This is being reviewed by staff before proceeding. The consultant has yet to be engaged to undertake this work.

23.3 - Number of complaints about public toilets

#

25.00

26.00



RED

Council received 15 requests for service over the period. One of these were for a non Council owned toilet, eight requesting additional cleaning and three were for vandalism, two for toilets being blocked and one for no toilet paper. We are still having issues with vandalism at these facilities throughout the District.

23.4 - Cost of parks and reserves per hectare

\$

77.00

0.00



GREEN

This is an annual target which will be reported in June

Earthquake Prone Priority Area

Record No: R/21/3/13925
Author: Simon Tonkin, Building Compliance Team Leader
Approved by: Fran Mikulicic, Group Manager Environmental Services

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is for Council to consider the staff recommendation on earthquake-prone buildings in the priority areas.

Executive Summary

- 2 The system for identifying and managing earthquake-prone buildings changed on 1 July 2017. The new system prioritises identification and remediation of earthquake-prone buildings that either pose a high risk to life safety or are critical to recovery in an emergency.
- 3 To help determine which buildings may be priority buildings, staff have identified thoroughfares in five areas that may have sufficient vehicular or pedestrian traffic to warrant prioritisation, if parts of unreinforced masonry buildings were to fall onto them in an earthquake.
- 4 The five consultation areas are Otautau, Riverton, Tuatapere, Wyndham and Winton.
- 5 Earthquake-prone buildings in a medium seismic risk area that are not deemed priority buildings have 25 years to carry out remedial works. Priority buildings must be identified and remediated in half the standard time, 12 and a half years, to reduce the risks to life safety more promptly.
- 6 Council has received submissions through the special consultative process and is required to make a decision as outlined in the options below. After hearing the submissions and considering the options the Regulatory and Consents Committee recommended, along with staff, that option 3 is approved.

Recommendation

That Council:

- a) **Receives the report titled “Earthquake Prone Priority Area” dated 7 April 2021.**
- 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 deciding on this matter.
- d) Agrees that the following four areas are included as priority areas:
 - Otautau - 126-176 Main Street from the Alderley Street intersection to the Chester Street intersection
 - Riverton - 96 - 176 Palmerston Street from Jetty Street to in part just past Princess Street
 - Winton - 102 – 304 Great North Road from Bute Street intersection to George Street Intersection
 - Wyndham - Balaclava Street from Redan Street towards Scutari Street not including numbers 12, 42, 44, 61 and 63 Balaclava Street.
- e) Agrees that Tuatapere - 1-5 Orawia Road and 57-77 Main Road is not included as a priority area.

Background

- 7 The system for identifying and managing earthquake-prone buildings changed on 1 July 2017. The new system prioritises identification and remediation of earthquake-prone buildings that either pose a high risk to life safety or are critical to recovery in an emergency.
- 8 Certain hospital, emergency, and education buildings that are earthquake-prone may be ‘priority buildings’. Other earthquake-prone buildings may be priority buildings due to their location and the potential impact of their failure in an earthquake on people, property and vehicles.
- 9 These buildings must be identified with community input and in accordance with section 133AF(2)(a) of the Building Act 2004, which requires Southland District Council to use the special consultative procedure as set out section 83 of the Local Government Act 2002. Council must identify potentially earthquake-prone buildings by 1 July 2022 in medium seismic risk areas.
- 10 To help determine which buildings may be priority buildings, staff have identified thoroughfares in five areas that may have sufficient vehicular or pedestrian traffic to warrant prioritisation, if parts of unreinforced masonry buildings were to fall onto them in an earthquake.
- 11 The consultation focused on vehicle and pedestrian thoroughfares with sufficient traffic to warrant prioritisation in the areas of Otautau, Riverton, Tuatapere, Winton and Wyndham.

- 12 Staff wrote to 149 identified property owners in the proposed priority areas. A total of 22 responses were received, of which eight spoke to their submissions at the Regulatory and Consents Committee meeting on 10 December 2020. Council also advertised the consultation on social media, local papers and Council's website.
- 13 The five consultation areas are Otautau, Riverton, Tuatapere, Wyndham and Winton.
- 14 Earthquake-prone buildings in a medium seismic risk area that are not deemed priority buildings have 25 years to carry out remedial works. Priority buildings must be identified and remediated in half the standard time, 12 and a half years, to reduce the risks to life safety more promptly.
- 15 Council undertook public consultation in the five consultation areas in 2020 and received, including hearing those who requested to speak, to submissions in December 2020.

TOWN	TOTAL SUBMISSIONS RECEIVED	REQUESTS TO SPEAK TO SUBMISSIONS
Otautau	7	2
Riverton	2	1
Tuatapere	0	0
Winton	8	3
Wyndham	4	1
Across district	1	1

- 16 All but one of the eight Winton submitters identified high vehicle and pedestrian traffic routes with children from the Winton Kindergarten using those routes on a daily basis.
- 17 The two submissions from Riverton agreed on high vehicle routes but only one submitter felt there was also high pedestrian routes.
- 18 From the seven submissions from Otautau only one identified key pedestrian and traffic routes but felt the risk was minimal.
- 19 No submissions were received from Tuatapere.
- 20 Council staff maintain the view that four of the townships have areas of significant vehicle and pedestrian traffic and a sufficient number of buildings within these thoroughfares are made up of predominantly unreinforced masonry.
- 21 The Christchurch earthquakes clearly showed that unreinforced masonry buildings create a higher risk and potential loss of life to people passing by these buildings.
- 22 The priority area legislation is to protect members of our community and if Council agrees with the priority areas the buildings will be assessed and brought up to code in half the timeframe (12 and a half years) compared to 25 years for non-priority buildings in the medium seismic zone.

Issues

- 23 Council approved the consultation process to meet our obligations under the Building Act 2004. There remains a risk that the identified priority areas may be too wide or too narrow. This risk has been mitigated through consulting with the community.

Factors to Consider

Legal and Statutory Requirements

- 24 The Building Act 2004 contains the earthquake-prone building provisions and sets out the scope of buildings to which those provisions apply. Subject to section 133AF, Council has undertaken the special consultative procedure to enable the community to assist in identifying priority buildings. The special consultative procedure states that Council must provide opportunity for those submitters who wish to be heard to have that opportunity. This opportunity was provided at the Regulatory and Consents Committee meeting held on 10 December 2020.

Community Views

- 25 This consultation obtained the community views on priority areas.

Costs and Funding

- 26 No financial implications arise from this report.

Policy Implications

- 27 There is no anticipated policy implication.

Analysis

Analysis of Options

- 28 Options considered are to agree with the five priority areas as per the consultation document, option 1 or decide there are no priority areas as per option 2 or option 3 reduce the priority areas from five to four townships as Tuatapere has no obvious unreinforced masonry buildings therefore should not be considered as a priority area under the current legislation.
- 29 In considering the options Council staff have listed the advantages and disadvantages of each option and listed these in the tables below under each option.
- 30 It was also considered that scaling down the area along the main streets on some of the priority areas was not an option. Staff were not satisfied that scaling down the area would meet the criteria.

Option 1 – agree with five priority areas as per the consultation document

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> main streets of the five towns would have their buildings assessed by engineers and possibly upgraded within 12 and a half years where required the areas of higher vehicular and pedestrian traffic within the district will be prioritised for assessment provides certainty on the process for building owners 	<ul style="list-style-type: none"> some submitters disagree with this approach and submitted that there is not enough foot or vehicular traffic to warrant any of the towns being priority areas it is possible that financial stress may be caused to the owners by assessing the buildings within the shorter timeframes

Option 2 – decide there are no priority areas

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> building owners will have a longer timeframe to have their buildings assessed and upgraded where required 	<ul style="list-style-type: none"> there may be a higher risk to life and property by not having any priority areas the timeframes move from 12 and a half to 25 years costs in the future will potentially increase for any work – assessment and upgrade areas within our towns may degrade over the longer period due to lack of maintenance and non-use of the buildings

Option 3 - decide there are four priority areas - Tuatapere to be removed as a priority area

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> main streets of the four towns would have their buildings assessed by engineers and possibly upgraded within 12 and a half years where required the areas of higher vehicular and pedestrian traffic within the district will be prioritised for assessment provides certainty on the process for building owners Tuatapere has no obvious unreinforced masonry buildings on the main street 	<ul style="list-style-type: none"> some submitters disagree with this approach and submitted that there is not enough foot or vehicular traffic to warrant any of the towns being priority areas it is possible that financial stress may be caused to the owners by assessing the buildings within the shorter timeframes

Assessment of Significance

- 31 This matter is not considered significant in accordance with Council's Significance and Engagement Policy.

Recommended Option

- 32 The recommendation from staff is for option 3 - agree with the four priority areas identified, and not include Tuatapere as a priority area as per the consultation document.

Next Steps

- 33 Council is required to make a decision on the priority areas before staff can set up the inspection programme for the district.
- 34 This decision will dictate the timeframes set out under the Building Act 2004 under which Council must undertake its work. The building act sets out the timeframes for action by Council, engineers and owners.

Attachments

There are no attachments for this report.

Proposed Road Stopping - 2 Main Road Stewart Island

Record No: R/21/3/13752
Author: Kevin McNaught, Manager Property Services
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To consider a request from the owners of the property at 2 Main Road Stewart Island to stop a portion of legal road adjoining their property, upon which is located buildings that sits on both the freehold land and the legal road.

Executive Summary

- 2 The building situated at 2 Main Road Stewart Island that houses the Glowing Sky retail store, has for many years been located partly on the freehold land and the legal road. The same situation applies to a small portion of the garage further along Main Road.
- 3 The current owners of 2 Main Road, New Zealand Fish Limited, have requested that the portion of legal road upon which their two buildings are situated be stopped and sold to them as shown on the attached plan. Disposal would simplify further development of the buildings and site, as they would all be located on the freehold land.
- 4 Given the urban location, the Stewart Island/Rakiura Community Board at its meeting on 29 March, recommended Council commence the road stopping actions pursuant to the Local Government Act 1974

Recommendation

That the Council:

- a) **Receives the report titled “Proposed Road Stopping - 2 Main Road Stewart Island”** dated 7 April 2021.
- 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 to approve the request from the owner of the property at 2 Main Road Stewart Island to commence the proposed road stopping adjoining that property pursuant to the Local Government Act 1974.

Background

- 5 For many years it has been known that the building housing the current Glowing Sky retail outlet has been partially located on both freehold land and on the Council owned legal road.
- 6 In 1991 the Stewart Island Community Board and Council gave approval to commence the road stopping requested by the landowner at the time. However, this process stopped in 1997 when the landowner refused to pay the land valuation.
- 7 Recently the attached request was received from the current owner of the adjoining freehold land to again stop the road, as shown on the attached plan albeit a slightly different area to that started in 1991.
- 8 The current landowner has agreed to pay the current value for the land as assessed by a registered valuer, along with the costs associated with the process. The existing footpath will remain as part of the road, and easements will be created for services as shown on the plan. As such, staff see no reasons as to why this request should not proceed to the public notification and objection process. For this to happen however Council must agree to the proposal proceeding.

Issues

- 9 At this stage there are no issues identified with the proposed road stopping. It could be argued that more issues will be created if the buildings remain on the legal road as opposed to freehold to allow any upgrading, or dealing with liabilities if the buildings remain located on Council land.

Factors to Consider

Legal and Statutory Requirements

- 10 The proposal is to action the road stopping under the Local Government Act 1974. This includes a public notification and objection process.
- 11 The applicant has agreed to undertake the cadastral survey at their cost which is required prior to the notification process. If the road stopping is completed a requirement will be that the title gets amalgamated with the adjoining freehold land owned by the applicant.

Community Views

- 12 This report and the Public notification/objection process will determine the views of the community.
- 13 The Stewart island/Rakiura Community Board at its meeting on 29 March recommended to Council that the road stopping process commence.

Costs and Funding

- 14 The applicant has agreed to pay for the cadastral survey costs as well the land value assessed by a registered valuer. Councils' costs will be covered by the sale price.

Policy Implications

- 15 None identified at this stage.

Analysis

Options Considered

- 16 The options are to proceed or not.

Analysis of Options

Option 1 –Proceed with road stopping

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Allows two occupation anomalies of buildings over boundaries to be rectified.• Reduces any Council liabilities of the buildings being situated on the Council land.• Makes any further upgrade of development of the buildings easier if they are situated on the landowner's freehold title.	<ul style="list-style-type: none">• None identified at this stage.

Option 2 – Not to proceed with road stopping

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• None identified at this stage.	<ul style="list-style-type: none">• Occupation will have to be addressed by licence to occupy agreements.• Council will have some form of ongoing liability with the buildings on its land.• Likely to slow or stop and further development or upgrade of the buildings or site.

Assessment of Significance

- 17 This proposal is not considered significant

Recommended Option

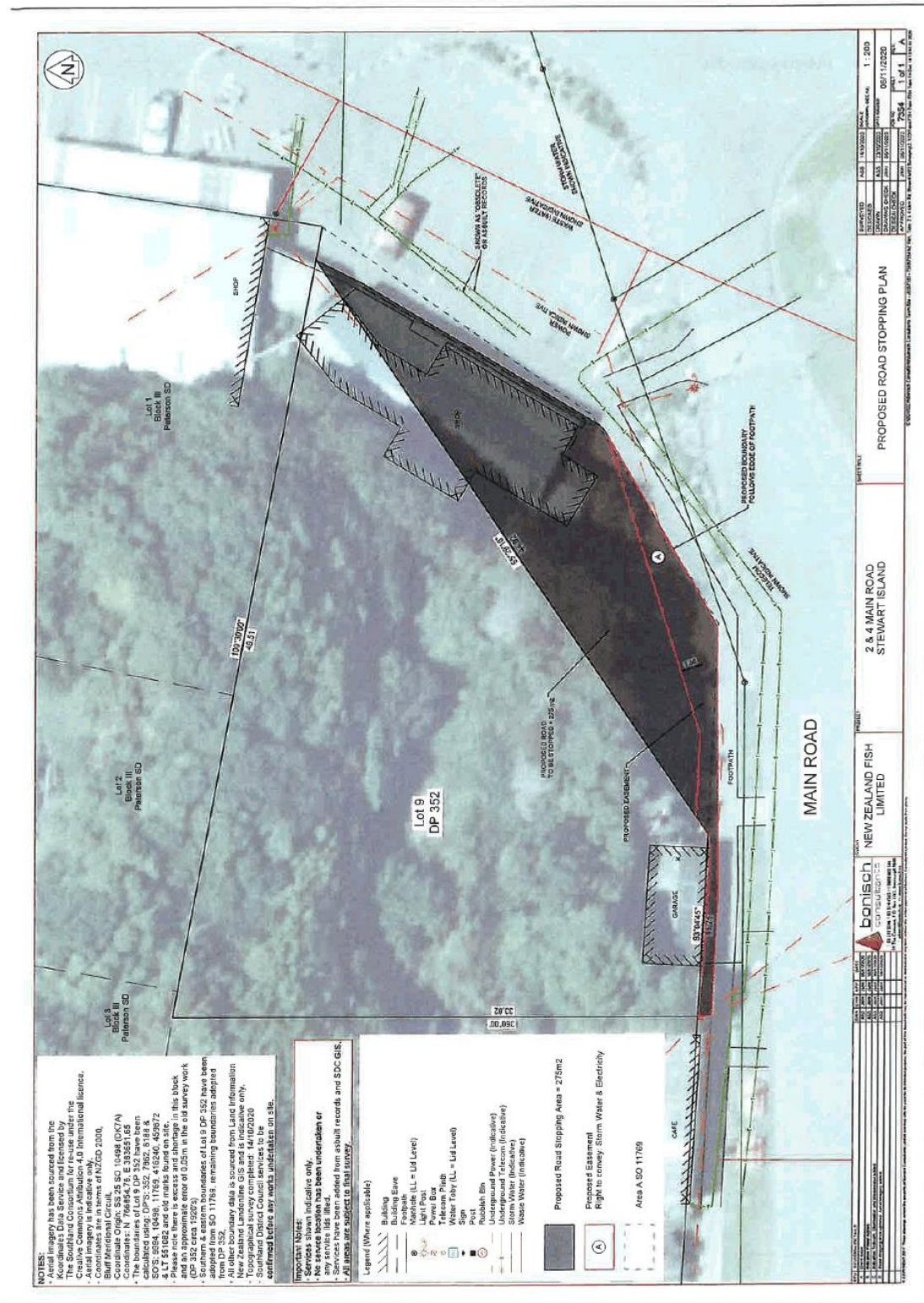
- 18 Option 1 that that the road stopping process proceeds.

Next Steps

- 19 Get applicant to undertake Cadastral Survey then Council publicly notifies proposal.

Attachments

- A Plan of proposed Road Stopping - 2 Main Road Stewart Island [↓](#)
B 17 December 2020 - request for Road Stopping 2 & 4 Main Rd Stewart Island [↓](#)



NZ Fish Limited
2 Main Road Oban
Stewart Island

To: Southland District Council
Attn: Matt Russell/Kevin McNaught
Po Box 903
Invercargill 9840.
Email: matt.russell@southlanddc.govt.nz; kevin.mcnaught@southlanddc.govt.nz.

Proposed Road Stopping 2-4 Main Road, Oban Stewart Island.

Dear Matt/Kevin

The letter is a formal proposal from NZ Fish Limited to the Southland District Council to complete a previously started Road stopping notice at the above property.

NZ Fish has recently purchased the site at 2-4 Main Road Oban Stewart island and as part of the process discovered that the existing buildings were on council-controlled road reserve land.

We have already been in discussions with yourselves on the matter and verbal agreement has been reached on a proposal to complete the road stopping to legalise the buildings. These are the existing "Glowing sky building and the existing garage from which a Resource consent to operate a bike hire business from currently operates.

Also during the Due Diligence process it was identified that the glowing sky building was damaged from and still exposed to a rockfall hazard from the cliff behind the property. NZ Fish wishes to mitigate this risk and attempt to fix the building to a safe and structurally sound building.

As the building has no legal justification to be present on the road reserve, one option is that council orders the removal of the building. Given the buildings iconic Glowing sky connection and the issue seems one of some legacy, the forced removal of the building and the existing tenants seems rather onerous.

Currently there is no licence to occupy the land in favour of the building and discussions with yourselves has resulted in a road stopping notice as the best practical solution to satisfy the many legal incumbrances that are present with the property and building and attempting to mitigate the issues at hand.

Hence this proposal request to complete the previously started road stopping notice from 14 December 2020 as all parties have agreed this will provide the council and NZ Fish with the clear legal surety for both parties' benefit. The attached plan Titled Proposed Road Stopping Plan by Bonisch provides the proposed details and area being proposed.

The survey has also identified two points on the original area for stopping titled "SO 11769" on the plan that are slightly misaligned with the onsite physical markers previously proposed, which is the edge of the existing footpath, these two points are proposed to be adjusted to match the edge of the footpath for clean delineation. The change in these points by an estimated 1.0m and 2.0 m west is not expected to change the area of SO11769 as the moving will balance out based on the shape.

As part of this survey process it has also identified that the garage in place on the west of the site also encroaches in the road reserve boundary. Therefore we have proposed and your verbal and email correspondence has confirmed that this additional 14.67m² is to be included in the Road stopping notice.

NZ Fish Limited
2 Main Road Oban
Stewart Island

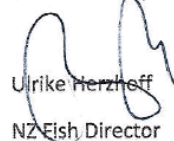
As part of the survey and as-building the existing services as-builts were included and the underground power was encroaching on the southernmost corner of the area. Therefore, an easement is proposed with a minimum distance of 1.5m either side of the alignment. This is shown as area A on the attached plan and is proposed to include all services not just power.

Valuations for the land to be stopped and purchased by NZ Fish have been supplied and both parties have agreed on the valuations estimate and wish to progress this proposal. The previous valuation was for the original area and the parties have agreed a pro rata value for the additional nominal 14 to 15m² for the garage. All areas will be confirmed by the final survey plan for final value determination. The final survey plan and specific details would be updated based on the agreements undertaken for inclusion in preparation of a new survey title.

In addition to the current agreements between SDC and NZ Fish both parties have considered the Stewart Island Community board as an entity that should be consulted over the proposal for transparency to the community and their comment. And this proposal is being tabled at the next community board meeting, so they are kept abreast of the proposal and the solution to rectify the historic issue and make safe the existing building and Rock fall hazard.

We trust this proposal summarise the agreements to date and forms a full proposal for Southland District Councils consideration and final approval for the road stopping to be progressed and finalised.

Yours sincerely



Ulrike Herzheff
NZ Fish Director

Attachment Road Stopping survey plan

Dog Registration Fees for 2021/2022

Record No: R/21/3/10423

Author: Michael Sarfaiti, Environmental Health Manager

Approved by: Fran Mikulicic, Group Manager Environmental Services

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of the report is to set the dog control fees for the 2021/2022 year.

Executive Summary

- 2 Council's dog control fees must be prescribed by resolution of Council.
- 3 It is proposed to increase the working dog fee from \$36 to \$40, and the non-working dog fee from \$100 to \$110.

Recommendation

That Council:

- a) **Receives the report titled “Dog Registration Fees for 2021/2022” dated 7 April 2021.**
- 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 to set the dog control fees (effective 1 July 2021 and inclusive of GST) for the 2021/2022 registration year as follows:

REGISTRATION - DOG (NON-WORKING)	\$110.00
----------------------------------	----------

DISCOUNTS

(a) the dog is spayed or neutered	-\$10.00
(b) the dog is in a fenced or controlled property	-\$20.00
(c) responsible owner (according to Council's criteria) and microchipped dog	-\$30.00

REGISTRATION FEE INCLUSIVE OF (A), (B) AND (C)	\$50.00
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REGISTRATION - WORKING DOG	\$40.00
----------------------------	---------

LATE REGISTRATION - ALL DOGS	+50%
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Registration fee for a dog that is required to be registered with SDC, that has been impounded by SDC, and released to an SDC authorised rehoming provider (initial registration only)	Free
--	------

A dog received by a SDC authorised rehoming provider for the purpose of rehoming, that is either from Southland District, or to be rehomed in Southland District (initial registration only)	Free
--	------

DOG CONTROL FEES

(a) dog hearing lodgement fee	\$100.00
(b) multiple dog licence application fee	\$50.00
(c) sale of collars	\$9.00
(d) withdrawal of infringement fee, per infringement	\$30.00

MICROCHIPPING

(a) microchipping of a dog registered by SDC	Free
(b) commercial breeders that require more than four pups to be microchipped per registration year	\$30.00 per dog, for the fifth and

	subsequent dog
DOG IMPOUNDING FEES	
(a) impounding of dogs	\$150.00
(b) sustenance of impounded dog per day or part thereof	\$20.00
(c) euthanasia	\$40.00

- e) Agrees to publicly notify the fees during the weeks starting 31 May 2021 and 14 June 2021.

Background

- 4 The Dog Control Act 1996 requires territorial authorities to set dog control fees. Council currently has approximately 12,000 registered dogs within its district.
- 5 The dog control service operates a register of dogs, investigates complaints about dogs, monitors the district, and promotes responsible dog ownership.
- 6 The dog control business unit is staffed by a manager, two full-time and one part-time dog control officer, and an environmental services co-ordinator. Support services are provided by a contractor (Armourguard). Council has a combined dog pound with Invercargill City Council. Council has a licence to occupy the pound with an exclusive licence to use five of the 28 kennels.
- 7 The dog control business unit retains its budget reserve, as required by the Dog Control Act.

Issues

Increase in fees

- 8 The table below shows the projected reserve balances for the animal control budget, the years representing the 30th of June that year:

2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
(\$63K)	(\$216K)	(\$202K)	(\$182K)	(\$158K)	(\$133K)	(\$100K)	(\$61K)	(\$17K)	\$28K

- 9 These figures incorporate the recommended fee increases in this report, and also annual increases of about 2.6% (projected inflation). The deficit is projected to be almost paid off by 30 June 2028.
- 10 **Attachment B** provides a financial breakdown and commentary, advising of the main reasons why the animal control business unit is in this situation.

- 11 A breakdown of income from the proposed fees is as follows:

	No. of dogs	Discount	Fees	Income
		Incl. GST	Incl. GST	Incl. GST
Working	5,592	N/A	40	223,680
Non-working dogs				
P - No Discounts	45	0	110	4,950
P1 - Neutered	0	10	100	0
P2 - Fenced/controlled	463	20	90	41,670
P3 - Responsible(microchipped)	57	30	80	4,560
P12 - Neutered and Fenced/controlled	125	30	80	10,000
P13 - Neutered and Responsible(microchipped)	20	40	70	1,400
P23 - Fenced/controlled and Responsible(microchipped)	2,529	50	60	151,740
p123 - Neutered and Fenced/controlled and Responsible(microchipped)	3,069	60	50	153,450
Base fee			50	
Late fees (estimated)				11,500
TOTAL	11,900			602,950

Comparisons with other councils

- 12 A comparison of fees and rates funding of dog control with other Southern councils is in **Attachment C**.
- 13 The comparisons show that the proposed fees compare favourably with other councils locally, particularly in light of the comparatively low ratepayer funding of the service.

Potential upcoming efficiencies and increases in income

- 14 Potential upcoming efficiencies and increases in income are discussed in Attachment D. These efficiencies, if realised, may result in the deficit being paid of faster than projected.

iPad incentive

- 15 One free iPad will be available this year for dog owners that register their dogs using PayIt, before 19 July 2021. The purpose of the incentive is to encourage online registrations, and to avoid a bottleneck at late penalty time (from 1 August).
- 16 Last year the incentive was to register online by 1 July. Staff are aiming to reduce the pressure by extending the date to 19 July this year.

Factors to Consider

Legal and Statutory Requirements

- 17 Section 37 of the Dog Control Act 1996, is concerned with fee setting, and is attached to this report in **Attachment E**.
- 18 Council is legally required to set the fees by resolution and to subsequently publicly notify these fees.

Community Views

- 19 The views of the community are not required to be sought, either under the Dog Control Act 1996, or in accordance with Council's Significance and Engagement Policy.

- 20 Council will note that its proposed 2021/2022 fees and charges schedule, that includes the proposed dog registration fees in this report, are in Council's LTP consultation document. Even so, Section 37 of the Dog Control Act 1996 enables Council to make the recommended resolutions in this report.

Costs and Funding

- 21 The dog control service is funded mainly from registration fees, and also from infringements, and fees and charges. Council has resolved that dog control is to be fully funded by fees and charges.

Policy Implications

- 22 This report is consistent with Council's Policy on Dogs 2015, in particular clauses 5.2 and 5.3.

Analysis of Options

Option 1 – Do not increase fees – status quo.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">dog owners would appreciate the status quo	<ul style="list-style-type: none">would result in an increasing overdrawn reserveCouncil would need to increase the rates contribution to repay the overdrawn reserve

Option 2 – That Council sets the dog control fees in Attachment A for the 2021/2022 registration year.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">enables full cost recovery and repayment of the negative reservereflects Council's intention that this business unit is self-funding through fees generated.	<ul style="list-style-type: none">some negative feedback from district dog owners

Assessment of Significance

- 23 This review is considered to be not significant in accordance with Council's Significance and Engagement Policy.

Recommended Option

- 24 Option 2, so that the dog control activity can continue to be sufficiently funded by dog registration fees.

Next Steps

- 25 Council's decision will be publicly notified and also on Council's website. The fees will come into effect on 1 July 2021.

Attachments

- A Dog Control Registration Fee Schedule 2021/2022 [↓](#)
- B Financial breakdown [↓](#)
- C Comparisons with other councils [↓](#)
- D Potential efficiencies [↓](#)
- E Section 37 of the Dog Control Act [↓](#)

Dog control fee schedule – effective 1 July 2021

All fees GST inclusive

REGISTRATION - DOG (NON-WORKING)	\$110.00
DISCOUNTS	
(A) THE DOG IS SPAYED OR NEUTERED	-\$10.00
(B) THE DOG IS IN A FENCED OR CONTROLLED PROPERTY	-\$20.00
(C) RESPONSIBLE OWNER (ACCORDING TO COUNCIL'S CRITERIA) AND MICROCHIPPED DOG	-\$30.00
REGISTRATION FEE INCLUSIVE OF (A), (B) AND (C)	\$50.00
REGISTRATION - WORKING DOG	\$40.00
LATE REGISTRATION - ALL DOGS	+50%
REGISTRATION FEE FOR A DOG THAT IS REQUIRED TO BE REGISTERED WITH SDC, THAT HAS BEEN IMPOUNDED BY SDC, AND RELEASED TO AN SDC AUTHORISED REHOMING PROVIDER (INITIAL REGISTRATION ONLY)	Free
A DOG RECEIVED BY A SDC AUTHORISED REHOMING PROVIDER FOR THE PURPOSE OF REHOMING, THAT IS EITHER FROM SOUTHLAND DISTRICT, OR TO BE REHOMED IN SOUTHLAND DISTRICT (INITIAL REGISTRATION ONLY)	Free
DOG CONTROL FEES	
(A) DOG HEARING LODGEMENT FEE	\$100.00
(B) MULTIPLE DOG LICENCE APPLICATION FEE	\$50.00
(C) SALE OF COLLARS	\$9.00
(D) WITHDRAWAL OF INFRINGEMENT FEE, PER INFRINGEMENT	\$30.00
MICROCHIPPING	
(A) MICROCHIPPING OF A DOG REGISTERED BY SDC	Free
(B) COMMERCIAL BREEDERS THAT REQUIRE MORE THAN FOUR PUPS TO BE MICROCHIPPED PER REGISTRATION YEAR	\$30.00 per dog, for the fifth and subsequent dog
DOG IMPOUNDING FEES	
(A) IMPOUNDING OF DOGS	\$150.00
(B) SUSTENANCE OF IMPOUNDED DOG PER DAY OR PART THEREOF	\$20.00
(C) EUTHANASIA	\$40.00

Financial breakdown

Budgets and commentary

Budgets – actuals and budgets

The table below summarises the animal control budgets over a four-year period.

	<u>Actuals</u> <u>Jun-19</u>	<u>Actuals</u> <u>Jun-20</u>	<u>Budget</u> <u>Jun-21</u>	<u>LTP</u> <u>Jun-22</u>
Dog and Animal Control				
<u>Income</u>				
Rates	0	0		
User Charges and Fees	450,087	436,888	583,300	642,625
Internal Income	111,768	104,835	57,529	106,589
	561,855	541,723	640,829	749,214
<u>Direct Expenditure</u>				
Advertising	0	0	1,648	0
Communications	4,921	4,372	6,017	3,400
Conferences and courses	7,849	580	4,133	4,133
Insurance	2,404	2,425	2,096	1,676
Contractors	20,469	61,552	80,000	35,000
Other Expenditure	35,910	45,225	58,259	47,733
Postage and Stationery	5,845	6,116	3,093	7,600
Professional Services	18,074	6,932	15,534	6,000
Staff Costs	243,404	231,779	267,207	361,084
Supplies and Materials	793	6,222	5,759	1,000
Travel and Accommodation	1,992	1,517	1,074	500
Vehicle Expenses	38,773	29,763	31,030	33,349
	380,434	396,483	475,850	501,475
<u>Indirect Expenditure</u>				
Depreciation (Funded)	21,755	21,600	17,369	26,298
Internal Expenses	163,486	196,135	299,888	210,133
	185,241	217,735	317,257	236,431
Net Surplus/(Deficit)	(3,820)	(72,495)	(152,278)	11,308
<u>Capital Expenditure</u>	23,843	0		0
<u>Funded by</u>				
Funding adjustments	(22,021)	11,036	(528)	(2,464)
District Operations Reserve	0	0		
Dog and Animal Control Reserve	(5,641)	(83,531)	(151,750)	13,772
	(1)	0	0	0
<u>Dog & Animal Control Reserve</u>				
Opening Balance	25,309	19,668	(63,863)	(215,613)
Plus Transfer to/(from) reserve	(5,641)	(83,531)	(151,750)	13,772
Closing Balance	19,668	(63,863)	(215,613)	(201,841)

Commentary

Here is some commentary around the more significant changes in the budgets.

Jun 20

The main reasons for the reserve decreasing from \$20K to (\$64K) were:

1. Less income than projected (general recoveries, livestock sales, dog impoundings, infringements issued.)
2. An increase in contractor callout costs for stock on roads.

Note that this was over budget by about \$10K, the contractor costs the previous year were particularly low.

3. Increases in internal costs relating to customer services.

Jun 21

The main reasons that the reserve is projected to decrease from (\$64K) to (\$215K) are:

1. Internal income reducing to \$57K. This code is mainly influenced by the income from other business units of Council, that contribute towards the salaries of staff housed in the animal control business unit.
2. The internal charge relating to customer services increasing by \$100K.

At that time customer services did some analytics of the time spent at dog registration time and determined that 2.5 FTE of staff time was required during the three-month period, and so the increase in funding was approved.

Jun 22

Some comments about the big changes budgeted for:

1. Dog registration income increasing because of the recommended increases in registration fees.
2. Internal income increasing due to a new internal charge. This relates to the part-funding of the new Te Anau based animal control officer from the environmental health business unit.
3. Funding of a new fulltime Te Anau based animal control officer. The officer started in December 2020.
4. Reforecasting downwards of some expenditure.
5. Reduction in the internal charge for customer services to 1.0 FTE, and transferring the costs of the 0.5 FTE dog control coordinator role from customer services to dog control.

Comparison with other councils

Fees and rates funding

Rates funding comparison

In February 2021, a recent series of posts on the NZ Institute of Animal Control Officers email forum advised of the following rates funding percentages of their dog control budgets:

- Dunedin – 30% rates
- Whakatāne – 30%
- Waikato – 47%
- Hamilton – 35%
- Tauranga – 10%.

Fees comparison

The table over page has SDC's proposed 2021/2022 fees compared with the 2020/2021 fees of other councils (simplified).

COUNCIL	WORKING	NON WORKING				
		Standard fee before discounts	Discounts			Fully discounted fee
			<i>Neutering</i>	<i>Good history</i>	<i>Fencing</i>	
SOUTHLAND (PROPOSED)	\$40	\$110	- \$10	-\$30	-\$20	\$50
INVERCARGILL	\$35	\$100	- \$15	-\$35		\$50 (the lowest potential fee)
GORE	\$25 +\$20 for poor history	\$120	- \$40	-\$20		\$60
CLUTHA	\$40	\$50 (rural non- working)				
		\$40 (rural working)				
		\$70 urban (working and non-working)				
		\$50 responsible				\$50
CENTRAL OTAGO	\$12	\$55				\$55
DUNEDIN	\$52 \$27 (2 nd and subsequent)	\$106	- \$10	- \$46		\$50
QUEENSTOWN	\$70 -\$20 fencing -\$20 good history	\$155	-\$40	-\$40	-\$40	\$55 (the lowest potential fee)

Potential efficiencies and increases in income

This attachment discusses some potential upcoming efficiencies and increases in income for the animal control business unit.

One-tag-for-life

In March 2021 the Hutt City Council dog control team announced to the NZ Institute of Animal Control Officers, of their intention this year to start issuing one-tag-for-life. They will be doing it in partnership with Wellington City and Selwyn District Councils. This means that all existing registered dogs with those councils, and new dogs, will receive a new aluminium tag this year, that will last for the life of the dog.

Council's dog control team has every intention of following their lead in 2022/2023 or 2023/2024, should this prove successful.

Re-issuing of tags every year significantly adds to the cost of dog registration (postal charges and staff time in processing).

Internal income for compliance services for Building Solutions and Resource Management

In March 2021, one of Council's animal control officers has started being trained in pool fencing compliance by the building solutions team. Also, it is proposed for the animal control team to start completing some compliance activities for the resource management team. While the demand for these services going forwards has not been determined, this will result in additional income for the dog control business unit.

SDC login, and no more cheques

This year Council's dog control officers will be encouraging dog owners to create a login to Council's website (to become "registered users"). This will make their dog registration process easier. This year is the first year with no cheques. This may result in more online registrations.

The greater the proportion of dog owners who register online, the more efficient the registration process is.

Working dogs

A number of dogs that have been registered as working dogs may not be working dogs. A staff project is to review these dogs and ensure that they are correctly registered. An increase in the proportion of non-working dogs will increase income from fees.

Unregistered dogs

Part of dog control monitoring is the identification of unregistered dogs. The more dogs that are found and registered, the greater the income from dog registration fees.

Section 37 Dog Control Act 1996

Territorial authority to set fees

- (1) The dog control fees payable to a territorial authority shall be those reasonable fees prescribed by resolution of that authority for the registration and control of dogs under this Act.
- (2) Any resolution made under subsection (1) may—
 - (a) fix fees for neutered dogs that are lower than the fee for dogs that have not been neutered;
 - (b) fix fees for working dogs that are lower than the fee for any other dog, and may limit the number of working dogs owned by any person which qualify for lower fees under this section;
 - (c) fix different fees for the various classes of working dogs;
 - (d) fix fees for dogs under a specified age (not exceeding 12 months) that are lower than the fee that would otherwise be payable for those dogs;
 - (e) fix, for any dog that is registered by any person who demonstrates to the satisfaction of any dog control officer that that person has a specified level of competency in terms of responsible dog ownership, a fee that is lower than the fee that would otherwise be payable for that dog;
 - (f) fix by way of penalty, subject to subsection (3), an additional fee, for the registration on or after the first day of the second month of the registration year or such later date as the authority may fix, of any dog that was required to be registered on the first day of that registration year;
 - (g) fix a fee for the issue of a replacement registration label or disc for any dog.
- (3) Any additional fee by way of penalty fixed under subsection (2)(f) shall not exceed 50% of the fee that would have been payable if the dog had been registered on the first day of the registration year.
- (4) In prescribing fees under this section, the territorial authority shall have regard to the relative costs of the registration and control of dogs in the various categories described in paragraphs (a) to (e) of subsection (2), and such other matters as the territorial authority considers relevant.
- (5) Where any 2 or more territorial authorities have formed a joint standing or joint special committee in accordance with section 7, the resolution of that committee under subsection (1) may fix different fees in respect of dogs kept in the different districts, having regard to the costs of registration and dog control in the districts concerned.
- (6) The territorial authority shall, at least once during the month preceding the start of every registration year, publicly notify in a newspaper circulating in its district the dog control fees fixed for the registration year.
- (7) Failure by the territorial authority to give the public notice required by subsection (6), or the occurrence of any error or misdescription in such public notice, shall not affect the liability of any person to comply with this Act or to pay any fee that is prescribed by the territorial authority under subsection (1).

- (8) No increase in the dog control fees for any year shall come into effect other than at the commencement of that year.”

Monthly Financial Report - February 2021

Record No: R/21/3/14128
Author: Lesley Smith, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Council with an overview of the financial results for the eight months to 28 February 2021 by the nine activity groups of Council, as well as the financial position, and the statement of cash flows as at 28 February 2021.
2. This report summarises Council's financial results for the eight months to 28 February 2021.

Recommendation

That the Council:

- a) **Receives the report titled "Monthly Financial Report - February 2021" dated 7 April 2021.**

Attachments

A Monthly Financial Report - February 2021 [↓](#)



Monthly financial report

February 2021

Southland District Council
Te Rohe Pōtae o Murihiku

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Executive summary

This monthly financial report summarises Council's financial results for the eight months to 28 February 2021.

The monthly financial report summary consolidates the business units within each of Council's groups of activities.

The monthly financial report includes:

- year to date (YTD) actuals, which are the actual costs incurred
- year to date (YTD) projection, which is based on the full year projection and is currently the combination of the Annual Plan and carry forwards
- year to date (YTD) budget, which is based on the full year Annual Plan budget with adjustments for phasing of budgets
- full year (FY) budget, which is the Annual Plan budget figures
- full year (FY) projection, which is the Annual Plan budget figures plus the carry forwards.

Phasing of budgets occurred in September, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.

Where phasing of budgets has not occurred, one twelfth of annual budgeted cost is used to calculate the monthly budget.

Carry forwards were entered in October and forecasting will occur in February.

Southland District Council summary reports use a materiality threshold to measure, monitor and report on financial performance and position of Council. The materiality threshold adopted by Council, together with the annual budget for 2020/2021 variances more or less than 10% of the original adopted budget and greater than \$10,000 in value.

Comments which are additional from previous reports are emphasised in blue.

Report contents:

- A. Council monthly summary
- B. Council summary report - income and expenditure and commentary
- C. statement of comprehensive income
- D. statement of financial position and movement commentary
- E. statement of cash flows.

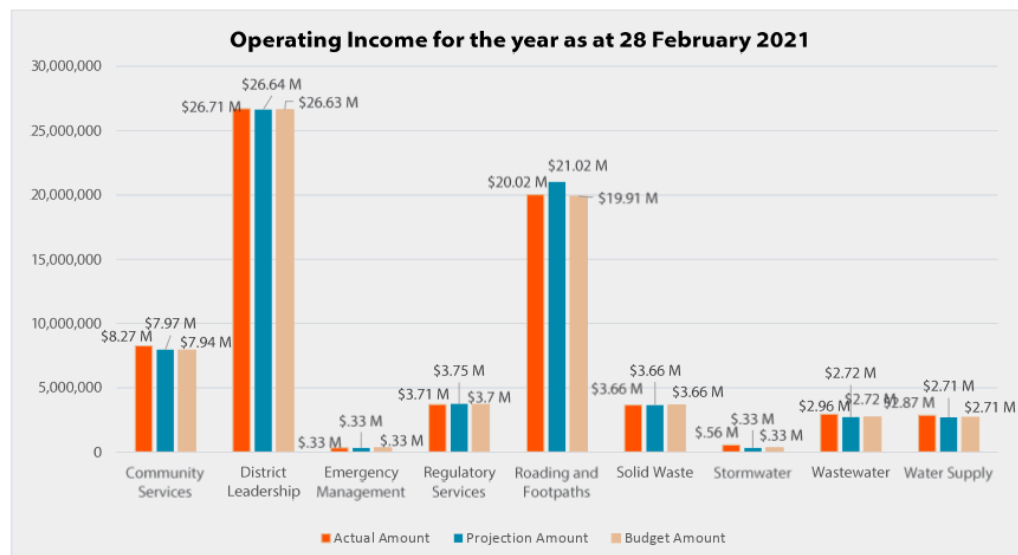
Abbreviation explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital expenditure
ELT	Executive leadership team
FYB	Full year budget
GDC	Gore District Council
GIS	Geographic information system
GMSE	GeoMedia smart client
GST	Goods and Services tax
ICC	Invercargill City Council
LED	Light emitting diode
LTP	Long Term Plan
ME	Month end
NZTA	Waka Kotahi NZ Transport Agency
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year end
YTD	Year to date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars

Council monthly summary

Income

Operating income is \$38,319 (0%) below projection YTD (\$69.1 million actual vs \$69.1million projection).



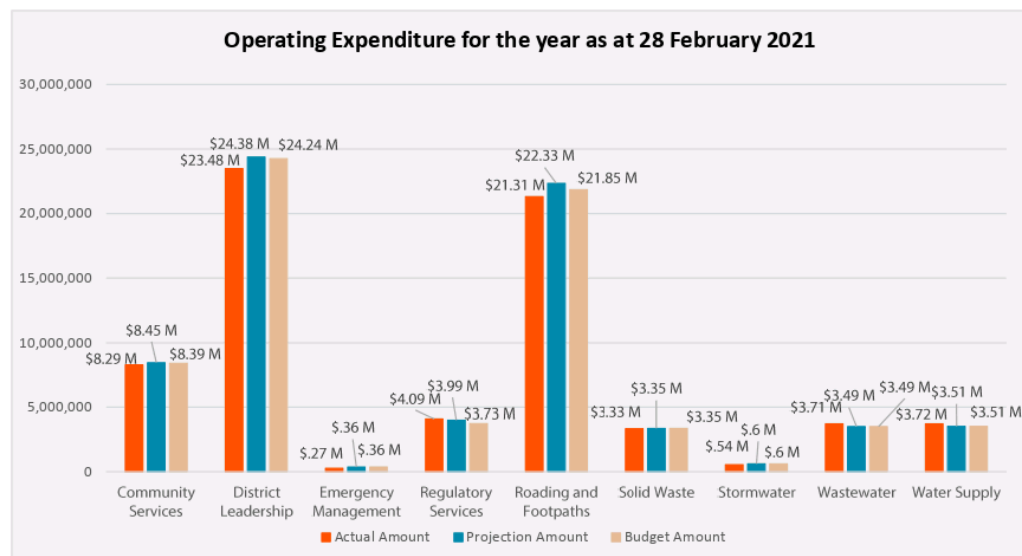
- **roading and footpaths** is \$1 million (5%) lower than projection due to timing of work
- **community services** is \$300,964 (4%) higher than projection
 - Council facilities income is \$253,180 (14%) higher than budget largely due to the proceeds from property sales. The Hokonui hall (\$95,000) and the land at Winton Wools (\$90,000) were sold with the proceeds from these sales currently sitting in reserves. The land at the Rakiura Museum (\$75,000) was disposed with the proceeds being paid to the Rakiura Heritage Trust, which is included under operational expenditure
 - parks and reserves income is \$65,052 (5%) higher than projection due to the Curio Bay reserve receiving a grant of \$49,507 to upgrade the water treatment from the 3 waters stimulus grant and will be included in forecasting
 - **SIESA income is \$62,576 (4%) higher than projection due to increased electricity sales and connection fees**
 - **water structures income is \$67,089 (91%) higher than projection due to the processing of a \$100,000 from the Stewart Island/Rakiura Visitor Levy Subcommittee to assist with the Ulva Island wharf rebuild**
 - public conveniences income is \$53,253 (9%) below projection, this is directly related to lower income from the Lions Park toilet and the grant yet to be received for the Monkey Island toilet
 - work schemes income is \$89,293 (36%) lower than projection, while the team has been taking a proactive approach to work with community boards to identify pieces of work that they can do within the budgets, the drop in number of workers coming through from corrections is having an impact on the team's ability to achieve the projected level of work, which in turn impacts the level

of income for the business unit, the revenue for the remainder of the year will be reduced as part of forecasting

- **district leadership** income is in line with projection. Included in district leadership is forestry. The income from harvesting of the Waikaia forest is \$2.43 million, \$553,000 (29%) higher than projection. The harvest operations at Waikaia are now complete with 22,325 tonnes recovered, 3,545 tonnes over projection. Both the yield per hectare and the price per tonne is higher than projected. Additionally, there is income from the three waters collaboration of \$402,502. The Otago Southland three waters collaboration is the new business unit created for the work the GM of services and assets is undertaking for the reform. Water Services income is \$164,000 higher due to 3 Waters Stimulus grant income. Milford Opportunities is \$119,100 higher than projection in the current financial year, the total income for the project has now been received and in line with the expected grant income for the project. Offsetting the increased revenue is \$958,000 of lower than projected revenue from corporate services (including Representation and Advocacy) charged across the organisation and investment income \$277,000 lower than projection
- **stormwater** income is \$228,424 (70%) higher than projection, \$226,000 relates to grant funding for 3 waters reform stimulus projects
- **wastewater** income is \$240,623 (9%) higher than projection, \$219,069 relates to grant funding for 3 waters reform stimulus projects
- **water supply** income is \$154,401 (6%) higher than projection, \$191,284 relates to grant funding for 3 waters reform stimulus projects, this is offset by water meter charges being \$57,742 lower than projection due to lower usage in Te Anau with hotels and motels either closed or experiencing reduced occupancy, the projected income for the year from water meter charges will be reduced by 40% as part of forecasting, with the shortfall funded by a loan, these repayments are currently not built into the LTP and may need to be incorporated as part of the LTP submission process

Expenditure

Operating expenditure is \$1.7 million (2%) under projection for the YTD (\$68.7 million actual vs \$70.4 million projection).



- **Community services** is \$162,479 (2%) lower than projection
 - community centres are below projection by \$53,034 (12%), the majority of the variance relates to projects which are on hold until the community boards determine the future of the halls at Fortrose and Clifden with the local community
 - **library services** are \$57,305 (6%) below projection due to staff vacancy and lower training and mileage costs as a result of the ongoing impact of Covid19 restrictions
 - SIESA costs are \$75,326 (6%) below projection mainly due to lower than projected fuel costs as diesel prices continue to be less than budgeted, along with a reduction in the management fee under the renewed contract
 - Te Anau airport is \$44,177 (19%) below projection, due to an underspend in general maintenance costs, Part 139 Certification costs and management fees. Runway maintenance tasks including spraying, sweeping and crack sealing are to be scheduled for the remainder of the year
 - **public conveniences costs** are \$62,268 higher than projection, **increase in cleaning and supplies costs** are \$36,000 higher than projection due to the new contracts coming in to place, including the increase in level of service with new facilities at Monkey Island and Clifden.
- **district leadership** is \$907,613 (4%) below projection
 - customer support is \$152,260 (19%) lower than projection, postage and staff costs are below projection due to the timing of postage charges, staff changes and minimal use of the casual budget at this time of the year

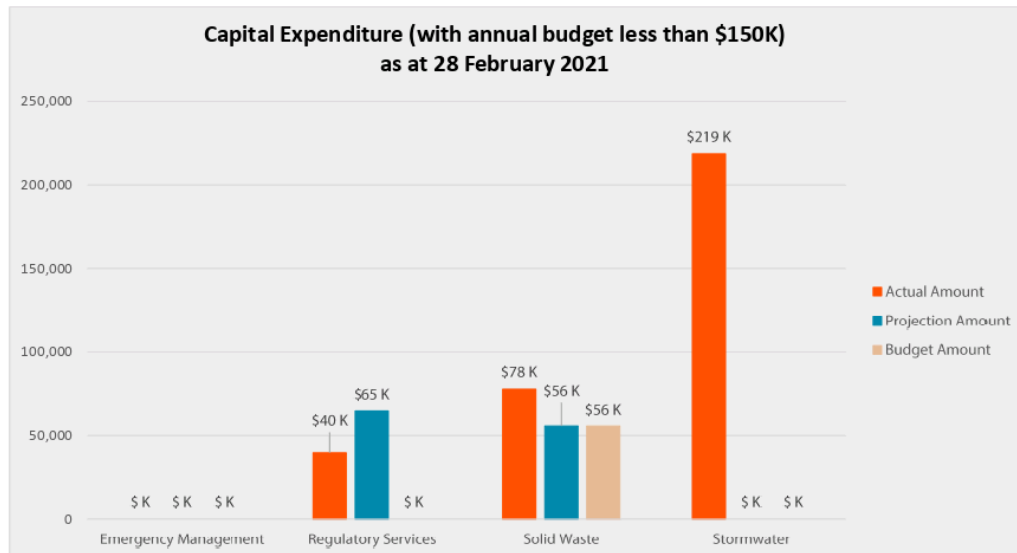
- governance is \$106,545 (22%) below projection due to a staff vacancy in the first half of the year resulting in lower than anticipated staff costs. Expenditure relating to training, office consumables and advertising has also been less than budget
- information management is \$149,115 (8%) below projection, the main variances are photocopying, staff and consulting costs. The loan interest is also below projection due to the capital programme completed in the last financial year being lower than budgeted
- community leadership is \$89,402 (11%) below projection, due to the timing of general projects
- this also includes allocations of corporate overhead costs to district leadership of \$754,000 lower than forecast, which are offset by revenue noted in the income section above
- forestry costs are \$134,163 (13%) higher than projected due to the additional tonnage harvested at the Waikaia block
- three waters collaboration costs are \$456,834, as explained above under the income section these are fully funded by contributions from the councils that form the collaboration group
- **regulatory services** are \$100,417 (3%) higher than projection
 - building control is \$361,259 (22%) higher than projection, as Council is aware additional expenditure has been required to ensure statutory compliance is met, these increased costs have been incorporated into the forecasting report presented to Finance and Assurance and Council in their next meetings
 - dog and animal control are \$81,869 (15%) lower than projection mainly due to lower than projected dog contractor costs as there have been lower call outs than expected
 - environmental health is \$42,966 (9%) lower than projection mainly due to freedom camping costs yet to be incurred
 - resource management is \$136,007 (10%) lower than projection with resource consent processing being \$114,670 higher than projection, mainly due to higher than projected consultancy fees for resource consent processing, ecological support for enforcement orders and onsite wastewater advice, this is offset by lower costs in resource planning (\$216,540), due to policy development for the Southland District Plan not advancing as quickly as anticipated
- **roading and footpaths** is \$1,016,081 (5%) below projection
 - roading administration is \$300,476 (47%) below projection, improvements to time tracking systems compared to when the budget was developed has seen recoverable work from projects for wages increase, this variance is \$67,000. Contribution to joint projects is \$154,000 under projection. This is the Pyramid bridge project, and we are awaiting the final invoice from Gore District Council, the cost of the project is expected to be under budget and the forecast will be updated to reflect this
 - roading district wide is \$505,542 (3%) below projection, environmental maintenance is \$439,093 over projected budget, this is weather related and is anticipated to be a timing difference, this is offset by emergency reinstatement being \$450,138 under projection. Emergency reinstatement work is on target to be completed by the end of the year. Network and asset management is \$347,658 under projection and is expected to come back in line over March. Structure maintenance is \$142,843 below projection, structure maintenance work has now commenced and this is deemed to be a timing difference
 - **street works is \$335,705 (68%) below projection, further to the points raised in the forecasting report, the footpath renewals work has now been procured with the**

programmes submitted by the contractors showing that the work is to be completed by the end of June

- **stormwater** is \$66,433 (11%) lower than projection, monitoring costs are \$49,293 lower than projection, total maintenance is in line with projection, the maintenance project at Limehills is \$14,970 lower than forecast and is a timing difference with the project expected to be completed prior to the end of the current financial year
- **wastewater** is \$219,022 (6%) higher than projection, included is \$59,180 of stimulus funded condition assessment. Routine maintenance costs are \$94,763 higher than budget due to increased costs at Edendale/Wyndham wastewater treatment plant and Curio Bay pump station costs
- **water supply** is \$210,824 (6%) higher than projection, included is \$56,150 of stimulus funded consultancy and \$74,588 of stimulus funded water safety plans. District maintenance costs are higher than projected, \$37,000 relates to the cartage of water and operation of the treatment plant at Curio Bay, routine maintenance is higher than originally budgeted due to an increase in sampling and monitoring as new requirements are introduced.

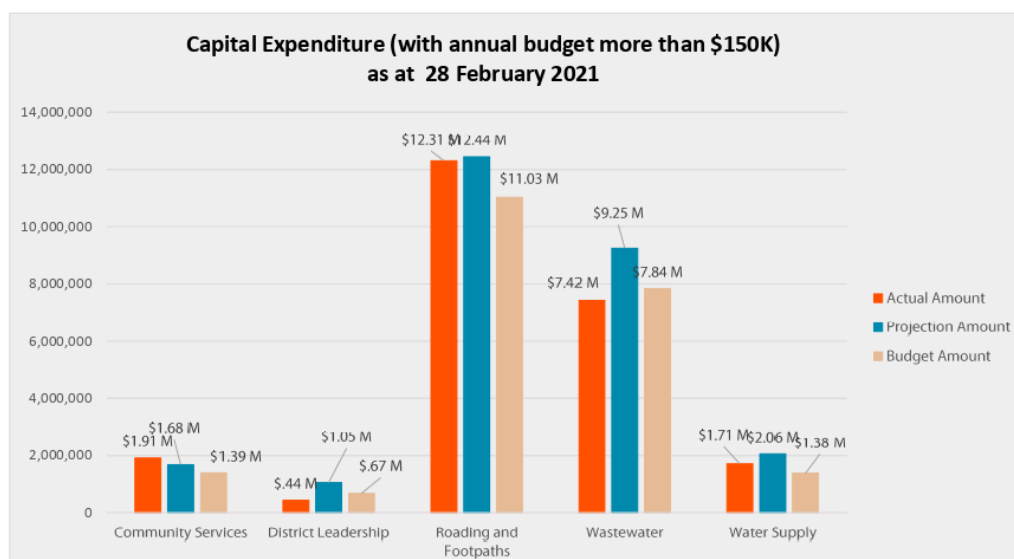
Capital expenditure (CAPEX)

Capital expenditure is \$2.5 million (9%) lower than projection year to date (\$24.1 million actual vs \$26.6 million projection).



- **regulatory services** capital expenditure of \$5,859 is for an upgrade to Council's software system to host online applications for new regulatory fees, along with \$33,872 for a new vehicle
- **solid waste** actual capital expenditure of \$34,000 is for additional wheelie bins that have been supplied. The cost is being met from wheelie bin recoveries. \$44,000 relates to capital expenditure at the transfer station at Stewart Island, compared to projection of \$56,000, the balance is a timing difference

- **stormwater** is \$218,564 above projection (\$0), this relates to 3 waters stimulus projects



- **community services** are \$229,826 (14%) higher than projection
 - Council facilities are \$230,477 (19%) higher than projection. \$356,000 relates to the capital works at the Te Anau office which have not been started and will be delayed as a result of efficiencies that can be gained by doing the RFID (radio frequency identification) project at the same time. This will be captured as part of the forecasting round. The costs for the Invercargill office are \$473,000 higher than projected, \$845,825 was mistakenly not carry forward for this project to 2021 and will be corrected along with a review of the total project cost as part of forecasting. \$114,000 of costs have been incurred on the Winton office this variance is due to phasing of the timing of the Winton office budget
 - library services are \$36,986 (27%) below projection. The industry is still experiencing disruption to publishing and distribution of new titles with many releases pushed back many months resulting in a much smaller assortment of titles available to purchase
 - parks and reserves are \$97,048 higher than projection, \$49,507 relates to the Curio Bay upgrade to the water treatment plant from the 3 waters stimulus grant, along with Stewart Island water front playground cost of \$43,438, this variance is due to phasing
- **district leadership** is \$618,431 (59%) under projection. Information management capital expenditure for software renewal is below projection. This relates to core systems and is not expected to be spent this financial year with the unspent budget being moved to the next financial year
- **roding and footpaths** are \$136,728 (1%) under projection
 - district roding is \$358,088 (3%) below projection with sealed road resurfacing \$1.3 million over projection, pavement rehabilitation is \$282,000 below projection with work on track to be completed by April. Footpath renewals (\$532,000) and unsealed road metal renewals

Monthly financial report – February 2021

(\$337,265) are below projection. Traffic services (\$424,000) are below projection, the work programme is expected to be completed by the end of the financial year

- street works is \$251,761 (75%) ahead of projection due to timing of works and the budgeting of recovery of local share as operational expenditure, the budget has been moved to capital as part of forecasting
- wastewater is \$1.8 million (19%) below projection and is a timing difference related to the phasing of the Te Anau wastewater upgrade project budget, this is currently expected to be completed within the financial year, assuming no further supply chain issues due to Covid-19
- water supply is \$352,984 (17%) under projection, the main variance is related to the phasing of the Lakefront Drive Te Anau water main renewal project, this project is expected to be completed prior to the end of June

Council summary report

Southland District Council Financial Summary
for the period ending 28 February 2021

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	8,270,523	7,969,539	7,941,053	300,964	4%	12,763,993	12,711,306	(52,687)	(0%)
District Leadership	26,710,630	26,640,637	26,627,723	69,993	0%	38,209,534	38,190,162	(19,372)	(0%)
Emergency Management	333,818	332,957	332,957	861	0%	499,435	499,435	(0)	(0%)
Regulatory Services	3,714,912	3,754,107	3,703,037	(39,195)	(1%)	5,436,704	5,360,101	(76,604)	(1%)
Roading and Footpaths	20,023,515	21,024,998	19,914,323	(1,001,484)	(5%)	32,116,474	30,551,021	(1,565,453)	(5%)
Solid Waste	3,662,212	3,655,118	3,655,118	7,094	0%	5,481,398	5,481,398	0	0%
Stormwater	555,060	326,636	326,636	228,424	70%	547,110	547,110	(0)	(0%)
Wastewater	2,958,587	2,717,964	2,717,964	240,623	9%	6,074,785	6,074,785	0	0%
Water Supply	2,867,230	2,712,829	2,712,829	154,401	6%	4,148,304	4,148,304	0	0%
Total	\$69,096,486	\$69,134,805	\$67,931,640	(38,319)	(0%)	\$105,277,737	\$103,563,623	(1,714,115)	(2%)

Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	8,288,026	8,450,505	8,391,999	(162,479)	2%	13,773,395	13,715,805	(57,591)	(0%)
District Leadership	23,475,049	24,382,662	24,240,068	(907,613)	4%	39,230,070	38,976,808	(253,262)	(1%)
Emergency Management	269,166	360,850	360,850	(91,683)	25%	499,435	499,435	(0)	(0%)
Regulatory Services	4,094,336	3,993,919	3,730,680	100,417	(3%)	6,235,997	5,799,219	(436,778)	(7%)
Roading and Footpaths	21,314,787	22,330,868	21,849,729	(1,016,081)	5%	33,440,562	32,903,715	(536,847)	(2%)
Solid Waste	3,330,627	3,349,150	3,349,150	(18,523)	1%	5,259,915	5,259,916	1	0%
Stormwater	538,362	604,795	604,795	(66,433)	11%	905,066	905,067	1	0%
Wastewater	3,712,611	3,493,589	3,493,589	219,022	(6%)	5,181,109	5,181,109	(0)	(0%)
Water Supply	3,720,155	3,509,331	3,509,331	210,824	(6%)	5,193,632	5,193,631	(1)	(0%)
Total	\$68,743,119	\$70,475,669	\$69,530,192	(1,732,550)	2%	\$109,719,181	\$108,434,705	(1,284,476)	(1%)
Net Surplus/Deficit	\$353,367	(\$1,340,864)	(\$1,598,552)	1,694,231	(3%)	(\$4,441,444)	(\$4,871,083)	(429,639)	(9%)

Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	1,910,074	1,680,248	1,394,668	229,826	14%	3,795,063	3,258,909	(536,154)	(14%)
District Leadership	435,415	1,053,846	672,227	(618,431)	(59%)	1,342,518	734,319	(608,199)	(45%)
Emergency Management	-	-	0	0	0%	-	-	0	0%
Regulatory Services	39,731	64,727	0	(24,996)	0%	170,206	73,116	(97,090)	(57%)
Roading and Footpaths	12,305,727	12,442,455	11,031,560	(136,728)	(1%)	20,120,768	17,489,071	(2,631,697)	(13%)
Solid Waste	77,802	55,706	55,706	22,096	40%	143,973	143,974	1	0%
Stormwater	218,564	-	0	218,564	-	20,000	20,000	0	0%
Wastewater	7,416,638	9,246,146	7,838,162	(1,829,508)	(20%)	14,766,150	12,590,760	(2,175,390)	(15%)
Water Supply	1,706,907	2,059,891	1,382,631	(352,984)	(17%)	6,820,762	5,074,805	(1,745,957)	(26%)
Total	\$24,110,857	\$26,603,019	\$22,374,955	(2,492,163)	(9%)	\$47,179,440	\$39,384,954	(7,794,486)	(17%)

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Monthly financial report – February 2021

ACTIVITIES REPORTING UNDER GROUPS LISTED		
COMMUNITY SERVICES	DISTRICT LEADERSHIP	REGULATORY SERVICES
Community assistance (Includes Community Partnership Fund which supports local initiatives and projects, along with grants and donations)	Representation and advocacy (includes governance, Council and councillor costs, Council Elections and chief executive)	Building control
Parks and reserves	Community futures (District development services which includes community leadership, regional development funding and Stewart Island Visitor Levy)	Resource management
Cemeteries	District support (Includes the area offices and the operating costs for the communities)	Animal control
Community facilities (Includes community centres)	Customer and corporate support (Includes people and capability, communications, strategy and policy, finance, information management)	Environmental health
Community housing	Forestry	
Library services		
Public toilets		
Airports		
Electricity supply		

Statement of comprehensive income

Statement of Comprehensive Revenue and Expenses for the period ending 28 February 2021					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	32,808,029	32,821,528	32,821,528	49,531,501	49,531,500
Other Revenue	7,157,174	6,344,805	6,293,735	8,392,842	8,316,238
Interest and Dividends	43,915	48,509	48,509	72,763	72,763
NZ Transport Agency Funding	10,156,992	10,928,967	10,188,014	16,645,226	15,507,078
Grants and Subsidies	4,026,242	2,969,016	2,581,982	5,768,939	5,305,740
Other gains/losses	266,288	20,889	20,889	(258,353)	(258,353)
Vested Assets	0	0	0	0	0
Development and financial contributions	2,199	17,459	6,963	40,160	24,416
	54,460,838	53,151,173	51,961,620	80,193,078	78,499,382
Expenditure					
Employee Benefit Expense	10,016,799	9,697,450	9,650,315	15,355,731	15,279,127
Depreciation and Amortisation	15,899,327	15,876,722	15,876,722	23,815,083	23,815,083
Finance Costs	14,452	57,891	57,891	422,445	422,445
Other Council Expenditure	28,176,893	28,859,974	27,975,243	45,041,262	43,853,810
	54,107,470	54,492,037	53,560,172	84,634,522	83,370,465
Total Comprehensive Income	353,367	(1,340,864)	(1,598,552)	(4,441,444)	(4,871,083)

Note:

The revenue and expenditure in the comprehensive income statement does not reconcile to the total income and total expenditure reported in the Council summary report on page 10 due to the elimination of the internal transactions. However, the net surplus/deficit (as per the Council summary report) matches the total comprehensive income (as per the statement of comprehensive income).

The presentation of the statement of comprehensive income aligns with Council's annual report. The annual report is based on national approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, eg finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units. Within the annual report, Council also prepare activity funding impact statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires internal charges and overheads recovered be disclosed separately. The Council summary report is a summary of what these activity funding impact statements will disclose for income and expenditure at year end.

Statement of financial position

Council's financial position as at 28 February 2021 is detailed below. The statement of financial position below only includes Southland District Council and SIESA financials. This means that the statement of financial position for 30 June 2020 differs from the audited annual report which includes Venture Southland and Wastenet financials.

SOUTHLAND DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION as at 28 February 2021

	Actual 28-Feb-21	Actual 30-Jun-20
Equity		
Retained Earnings	719,739,829	719,386,462
Asset Revaluation Reserves	837,648,066	837,648,066
Other Reserves	41,811,957	41,811,957
Share Revaluation	3,576,565	3,576,565
	<u>1,602,776,420</u>	<u>1,602,423,050</u>
Represented by:		
Current Assets		
Cash and Cash Equivalents	12,234,372	11,498,789
Trade and Other Receivables	5,356,869	10,682,710
Inventories	126,512	126,512
Other Financial Assets	2,515,407	2,017,930
Property, Plant and Equipment	-	-
	<u>20,233,161</u>	<u>24,325,942</u>
Non-Current Assets		
Property, Plant and Equipment	1,585,462,283	1,576,652,956
Intangible Assets	3,354,235	3,618,162
Forestry Assets	12,260,000	12,260,000
Internal Loans	33,866,032	35,338,083
Work in Progress	359,662	713,532
Investment in Associates	944,624	944,624
Other Financial Assets	1,713	2,105
	<u>1,636,248,548</u>	<u>1,629,529,462</u>
TOTAL ASSETS	<u>1,656,481,709</u>	<u>1,653,855,404</u>
Current Liabilities		
Trade and Other Payables	16,037,775	9,379,639
Contract Retentions and Deposits	459,537	449,867
Employee Benefit Liabilities	1,529,737	1,984,447
Development and Financial Contributions	1,777,667	1,745,776
Borrowings	-	2,500,000
Provisions	14,000	14,000
	<u>19,818,717</u>	<u>16,073,729</u>
Non-Current Liabilities		
Employment Benefit Liabilities	18,631	18,631
Provisions	1,910	1,910
Internal Loans - Liability	33,866,032	35,338,084
	<u>33,886,572</u>	<u>35,358,625</u>
TOTAL LIABILITIES	<u>53,705,289</u>	<u>51,432,354</u>
NET ASSETS	<u>1,602,776,420</u>	<u>1,602,423,050</u>

Statement of cash flows

Statement of Cashflows for the period ended 28 February 2021	
	2020/2021
	YTD Actual
Cash Flows from Operating Activities	
Receipts from rates	34,766,784
Receipts from other revenue (including NZTA)	23,609,707
Cash receipts from Interest and Dividends	43,915
Payment to Suppliers	(21,315,782)
Payment to Employees	(10,471,508)
Interest Paid	(14,452)
GST General Ledger (net)	938,573
Net Cash Inflow (Outflow) from Operating Activities	27,557,236
Cash Flows from Investing Activities	
Receipts from sale of PPE	266,288
(Increase)/Decrease Other Financial Assets	(497,085)
Purchase of property, plant and equipment	(24,354,784)
Purchase of Forestry Assets	-
Purchase of Intangible Assets	263,927
Net Cash Inflow (Outflow) from Investing Activities	(24,321,654)
Cash Flows from Financing Activities	
Increase/(Decrease) Term Loans	(2,500,000)
Increase/(Decrease) Finance Leases	-
Net Cash Inflow (Outflow) from Financing Activities	(2,500,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	735,583
Cash and Cash Equivalents at the beginning of the year	11,498,789
Cash and Cash Equivalents at the end of June	12,234,372

Cash and cash equivalents and other financial assets

1. At 28 February 2021, Council had \$4.5 million invested in two term deposits with maturity as shown in the table below.

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 2,000,000	0.44%	30-Nov-20	18-Mar-21
Westpac	\$ 2,500,000	0.50%	30-Nov-20	18-Mar-21
Total	\$ 4,500,000			

2. At 28 February 2021, SIESA had \$2.07 million invested in seven term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 300,000	1.82%	6-Jul-20	6-Apr-21
BNZ	\$ 370,000	1.31%	2-Sep-20	6-Apr-21
BNZ	\$ 200,000	0.85%	4-Nov-20	4-May-21
BNZ	\$ 250,000	0.89%	2-Dec-20	2-Jun-21
BNZ	\$ 350,000	0.87%	25-Jan-21	26-Jul-21
BNZ	\$ 250,000	0.87%	2-Feb-21	2-Nov-21
BNZ	\$ 350,000	0.90%	23-Feb-21	23-Aug-21
Total	\$ 2,070,000			

3. Funds on call at 28 February 2021:

Funds on Call				
	Amount	Bank	Account	Interest Rate
SDC	\$ 7,014,085	BNZ	Funds on Call	0.05%
	\$ 10,000	BNZ	Operating Bank Acc	0.05%
	\$ 494,854	BNZ	Restricted Funds Acc	0.05%
SIESA	\$ 213,392	BNZ	Funds on Call	0.05%
Total	\$ 7,732,332			

Council's Investment and Liability Policy states that Council can invest no more than \$10 million with one bank. Investments and funds on call, comply with the SDC Investment Policy.

4. Reconciliation to statement of financial position:

	Amount
Cash and Cash Equivalents	
Note 1 - SDC Investments	\$ 4,500,000
Note 2 - SIESA Investments	\$ 2,070,000
Note 3 - Funds on Call	\$ 7,732,332
Total Cash and Cash Equivalents	\$ 14,302,332
Add Other Financial Assets	
Cash on Hand	\$ 2,040
Loan Advances - Developers Contributions	\$ 1,713
Loans - Community	\$ 34,585
Civic Assurance Shares	\$ 12,572
Milford Sound Tourism Shares	\$ 398,249
Total Other Financial Assets	\$ 449,160
Total Cash and Cash Equivalents and other financial assets	\$ 14,751,492
Per the Statement of Financial Position	
Cash & Cash Equivalents	\$ 12,234,372
Other Financial Assets - Current Assets	\$ 2,515,407
Other Financial Assets - Non Current Assets	\$ 1,713
Total per Statement of Financial Position	\$ 14,751,492

Forecasted Financial Position for the year ending 30 June 2021

Record No: R/21/2/7496
Author: Joanie Nel, Management Accountant
Approved by: Anne Robson, Chief Financial Officer

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To inform Council of the expected year-end financial result compared to the published 2020/2021 Annual Plan and seek approval from Council to approve the resulting forecasted position.
- 2 Seek approval for a number of unbudgeted expenditure requests, including the deletion and deferral of a number of projects.

Executive Summary

- 3 Forecasting the financial position for the year ended 30 June 2021, is intended to provide information about what has changed since the budget was approved, why it has occurred and what the result is expected to be at the end of the year. Forecasting is based on the best knowledge that the relevant staff have at a point in time and events can overtake this.
- 4 In considering the final position, staff consider what they planned to do in the Annual Plan, the projects carried forward from 2019/20 that were approved by Council on 21 October 2020, unbudgeted expenditure requests approved by Council or committees during the year and the expected year-end position as a result of operational decisions and information.
- 5 Forecasting enables the organisation to understand the anticipated year-end position at all levels. It will also assist with decisions and priorities for spending across Council.
- 6 The budgeted expenditure included in the Annual Plan for the 2020/2021 year was adopted in June 2020. Therefore since this date a number of events have potentially occurred that will change the year-end position. Forecasting allows a formal process to communicate to the Executive Leadership Team (ELT), Finance and Assurance Committee and Council any known or expected changes. The net change by business units is shown in appendix A.
- 7 The effect of the forecast changes on the Statement of Comprehensive Revenue and Expenditure and Statement of Financial Position is shown in appendix B and C.
- 8 The forecasted statement of financial position in Appendix C reflects Term Loans to be drawn down as per the Annual Plan 2020/21 of \$19,019,000. Staff are currently reviewing its cash flow need due to additional funds being received and project timing. Going forward, a cashflow statement will be included in the forecasting process.
- 9 As part of this report, approval is also sought for unbudgeted expenditure requests that have not been advised to Council previously. Additionally there are a number of projects that have been identified as needing to be deferred to future years. A detailed list of these projects can be found

in appendix D. There is also a list of projects that are to be deleted, or where a project is completed under budget, the remaining budget is to be deleted, contained in appendix E.

- 10 Subsequent to the Finance & Assurance Committee meeting, Council staff have identified/clarified the financial needs of the building regulation team and the Invercargill and Te Anau office. Additionally, approval for the Ramparts water supply pump has been moved to Council approval further to the Te Anau Basin water supply subcommittee meeting recommending approval by Council at its recent meeting. Overall the changes to the resolutions have been bolded. Some explanations in Appendix A have also been expanded to provide greater clarity.
- 11 As a result of the changes noted above, the overall deficit for the financial year to 30 June 2020 has reduced to \$17,000.

Recommendation

That the Council:

- a) **Receives the report titled “Forecasted Financial Position for the year ending 30 June 2021” dated 7 April 2021.**
- 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) Recommends to Council that it approve the changes as detailed in appendix A subject to the separate unbudgeted expenditure reports noted in resolution J being approved by Council.
- e) **Notes the forecasted changes to Council’s year-end financial performance and position as detailed in appendix B and C.**
- f) Approves the deletion of the following 2020-21 projects:

Business Unit	Project	Amount
District Water	District Monitoring	\$214,578
Stormwater Lumsden	Reticulation Upgrade SE Catchment	\$20,000
Water Supply Riverton	Scheme Improvements	\$131,564
Sewerage Riverton	Treatment Upgrade & Sewer Pumps	\$31,728
Water Supply Te Anau	Metering - District Metered Areas	\$101,500
Water Supply Homestead	Plant room valves (Homestead)	\$7,169
Hall - Waianiwa	Exterior and roof repaint- Waianiwa Hall	\$31,335
Water Supply Winton	Metering - District Metered Areas	\$32,506
Water Supply Eden/Wyn	District Metered Areas	\$19,475

- g) Approve the following unbudgeted expenditure and funding source:

Business Unit	Expense	Amount	Funding Source
Alcohol Licensing	Software – Acq LOS	\$9,000	Loan
Beautification - Athol	Improvements - Acq LOS	\$6,424	Savings within business unit
Beautification - Balfour	Mowing	\$7,310	Balfour General Reserve
Beautification - Garston	Mowing	\$1,333	Garston Special Projects Reserve

Beautification - Nightcaps	Maintenance – Gardening	\$1,652	Nightcaps McGregor Park Reserve
Beautification - Orepuki	Mowing	\$1,708	Orepuki General Reserve
Beautification - Stewart Is	Maintenance – Gardening	\$800	Stewart Island General Reserve
Beautification - Tokanui	Mowing	\$4,411	Tokanui General Reserve
Beautification - Tuatapere	Mowing	\$4,280	Tuatapere General Reserve
Recreation Reserve - Lumsden	Electricity	\$4,400	Lumsden General Reserve
Frasers Beach	Maintenance General	\$3,429	Manapouri Frasers Beach Reserve
Beautification - Riversdale	Maintenance General	\$2,500	Riversdale General Reserve
Playground - Riversdale	Maintenance Project	\$3,000	Riversdale General Reserve
Beautification - Riverton	Maintenance General	\$2,057	Riverton General Reserve
Beautification - Thornbury	Maintenance General	\$3,000	Thornbury General Reserve
Hall - Tokanui	Maintenance Internal	\$4,089	Community Centre Tokanui Reserve
Motor Vehicle Pool	Vehicles - Acquisition LOS	\$8,211	Savings within business unit
Beautification - Winton	Maintenance Gardening	\$11,956	Winton General reserve
Buildings - Invercargill Office	Rentals – Carparks, Cleaning, Consultants, toilet supplies	\$98,176	Property development reserve
Buildings - Otautau Office	Cleaning	\$15,484	Property development reserve
Buildings - Te Anau Library	Cleaning	\$20,484	Property development reserve
Buildings - Lumsden Office	Toilet Supplies, Cleaning	\$7,900	Property development reserve
Buildings - Otautau Office	Toilet Supplies	\$1,500	Property development reserve
Buildings - Te Anau Library	Toilet Supplies	\$800	Property development reserve
Buildings - Te Anau Office	Cleaning	\$9,211	Property development reserve
Buildings - Wyndham Office	Toilet Supplies, Cleaning	\$4,000	Property development reserve
Cemetery - Wairio	Mowing, pruning	\$6,248	Wairio Cemetery Reserve
Cemetery - Dipton	Maintenance General	\$2,456	Dipton Cemetery Reserve
Cemetery - Edendale	Maintenance – Tree and Hedge	\$2,000	Edendale Cemetery Reserve
Community Centre - Limehills	Buildings - Renewal	\$13,473	Loan
Council and Councillors	Accommodation and Meals, Consultants	\$34,514	District Ops Reserve

Council

14 April 2021

District Sewerage	Improvements - Renewals	\$17,742	Internal Loan
District Sewerage	Consultants	39,055	Internal Loan
Dog and Animal Control	Software - Acquisition LOS	\$9,000	Loan
Engineering Administration	Allowance - Taxable	\$23,310	District Ops Reserve
Environmental Health	Software - Acquisition LOS	\$16,500	Health Licensing Reserve
Resource Consent Processing	Consultants, Legal costs	\$190,000	District Ops Reserve
Forest Administration	Consultants	\$10,000	Forestry Reserve
Harbour	Legal Costs	\$20,000	Riverton Harbour General Reserve
Moturau Gardens	Mowing, Gardening	\$7,820	Stewart Island General Reserve
People and Capability	Recruitment, legal costs	\$71,597	District Ops Reserve
Playground - Athol	Maint - General	\$10,363	Athol General Reserve
Toilets - Frasers Beach	Cleaning	\$4,785	Loan
Toilets - Cosy Nook, Monkey Island	Cleaning	\$10,377	Loan
Toilets - Te Anau Lions Park	Toilet Supplies	\$12,000	Loan
Toilets - Waikaia	Cleaning	\$16,068	Loan
Toilets - Weirs Beach	Maintenance – General	\$3,000	Loan
Toilets - Athol	Toilet Supplies, Cleaning	\$3,951	Loan
Toilets - Balfour Plunket Room	Cleaning, Maintenance	\$2,801	Loan
Toilets - Colac Bay Playground	Vandalism - Repair Cost	\$2,000	Loan
Toilet - Colac Bay - East End	Cleaning	\$2,155	Loan
Toilets - Dipton	Toilet Supplies, Cleaning	\$6,199	Loan
Toilets - Garston	Toilet Supplies, septic tank cleaning	\$25,801	Loan
Toilets - Gorge Road Hall	Cleaning	\$1,311	Loan
Toilets - Lumsden	Cleaning, Maintenance	\$5,683	Loan
Toilets - Pearl Harbour	Vandalism - Repair Cost	\$470	Loan
Toilets - Mossburn	Electricity, Maintenance	\$3,150	Loan
Toilets - Nightcaps	Cleaning	\$3,515	Loan
Toilets - Ohai	Toilet Supplies, Cleaning	\$4,833	Loan
Toilets - Orepuki Hall	Cleaning	\$367	Loan
Toilets - Riversdale Hall	Cleaning	\$6,453	Loan

Toilets - Riverton Princess St	Cleaning, Maintenance	\$9,599	Loan
Toilets-Howells PT, Taramea Bay	Various operational costs	\$3,850	Loan
Toilets - Rec Res, T Wharf, Rocks	Cleaning, Maintenance	\$3,686	Loan
Toilets - Cosy Nook, Monkey Island	Toilet Supplies	\$4,000	Loan
Toilets - Motorau, Trail, Bat	Cleaning	\$500	Loan
Toilets - Te Anau Ivon Wilson	Toilet Supplies, Cleaning	\$3,109	Loan
Toilets - Boat Hbr, Town Centre	Electricity	\$8,500	Loan
Toilets - Thornbury Playground	Cleaning	\$2,589	Loan
Toilets - Waikawa	Monitoring, Maintenance	\$6,000	Loan
Toilet-Fortrose Foreshore Res	Maintenance - General	\$2,000	Loan
Toilets - Tokanui	Cleaning	\$1,445	Loan
Toilets - Tuatapere Main Road	Toilet Supplies, Cleaning	\$7,212	Loan
Toilets - Clifden	Cleaning	\$19,181	Loan
Toilets - Te Waewae Lagoon	Toilet Supplies	\$500	Loan
Toilets - Waikaia	Toilet Supplies	\$1,400	Loan
Toilets - Wallacetown	Cleaning	\$597	Loan
Toilets - Winton main Street	Toilet Supplies	\$6,400	Loan
Toilets - Colac Bay Playground	Maintenance - General	\$14,738	Loan
Recreation Reserve - Wairio	Mowing	\$3,600	Wairio Rec Reserve
Roading - Special Purpose	Emergency Reinstatement	\$2,276,500	Waka Kotahi NZTA funded
Stormwater Riverton	Maintenance – General	\$25,171	Riverton Stormwater reserve
SIESA - Operations	Other Plant - Renewal	\$20,000	SIESA Operations reserve
Water Supply Manapouri	Water - Acquisition LOS	\$11,578	Internal Loan
Water Supply Mount York	Water - Renewal	\$10,783	Internal Loan
Water Supply Takitimu	Maintenance - Routine	\$15,000	Internal Loan
Wheelie Bins	Other Plant - Acq LOS	\$40,677	Internal Loan
Wheelie Bins	Recycling sorting	\$35,000	Internal Loan
Water Supply Lumsden/Balfour	Water- Renewal	\$28,142	Internal Loan
Buildings Invercargill office	Buildings improvements	\$604,175	Internal Loan
Water Supply Ramparts	Water Renewal, Maintenance	\$23,019	Internal Loan

Council

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Around the Mountains Cycle Trail	Unsealed Roads - Acq LOS (Cattle stop improvement)	\$32,535	MBIE funding, savings within business unit
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- h) Approve to defer the following projects to the 2021/22 financial year:

Business Unit	Project	Amount	Funding Source
Information Management	Core System replacement	\$923,210	Loan
Waste Minimisation	Waste Management	\$60,414	Loan
Street Works - Stewart Island	New walking track Horseshoe Bay Road part 1	\$52,583	Grants
Street Works - Stewart Island	Walking track Horseshoe Bay Road part 3	\$54,922	Grants
Resource Planning/Policy	District Plan General projects budget	\$400,000	District Ops Reserve
Water structures	Golden bay wharf rebuild	\$400,000	Grant
Parks and Reserve	Centre walkway to CBD	\$10,445	Development Contributions
Parks and Reserve	Netball court resurface	\$28,119	Loan
Buildings Te Anau Library	Upgrade of Library	\$534,278	Loan

- i) Recommends to Council to approve the bringing forward of the following project budget from the 2021/22 financial year:

Business Unit	Project	Amount	Funding Source
District Reserves Management	Open spaces- increased consultancy to cover fees for the Green asset assessment, IPS implementation and the development of the Open spaces criteria	\$86,000	Loan

- j) Notes to Council that separate unbudgeted expenditure reports will be presented on the following items, outside of this report:

Business Unit	Expense	Amount	Funding Source
Around the Mountains Cycle Trail	Unsealed Roads - Acq LOS	\$80,000	MBIE funding
Around the Mountains Cycle Trail	Maintenance - Internal	\$19,000	MBIE funding
District Sewerage	Maintenance (routine & unplanned)	\$370,000	Internal Loan
District Water	Water - Acquisition LOS	\$135,000	Internal Loan
District Water	Maintenance – Routine & Unplanned	\$285,000	Internal Loan

Sewerage Scheme Winton	Sewerage - Renewals	\$130,000	Internal Loan
Water Supply Ramparts	Water - Renewal	\$57,440	Internal Loan
Water Supply Tuatapere	Water - Acquisition	\$72,000	Internal Loan
Building Regulation	Various operating costs	\$236,216	Fees and charges

Background

- 12 Forecasting enables transparency and informs Council of the anticipated year end financial result. Forecasting was first undertaken in November 2015 and since then forecasting has been undertaken twice a year, as at the end of October and the end of January or February, depending on meeting timetables. However, due to time constraints around the Long Term Plan, the first round of forecasting was not held in October 2020 and as such what would normally have been the second round of forecasting for the financial year has now become the only opportunity to make changes to the budgets for the 2020/21 financial year other than through unbudgeted expenditure reports. As such, this round of forecasting has seen a significant increase in entries, as can be seen from the resolutions to this report. Council staff are also looking into internal processes and systems to improve and streamline this process going forward.
- 13 In regards to projects identified as needing to be deferred to 2021/22, some of these projects have already been included in the Long Term Plan. Council staff will include the remainder of these and the impact into year one of the Long Term plan via the staff submission process.
- 14 Budget managers were requested to undertake forecasts for their business units where the expected overall outcome would vary from the budget in the annual plan by specified tolerance levels. These net levels are set at:
 - \$1,000 for Council-owned halls
 - \$1,000 to \$10,000 for townships depending on their operational expenditure in the current year
 - \$10,000 for all District business units. The maximum limit of \$10,000 was set in line with the delegation held by the Chief Executive.
- 15 Changes due to forecasting have been included in the attachments as follows.
 - Appendix A - provides details of changes to revenue, operating expenditure and capital expenditure for each business unit with commentary from the budget manager.
 - Appendix B - shows the net effect of the changes to the Statement of Comprehensive Revenue and Expenditure for the year-ended 30 June 2021.
 - Appendix C - shows the effect of changes to the Statement of Financial Position for the year ending 30 June 2021.
 - Appendix D - provides details of the specific projects being deferred to future years. Currently staff are looking to incorporate the changes to the 21/22 year into the Long Term Plan through the staff submission process
 - Appendix E - provides details of the specific projects being deleted.

Council

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- 16 A breakdown of the movement of projects (both capital and operational) as a result of carry forwards and forecasting for the 2020/2021 year is as follows:

FINANCIAL ACTIVITY	AMOUNT
Projects as per the 2020/2021 Annual Plan	\$22,384,970
Projects carried forward from 2019/2020	\$5,982,296
February forecasting movement	(\$5,003,449)
Projects approved via unbudgeted expenditure reports	\$4,045,391
Expected project costs for 2020/21	\$27,409,208

- 17 The roading capital programme for the year is as follows:

FINANCIAL ACTIVITY	AMOUNT
Roading capital programme as per the 2020/2021 Annual Plan (including carry forwards)	\$19,333,794
February forecasting movement	\$0
Expected roading capital programme for 2020/21	\$19,333,794

- 18 In addition to this, roading also included an additional \$2.2 million of emergency repairs due to flooding of the Lower Hollyford Road, fully funded by the Waka Kotahi NZ Transport Agency.
- 19 Appendix B outlines the overall impact of the changes on the forecast statement of comprehensive revenue and expenditure. Details of the major forecasting changes can be found in appendix A and include the following:

Revenue

- 20 Revenue has increased from the last forecasted position by \$9.4 million. This is principally due to:
- additional funding of \$2.2 million from the Waka Kotahi NZ Transport Agency for emergency repairs to the Lower Hollyford Road
 - \$381,000 of increased harvest income in Waikaia Forest due to volume increases
 - \$410,000 of increased income for the building control department based on information to date and planned works for the future
 - \$402,000 of the first instalment of invoicing to DIA and councils for the 3 waters collaboration
 - \$6.3 million of grant income, the majority of which relates to the 3 waters stimulus grant funding
 - The above increases are offset by the decrease of \$118,000 in water meter charges due to lower occupancy in motels/hotels in Te Anau and the \$146,000 decrease in the work scheme business unit income due to less chargeable hours as a result of reduced labour availability.

Operating Costs

- 21 Operating expenditure has increased from the budget by \$5 million. Major changes are:
- increased costs for emergency works for the Lower Hollyford road for flood repairs of \$2.2 million
 - \$190,000 increase in resource management costs including \$50,000 expected increase in legal costs due to enforcement processes and \$140,000 increased consultants costs for resource consent processing, ecological support and onsite wastewater advice. The onsite wastewater advice is for subdivisions (to make sure new lots could adequately treat onsite wastewater) and this task was previously undertaken by a team member in the environmental health team but due to staff vacancies this has now been outsourced at a significantly higher cost. The intention is to continue using the services of the consultants until further notice.
 - \$158,000 increase in material damage insurance, previously unbudgeted expenditure approved by Council, across a number of business units
 - \$519,000 increase in district sewerage expenditure towards condition assessment and maintenance costs
 - \$104,000 increase in district stormwater for the 3 waters stimulus project for condition and performance assessment
 - \$240,000 increase in district water operating expenditure for the 3 waters stimulus project for condition and performance assessment and increased maintenance costs
 - \$402,000 of increased operating costs for the consultation and support of the 3 waters collaboration
 - \$363,000 increase for consultancy costs for asset management, improvement and design standards funded from the 3 waters reform stimulus funding.
 - \$60,000 of increase in harvesting costs for the Waikaia forest due to higher actual harvest volumes
 - \$717,000 increase in employee benefit costs for the building regulation, engineering administration and environmental health teams.

Net deficit

- 22 The annual plan budget noted a deficit of \$4.9 million for the year, as a result of carry forwards (\$430,000) and changes noted above (\$4.4 million) the overall total forecast net deficit for the year is now \$17,000.

Capital

- 23 Forecast capital expenditure has increased by \$646,000, details of which can be found in Appendix A. Major changes are:
- \$2.4 million increase in district water capital spend and \$660,000 in stormwater drainage as a result of stimulus funding
 - \$604,000 of unbudgeted expenditure towards the Invercargill offices that was previously approved by Council but not included in the carry forwards into the 2020/21 financial year

Council

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- A reduction of information management budget of \$923,000 due to the core systems budget being requested to be carried forward to the 2021/22 financial year
- A reduction of \$800,000 for the project for the Riversdale treatment upgrade stage 2.
- \$253,000 over contribution to footpath capital work that was transferred from maintenance to capital spend for the roading team.
- \$534,000 for the upgrade of the Te Anau library building project being deferred to the 2021/22 financial year
- \$400,000 for the Golden Bay wharf rebuild deferred to the 2021/22 financial year.
- \$569,000 deferred for the Resource planning/policy team for costs budgeted towards the District plan general projects budget as wider policy work has not advanced as quickly as anticipated.

Benchmarks

- 24 As part of the 2020/2021 Annual Plan, Council has budgeted to achieve 100% of its benchmark of capital expenditure to exceed depreciation, on the five network infrastructure services (roading, solid waste, stormwater, wastewater, water supply). Currently, the actual benchmark is 150% for the actual results at 28 February 2021. This is as a result of the continuing work on the Te Anau wastewater project and the bridge renewals carried forward from last financial year. After the changes proposed during forecasting, this benchmark has now changed to 200%. The increase in the forecasted benchmark is mainly as a result of the additional Stimulus funded increases for district water. It is also worth noting that in order to arrive at the calculation, the depreciation number has not been changed. The revaluations on these assets at year end on these assets will have an impact on this calculation.

ISSUES

- 25 Forecasting is part of the ongoing process to enable Council to understand its year end result. This includes early identification of projects that will not be completed by the end of the current financial year. Additionally, any changes at year end will be included as part of the carry forward report to Council.
- 26 Forecasting also provides an opportunity to approve anticipated unbudgeted expenditure during the year. This should reduce the number of individual requests needed to be handled by Council. Council will still need to approve some expenditure items separately where the expenditure is large enough to require individual approval. This report recommends the support of unbudgeted expenditure for increased costs.
- 27 There has been additional costs identified for public conveniences in relation to maintenance, toilet supplies, cleaning, vandalism repair costs, electricity and consultants costs totalling \$210,000 across all the business units. This is planned to be funded by way of loan to be repaid over three years due to the impact on rates should it be recovered in one year. The cleaning contracts for council facilities were renewed as part of the Section 17A review of the community facilities activity and a single contract was awarded at more than the budgeted cost including toilet supplies. The remainder of the cost increases reflect the appropriate level of service and actual costs incurred for this activity. The ongoing effect of the repayment of the loan will be included

as part of the staff submission process for the Long Term Plan 2021-31. Additionally, the income at the Te Anau Lions Park toilets has also decreased by \$40,000 due to the impact of Covid-19.

- 28 The resource consents team have forecasted increased consultant and legal costs of \$190,000 due to unfilled vacancies, ecological support for consenting and enforcement. This is offset by savings in staff costs \$50,000, increased revenue \$45,000 and a reallocation of staff time to planning and policy of \$75,000.
- 29 The work scheme business unit has forecasted a significant decrease in income due to lower staff levels being available. This is impacting on internal income being able to be generated. Council staff are currently working through the issues and options.
- 30 During the 2018-2028 Long Term Plan, we consulted on the level of investment in our open spaces. The decision decided upon a total of \$5.5 million of capital expenditure in years 21/22 to 27/28. At the time staff and Council identified the need to undertake further research to identify the works programme necessary to improve the open spaces experience. In order to complete this staff are requesting \$86,000 to be brought forward from the 2021/22 year to this financial year. The funds will be used for the Green Asset Assessment, IPS implementation and the development of the open space criteria. Upon completion, staff will report back to Council their findings and potential recommendations for the use of the monies going forward.
- 31 The increased costs noted in the attachments for community boards are as a result of contract renewals. As part of the contract renewal process staff have ensured that community boards are aware of the increases needed.
- 32 This is year three of the three year roading programme. Overall the programme is on track except for footpath renewals. There is concern that contractors will not be available to deliver the programme by 30 June 2021. Staff will keep Council informed as there is no ability of any unspent budget to be carried forward.
- 33 The February 2020 flooding event had a significant impact on parts of the Lower Hollyford Road. Initial emergency repairs were undertaken with discussions following a number of stakeholders including Ngai Tahu, Southland District Council, Waka Kotahi NZ Transport Agency and Department of Conservation on the future of the road. In December 2020 agreement was reached that the road would be fully reinstated. As this is a special purpose road the project will be funded 100% through Waka Kotahi NZ Transport Agency. This work commenced in December and is expected to be completed by the end of the financial year and will be a combination of operational and capital expenditure. A budget of \$2,276,500 has been approved for the reinstatement of the road by Waka Kotahi.
- 34 Incorporated into this forecasting round is \$6,258,625 of the \$13.6 million of stimulus projects approved for 2020/21. Overall the 3 waters stimulus programme is progressing and developing quickly. A separate control team has been set up specifically for the project and contract documents are being prepared for the first six separate reticulation projects procured via the panel, whilst construction has begun in Otautau on the first project.
- 35 Council will remember that it approved unbudgeted capital expenditure of \$1,750,000 for the Invercargill offices capital upgrade in February 2020. This was subsequently reduced by \$300,000 in August 2020, as a result of potential identified savings. Although \$845,825 was budgeted in 2020/21, no carry forward of the difference was undertaken. Resolution G, therefore requests Council approval of the remaining \$604,175 be incorporated into its financial accounts to 30 June 2021 (\$1.7million less \$824,825 less \$300,000). In addition to this, \$250,000 has been budgeted in 2021/22 the Long Term Plan.

- 36 A project to upgrade the Te Anau building was planned in 2020/21 totalling \$534,728, this project has been deferred and will be included in the Long term plan staff submission report.
- 37 There are a number of issues identified during the preparation of this report that require separate reports to be prepared to Council to provide added context and discussion, these are:
- Building regulation staff have previously identified to Council that in order to achieve statutory compliance as a Building Consent Authority they need to increase resourcing and Council agreed. Subsequent to this request further additional costs approval is sought, the funding of which is budgeted to come from fees and charges.
 - Through forecasting we have identified additional operating costs required for the district water and sewerage business units for increased expenditure such as routine and unplanned maintenance. As neither activity have any reserves available the costs have been funded in this report by way of loan, proposed to be repaid over a three year period given the impact on rates should it have been recovered in one year. Staff however, are currently looking at other ways to meet the costs including re-prioritisation and the possibility of using stimulus funding.
 - As a result of the major flooding event that occurred on the Around the Mountains Cycle Trail in February 2020, it was discovered that an additional culvert needed replacement and a temporary deviation of the trail near Centre Hill was required. Staff applied and sourced funding from Ministry of Business, Innovation and Employment (MBIE) and the Walking Access Commission for these costs (\$99,000). The separate report will seek retrospective unbudgeted expenditure approval.
- 38 Subsequent to the report being presented to the Finance and Assurance committee on the 24th of March, the following changes have been made:
- The carry forward that was not done in error of \$604,175 for the capital costs towards the Invercargill project has been included in resolution “g” of this report and not in a separate report to Council as it has been confirmed that the total costs to be incurred within this financial year are within the revised budget of \$1,450,000 (\$1,750,000 less \$300,000 savings as noted above). As indicated the first year of the Long Term Plan contains a further \$250,000 for phase 2 of the project, to complete the reception area. This amount was not included in the original \$1,750,000 that was approved by Council.
 - Because the Te Anau Basin Water supply subcommittee approved the costs toward the new pump on the 10th of March, this amount of \$23,019 for the Water Supply in Ramparts has now been moved from resolution “j” to resolution “g” of this report.
 - A project to upgrade the Te Anau building was planned in 2020/21 totalling \$534,728, has been deferred and will be included in the Long Term Plan staff submission report
 - Additional staff cost budgets were moved between Customer Service, Governance and the Building control team budgets to ensure that the budgets are aligned within the business unit in which the actual costs are being charged.
 - Parawa cattlestop improvements (\$32,535) to the Around the Mountains Cycle Trail have been added to resolution “g” of the report as this is separate to the unbudgeted expenditure report being presented for flood works, 50% of funding from MBIE has been received and the remainder is funded from the existing budget within this business unit.

- 39 The forecasted statement of financial position in Appendix C reflects Term Loans to be drawn down as per the Annual Plan 2020/21 of \$19,019,000. Staff are currently working through this as we will not need to utilise the full amount due to project timing. Going forward, a cashflow statement will be included in the forecasting process.
- 40 The list of projects to be deferred as per attachment D of this report will be included as part of the staff submission for the Long Term Plan 2021-31.
- 41 The overall works programme for the year is on track to be one of Council's biggest delivery years to date, however there is still a risk of market resource shortages and supply delays which could still affect the final programme.
- 42 The work on the Te Anau wastewater upgrade is progressing on the installation of the membrane plant and building along with installation of the sub surface drip irrigation and is currently on schedule.

Factors to Consider

Legal and Statutory Requirements

- 43 There are no legal or statutory requirements in regards to forecasting Council's end of year position.

Community Views

- 44 The original Annual Plan budget was not fully consulted on. Changes proposed to capital and operational expenditure for townships will have been or will be reported to the relevant community board.

Costs and Funding

- 45 The forecasting that has been completed shows that the net deficit for this round of forecasting will be \$17,000, which is \$4.85 million less than the \$4.87 million deficit in the annual plan budget (appendix B). This has been updated for the changes made subsequent to the Finance & Assurance meeting.
- 46 Overall net capital expenditure is expected to decrease by \$646,000 as in appendix A.

Policy Implications

- 47 Council staff must ensure that all expenditure is carried out within approved delegations. The current financial delegations only allow the chief executive to approve unbudgeted purchase plant, capital items and goods and services expenditure up to \$10,000.

Analysis of Options

- 48 The options are to approve or not to approve, in full or part, the forecasted adjustments to the expenditure in the annual plan.

Council

14 April 2021

Option 1 - Approve the forecast changes recommended including any adjustments approved at the meeting

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2020/2021• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year• Council staff are able to purchase services as required to provide services to the community in the most appropriate manner.	<ul style="list-style-type: none">• deferral of projects which are going to be completed later and/or costing more than previously indicated.

Option 2 - Approve the changes in income and expenditure in Attachment A

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2020/2021• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year• Council considers that the additional expenditure is not a current priority and does not need to be incurred.	<ul style="list-style-type: none">• processes may be delayed where further approval needs to be sought from Council before committing to additional expenditure.

Option 3 – Do not approve, in part or in full, the forecast changes recommended

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• Council is informed of anticipated changes from the annual plan for 2020/2021.• Council has had the opportunity to prioritise expenditure to be incurred in the current financial year	<ul style="list-style-type: none">• processes may be delayed where further approval needs to be sought from Council before committing to additional expenditure.

Assessment of Significance

The content of this report is not deemed significant under Council's Significance and Engagement Policy.

Recommended Option

- 49 Option 1 - Approve the forecast changes recommended including any adjustments approved at the meeting

Next Steps

- 50 Advise managers of the approval of any unbudgeted expenditure or confirmed project deletions for the 2020/2021 financial year.
- 51 Ensure that deferred projects are included in the Long Term Plan.

Attachments

- A Report to Council - 14 April 2021 - Attachment A - Forecast adjustments to revenue, operating expenditure and capital expenditure by business unit [↓](#)
- B Report to Council - 14 April 2021 - Attachment B - Forecast statement of comprehensive revenue and expenditure [↓](#)
- C Report to Council - 14 April 2021 - Attachment C - Forecast statement of financial position [↓](#)
- D Report to Council - 14 April 2021 - Attachment D - Projects planned to be deferred to future years [↓](#)
- E Report to Council - 14 April 2021 - Attachment E - Projects planned to be deleted from the 2020-2021 Annual Plan [↓](#)

APPENDIX A: Forecast adjustments to revenue, operating expenditure and capital expenditure by business unit						
Business Unit Name	Annual Budget 20-21 (incl Carry Fwd)	February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)	Manager	Comment
Income						
District Water	\$298,844	(\$118,844)	\$180,000	Decrease	Ian	Water meter charge reduced due to lower occupancy in motels/hotels in Te Anau
Three waters collaboration	\$0	\$402,502	\$402,502	Increase	Ian	First installment of invoicing to DIA and councils
Building Regulation	\$1,473,767	\$401,657	\$1,875,424	Increase	Julie	Increased revenue forecasted based on actuals YTD
Engineering Administration	\$0	\$94,000	\$94,000	Increase	Matt	Charge to three waters collaboration office for secondment of group manager services and assets
Resource Consent Processing	\$244,486	\$45,000	\$289,486	Increase	Marcus	Estimated additional revenue
Council and Councillors	\$16,380	(\$8,650)	\$7,730	Decrease	Melissa	Decrease in internal catering income forecasted
Wheele Bins	\$0	\$40,677	\$40,677	Increase	Ian	Wheele bin recoveries to offset wheele bin acquisitions
Waikata Forest	\$1,876,611	\$381,198	\$2,257,809	Increase	Ashby	Actual harvest volume increase
Work Scheme Programme	\$358,285	(\$146,285)	\$212,000	Decrease	Mark D	Income reduced to reflect the realistic income recovery for this business unit
Toilets - Te Anau Lions Park	\$60,000	(\$40,000)	\$20,000	Decrease	Mark D	The income has been reduced based on last years actual figures. This is largely due to the impact of Covid-19 and the lack of international tourists.
Manapouri Airport	\$44,317	(\$16,817)	\$27,500	Decrease	Ashby	Reduction due to Covid-19
Investments - Operating	\$101,183	(\$101,183)	\$0	Decrease		Decrease in internal interest on loan repayments
Stewart Island Jetties	\$30,000	(\$30,000)	\$0	Decrease	Mark D	Contribution township budget removed as no actuals, and hence also removed from the upcoming LTP
SIESA - Staff House	\$5,200	\$2,399	\$7,599	Increase	Ashby	Rented internally (recycling centre). Rental appraisal obtained 11/2020
Subtotal Other Revenue	\$4,509,073	\$905,654	\$5,414,727	Increase		
Roading - Special Purpose	\$0	\$2,276,500	\$2,276,500	Increase	Hartley	NZTA 100% funding of repair to Lower Hollyford Road
Subtotal NZTA	\$0	\$2,276,500	\$2,276,500	Increase		
SIESA - Operations	\$51,873	(\$25,873)	\$26,000	Decrease	Ashby	Reduction in market interest rates since Covid-19
Subtotal Interest & Dividends	\$51,873	(\$25,873)	\$26,000	Decrease		
Around the Mountains Cycle Tra	\$379,722	\$131,535	\$511,257	Increase	Ashby	Additional MBIE funding flood repairs R/20/5/12568
Beautification - Stewart Is	\$0	\$18,750	\$18,750	Increase	Mark D	R/20/7/23755 Stewart Island Visitor Levy funded Bathing beach track
Curio Bay Reserve (SDC Costs)	\$0	\$70,000	\$70,000	Increase	Mark D	3 Waters Stimulus grant
District Sewerage	\$2,000,000	\$2,310,000	\$4,310,000	Increase	Ian	Stimulus funding for condition assessment and flood protection grant
District Stormwater	\$0	\$100,000	\$100,000	Increase	Ian	Stimulus funding grant for conditioning assessment
District Water	\$0	\$2,461,070	\$2,461,070	Increase	Ian	3 Waters Stimulus grant
Environmental Health	\$0	\$81,000	\$81,000	Increase	Michael	MBIE monies received for TIF funding Responsible camping season 20/21 season
Hall - Waianra	\$31,734	(\$31,335)	\$399	Decrease	Mark D	Painting of Hall cancelled, to be undertaken by the Waianra Hall Committee
Stewart Island Jetties	\$400,000	(\$60,000)	\$340,000	Decrease	Mark D	R/20/7/28451, renewal of Ubra Island wharf
Stormwater Drain - Woodlands	\$0	\$80,000	\$80,000	Increase	Ian	3 Waters Stimulus grant
Stormwater Drainage - EdenWyn	\$0	\$100,000	\$100,000	Increase	Ian	3 Waters Stimulus grant
Stormwater Drainage - Te Anau	\$0	\$60,000	\$60,000	Increase	Ian	3 Waters Stimulus grant
Stormwater Drainage - Waianra	\$0	\$400,000	\$400,000	Increase	Ian	3 Waters Stimulus grant
Stormwater Drainage - Riverton	\$0	\$25,000	\$25,000	Increase	Ian	3 Waters Stimulus grant
Stormwater drain - Stewart Is	\$0	\$15,000	\$15,000	Increase	Ian	3 Waters Stimulus grant
Street Works - Stewart Island	\$112,505	(\$76,505)	\$36,000	Decrease	Mark D	Horseshoe bay projects deferred to 21/22 as projects not started (funded from grant)
Water Services	\$0	\$392,555	\$392,555	Increase	Ian	3 Water Reform Stimulus funding
Water Supply Mount York	\$0	\$45,000	\$45,000	Increase	Ian	Stimulus package grant
Subtotal Grant and Subsidies	\$2,923,961	\$6,322,070	\$9,246,031	Increase		
Beautification - Manapouri	\$0	\$10,000	\$10,000	Increase	Mark D	R/20/9/58606 Development contribution from Real Journeys towards legal costs in lieu of carparking to create easements to allow access to new track from View st carpark
Parks & Reserves General	\$10,445	(\$10,445)	\$0	Decrease	Mark D	Project 1727, Te Anau Centre walkway to CBD deferred to 21/22
Subtotal Dev. and Financial Cont.	\$10,445	(\$445)	\$10,000	Decrease		
Total Revenue adjustment	\$7,495,352	\$9,477,906	\$16,973,258	Increase		
Employee Benefit Expense						
Building Regulation	\$1,341,779	\$713,360	\$2,055,139	Increase	Julie	Increased costs for ordinary time as per actuals
Customer Service	\$161,681	(\$19,709)	\$141,972	(Decrease)		Remove internal charging budget (to be aligned with actuals to cover TSP std jnl removal)
Governance	\$492,253	(\$20,000)	\$472,253	(Decrease)		Portion of Building control cost in Te Anau moved
Engineering Administration	\$16,690	\$23,310	\$40,000	Increase	Matt	estimated increase for higher duties allowance
Environmental Health	\$5,080	\$58,061	\$63,141	Increase	Michael	Freedom camping rangers, MBIE funded (TIF)
Resource Consent Processing	\$559,507	(\$50,000)	\$509,507	(Decrease)	Marcus	Expecting to be under budget due to vacancies
Water Services	\$1,384,390	\$11,934	\$1,396,324	Increase	Ian	Net of new data entry position as part of stimulus package vacancies
Total adjustment	\$3,961,380	\$716,956	\$4,678,336	Increase		
Operational Expenditure						
Area Office - Lumsden	\$4,216	(\$4,216)	\$0	(Decrease)	Mark D	Relocation of costs between offices
Area Office - Otoutau	\$11,340	(\$11,340)	\$0	(Decrease)	Mark D	Relocation of costs between offices
Area Office - Riverton	\$5,068	(\$5,068)	\$0	(Decrease)	Mark D	Relocation of costs between offices
Area Office - Winton	\$6,169	(\$6,169)	\$0	(Decrease)	Mark D	Relocation of costs between offices
Around the Mountains Cycle Tra	\$369,722	\$19,000	\$388,722	Increase	Ashby	Unbudgeted expenditure for Central Hill erosion
Baths - Otoutau	\$7,639	\$23,015	\$30,654	Increase	Mark D	Unbudgeted report to Council 18/11/20
Beautification - Balfour	\$7,690	\$7,310	\$15,000	Increase	Mark D	Increase due to moving contract renewal
Beautification - Garston	\$7,030	\$1,333	\$8,363	Increase	Mark D	Moving contract renewal

Business Unit Name	Annual Budget 20-21 (incl Carry Fwd)	February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)	Manager	Comment
Beautification - Manapouri	\$0	\$25,184	\$25,184	Increase	Mark D	R/20/9/58606 To create easements to allow access to new track from View St carpark, and R/20/11/65576 View Street carpark walkway handrail
Beautification - Nightcaps	\$3,348	\$1,632	\$5,000	Increase	Mark D	17A review Contract extension
Beautification - Orepuki	\$7,690	\$1,708	\$9,398	Increase	Mark D	Forecast for shortfall in budget for mowing costs
Beautification - Riversdale	\$0	\$2,500	\$2,500	Increase	Mark D	Unbudgeted report to next meeting
Beautification - Riverton	\$3,113	\$2,057	\$5,170	Increase	Mark D	Tree checks and work required in Alexander Park and surrounds
Beautification - Stewart Is	\$11,700	\$19,550	\$31,250	Increase	Mark D	Gardening contract renewal
Beautification - Thornbury	\$0	\$3,000	\$3,000	Increase	Mark D	No budget
Beautification - Tokani	\$2,089	\$4,411	\$6,500	Increase	Mark D	Mowing increase
Beautification - Tuatapere	\$13,002	\$4,280	\$17,282	Increase	Mark D	Forecast for shortfall in budget
Beautification - Winton	\$53,044	\$11,956	\$65,000	Increase	Mark D	17A review Contract 20/58 extension
Beautification - Athol	\$6,424	(\$6,424)	\$0	(Decrease)	Mark D	Movement of Project P-10027 within budget
Building Regulation	\$708,659	\$142,857	\$851,516	Increase	Julie	Additional costs as per Unbudgeted expenditure report to Council
Buildings - Riverton Office	\$0	\$12,200	\$12,200	Increase	Mark D	Relocation of costs between offices
Buildings - Invercargill Office	\$59,310	\$98,176	\$157,486	Increase	Mark D	Forecast for Shortfall in Car parking, cleaning, toilet supply costs for Invercargill Office move
Buildings - Lumsden Office	\$0	\$7,900	\$7,900	Increase	Mark D	Relocation of costs between offices
Buildings - Otautau Office	\$0	\$16,984	\$16,984	Increase	Mark D	Relocation of costs between offices
Buildings - Te Anau Library	\$0	\$21,284	\$21,284	Increase	Mark D	Increase due to contract renewal
Buildings - Te Anau Office	\$6,789	\$9,211	\$16,000	Increase	Mark D	Increase due to cleaning contract renewal and District Library cleaning budget
Buildings - Winton Office	\$0	\$11,000	\$11,000	Increase	Mark D	Relocation of costs between offices
Buildings - Winton Store Room	\$8,400	(\$2,700)	\$5,700	(Decrease)	Mark D	Transfer from District Library Cleaning Costs and increase for cleaning contract renewal
Buildings - Wyndham Office	\$0	\$4,000	\$4,000	Increase	Mark D	Costs as per new OCS Contract
Cemetery - Cadzow	\$1,567	\$29,966	\$31,533	Increase	Mark D	Restoration project - Council report 29/9/20 Isla Bank Cemetery War Memorial restoration
Cemetery - Dipton	\$1,044	\$2,456	\$3,500	Increase	Mark D	To cover the cost of tree work at the cemetery
Cemetery - Edendale	\$1,867	\$2,000	\$3,867	Increase	Mark D	prune pine trees before winter
Cemetery - Waio	\$2,752	\$6,248	\$9,000	Increase	Mark D	Mowing increase
Cemetery - Wallacefords	\$0	\$6,800	\$6,800	Increase	Mark D	Unbudgeted Expenditure Report R/20/11/67587, new cemetery fence
Chief Executive	\$2,731	\$44	\$2,775	Increase	Cameron	R/20/5/10968 Insurance shortfall
Community Centre - Limehills	\$6,320	(\$6,320)	\$0	(Decrease)	Mark D	Limehills kitchen upgrade
Community Facilities	\$0	\$15,382	\$15,382	Increase	Mark D	R/20/5/10968 Insurance shortfall
Community Housing Collective C	\$0	\$11,952	\$11,952	Increase	Mark D	R/20/5/10968 Insurance shortfall
Community Leadership LTP	\$108	\$889	\$997	Increase	Mark D	R/20/5/10968 Insurance shortfall
Community Leadership Orka Apa	\$32,609	\$1,500	\$34,109	Increase	Mark D	Unbudgeted report for Colac Bay Progress League for grant
Community Leadership Tuatapere	\$31,371	\$10,000	\$41,371	Increase	Mark D	Report 22/2/21 unbudgeted report for grant
Council and Councillors	\$159,470	\$47,217	\$306,687	Increase	Fran	consolidation of oura premises into one cost centre, moved from 10245
Customer Delivery	\$108	\$204	\$312	Increase	Trudie	R/20/5/10968 Insurance shortfall
Customer Service	\$26,820	(\$15,820)	\$11,000	(Decrease)	Trudie	Reduced spend due to actuals
Customer Service - District	\$325	\$183	\$708	Increase	Trudie	R/20/5/10968 Insurance shortfall
District Library	\$20,468	(\$14,096)	\$6,372	(Decrease)	Trudie	budget moved to Offices BU 10500,10505,10495
District Refuse Sites	\$0	\$524	\$524	Increase	Ian	R/20/5/10968 Insurance shortfall
District Reserves - Management	\$149,887	\$89,829	\$239,716	Increase	Ian	R/20/5/10968 Insurance shortfall
District Sewerage	\$1,990,035	\$519,022	\$2,509,057	Increase	Ian	Te Anau flood protection grant part of Stimulus and condition assessment
District Stormwater	\$0	\$104,000	\$104,000	Increase	Ian	3 Waters stimulus project for conditioning and performance assessment and increased maintenance offset by reduced loan interest
District Water	\$2,257,309	\$240,094	\$2,497,403	Increase	Ian	3 Waters stimulus project for conditioning and performance assessment and increased maintenance
Dog and Animal Control	\$52,096	(\$19,565)	\$32,531	(Decrease)	Michael	Fewer dog contractor callouts than expected
Engineering Administration	\$108	\$70,964	\$71,072	Increase	Matt	change to three waters collaboration office for secondment of group manager services and assets
Environmental Health	\$16,384	\$14,428	\$30,812	Increase	Michael	Freedom camping costs, MBIE (TIP) funded
Environmental Services	\$45,608	(\$45,456)	\$152	(Decrease)	Michael	consolidation of oura premises into one cost centre, moved to 10400
Financial Services	\$9,467	\$25,191	\$34,658	Increase	Anne	R/20/5/10968 Insurance shortfall
Forest Administration	\$86,273	\$17,205	\$103,478	Increase	Ashby	Allowance for independent audit/valuation/strategy, increase in consultants and insurance shortfall
Fraser's Beach	\$5,492	\$3,429	\$8,921	Increase	Mark D	Tree and cleaning work due to vandalism and health and safety
Hall - Colac Bay	\$0	\$1,500	\$1,500	Increase	Mark D	R/20/11/68487 Grant to Colac Bay progress league
Hall - Edendale-Wyndham	\$3,090	\$18,932	\$22,022	Increase	Mark D	R/20/5/10968 Insurance shortfall
Hall - Hokonui	\$485	(\$485)	\$0	(Decrease)	Mark D	Hokonui Hall was sold in 2020. Change has been put through to zero out the budget for the LTP 09.12.2020
Hall - Memorial	\$4,466	\$6,534	\$11,000	Increase	Mark D	Increase for cleaning contract
Hall - Orana	\$1,000	\$1,843	\$2,843	Increase	Mark D	R/20/9/51896, Internal refurbishment
Hall - Tokani	\$0	\$4,089	\$4,089	Increase	Mark D	Work undertaken by the hall committee without Council's authorisation
Hall - Waianwa	\$31,335	(\$31,335)	\$0	(Decrease)	Mark D	Painting of Hall to be undertaken by the Waianwa Hall Committee
Harbour	\$1,204	\$27,447	\$28,651	Increase	Mark D	R/20/10/63935, T Wharf Weight Loading Assessment
Health Licensing	\$525	\$55	\$580	Increase	Michael	R/20/5/10968 Insurance shortfall
Information Management	\$72,404	(\$34,191)	\$38,213	(Decrease)	Jock	R/20/5/10968 Insurance shortfall

Business Unit Name	Annual Budget 20-21 (and Carry Fwd)	February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)	Manager	Comment
Knowledge Management	\$80,821	(\$2,665)	\$78,156	(Decrease)		Reduced interest on loan repayments
Manapouri Airport	\$5,397	\$11,060	\$16,457	Increase	Ashby	Mowing need/growth increase this season, and additional insurance shortfall
Motor Vehicle Pool	\$13,758	(\$8,093)	\$5,665	(Decrease)	Matt D	One Pool car replaced by electric vehicle, fuel savings used to buy charger
Motuaru Gardens	\$0	\$7,820	\$7,820	Increase	Mark D	Increase due to mowing, gardening contract renewal
Museum Services	\$525	\$70	\$595	Increase	Fran	R/20/5/10968 Insurance shortfall
Ohai Nightcaps Doctors Commit	\$0	\$40,335	\$40,335	Increase	Mark D	Report to Council 29/9/20 wind up of fund
Operating Costs - Otatau	\$5,272	(\$537)	\$4,735	(Decrease)	Mark D	R/20/8/45420 unbudgeted expenditure approved to Otatau Camp Committee
Parks & Reserves General	\$7,971	\$10,029	\$18,000	Increase	Mark D	Boat Harbour and Henry Street softfall and equipment compliance
People and Capability	\$223,146	\$20,052	\$243,198	Increase	Janet	Additional costs offset by savings in other GL's
Playground - Athol	\$2,637	\$10,363	\$13,000	Increase	Mark D	Playground surround and softfall
Playground - Riversdale	\$0	\$3,000	\$3,000	Increase	Mark D	Tree management as per Xyst and Tree Works assessments
Playground - Riwerton	\$10,000	\$20,000	\$30,000	Increase	Mark D	Movement of Budget to BU 26346 Playground Maintenance & 20K
Project Delivery	\$920	\$519	\$1,439	Increase	Nick H	R/20/5/10968 Insurance shortfall
Public Conveniences	\$73,297	(\$16,293)	\$57,004	(Decrease)	Mark D	R/20/5/10968 Insurance shortfall
Recreation Reserve - Lumsden	\$0	\$4,400	\$4,400	Increase	Mark D	Electricity costs agreed to but not budgeted for, forecasted based on actuals
Recreation Reserve - Wairoa	\$0	\$3,600	\$3,600	Increase	Mark D	Increase due to mowing contract renewal
Resource Consent Processing	\$122,852	\$115,000	\$237,852	Increase	Marcus	Enforcement processes, Consultants to process consents and supporting Biodiversity
Resource Planning/Policy	\$598,826	(\$325,000)	\$273,826	(Decrease)	Marcus	reflect capacity to undertake work and phasing
Roading - Administration	\$795	\$2,108	\$2,903	Increase	Hartley	R/20/5/10968 Insurance shortfall
Roading - Special Purpose	\$34,998	\$2,276,500	\$2,311,498	Increase	Hartley	Repair to the Lower Hollyford Road
Roading - District Wide	\$217,412	(\$41,513)	\$175,899	(Decrease)	Hartley	Decreased interest on loan repayments
Sewerage Scheme Te Anau	\$0	\$0	\$0	(Decrease)	Ian	Flood protection to Upukeroa River to protect wastewater ponds - contribution to Environment Southland project Part of Stimulus package
SIESA - Operations	\$654,472	(\$15,639)	\$638,833	(Decrease)	Ashby	New PowerNet contract
Stewart Island Jetties	\$1,532	\$577	\$2,109	Increase	Mark D	Contribution township budget removed as no actuals, and hence also removed from the upcoming LTP
Stirling Joint Mayoral Fund	\$0	\$18,950	\$18,950	Increase		3 Mayoral flood payments from August
Stormwater Drainage - Riwerton	\$14,829	\$25,171	\$40,000	Increase	Ian	Increase the budget as having more reactive maintenance than planned
Stormwater Drainage - Limehills	\$22,456	\$0	\$22,456	(Decrease)	Ian	No change in budget
Street Works - Various BU's	\$303,019	(\$303,019)	\$0			Contribution to footpath capital work transferred from maintenance (43360) to capital (65576)
Swimming Pool Area - Manapouri	\$15,000	\$24,000	\$39,000	Increase	Mark D	R/20/5/10671, R/20/10/62291 Unbudgeted expenditure reports Contribution towards Heating Upgrade
Street Works - Stewart Island	\$16,000	(\$16,000)	\$0	(Decrease)	Hartley	Contribution to footpath capital work transferred from maintenance (43360) to capital (65576)
Tarama (Howells Point)	\$20,000	(\$20,000)	\$0	(Decrease)	Mark D	Movement of Budget to BU 26346 Playground Maintenance
Three waters collaboration	\$0	\$402,502	\$402,502	Increase	Ian	Consultation and support costs for collaboration
Toilet - Colac Bay - East End	\$3,845	\$2,155	\$6,000	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilet-Fortrose Foreshore Res	\$0	\$2,000	\$2,000	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Athol	\$11,254	\$3,951	\$15,205	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Balfour Pinket Room	\$1,107	\$2,802	\$3,909	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Boat Hbr, Town Centr	\$0	\$8,500	\$8,500	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Clifden	\$16,019	\$19,181	\$35,200	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Colac Bay Playground	\$262	\$16,738	\$17,000	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Cosy Nook, Monkey I	\$14,623	\$14,377	\$29,000	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Dipton	\$7,311	\$6,200	\$13,511	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Frasers Beach	\$6,215	\$4,785	\$11,000	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Garston	\$39,488	\$25,802	\$65,290	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Gorge Road Hall	\$2,089	\$1,311	\$3,400	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Lumsden	\$15,817	\$5,683	\$21,500	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Mossburn	\$20,000	\$3,150	\$23,150	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Motorau, Trall, Bar	\$0	\$500	\$500	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs
Toilets - Nightcaps	\$3,845	\$3,515	\$7,360	Increase	Mark D	Increased Mowing, Cleaning, Toilet supplies and maintenance costs

Business Unit Name	Annual Budget 20-21 (incl Carry Fwd)	February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)	Manager	Comment
Toilets - Ohai	\$7,140	\$4,833	\$11,973	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Orepuki Hall	\$6,893	\$367	\$7,260	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Pearl Harbour	\$16,085	\$470	\$16,555	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Rec Res/T Wharf Rocks	\$9,714	\$3,686	\$13,400	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Rurardsdale Hall	\$2,747	\$6,453	\$9,200	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Ruraton Princess St	\$14,101	\$9,599	\$23,700	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Te Anau Iron Wilson	\$6,591	\$3,109	\$9,700	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Te Anau Lions Park	\$0	\$12,000	\$12,000	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Te Waevae Lagoon	\$0	\$500	\$500	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Thornbury Playground	\$2,611	\$2,589	\$5,200	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Tokanui	\$3,055	\$1,445	\$4,500	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Tuatapere Main Road	\$8,898	\$7,213	\$16,111	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Waikana	\$8,356	\$17,469	\$25,825	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Waikawa	\$0	\$6,000	\$6,000	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Wallacestown	\$2,403	\$597	\$3,000	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Weirs Beach	\$0	\$3,000	\$3,000	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets - Winton main Street	\$0	\$6,400	\$6,400	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Toilets-Howells Pt,Taramea Bay	\$0	\$3,850	\$3,850	Increase	Mark D	Increased Mowing,Cleaning, Toilet supplies and maintenance costs
Tuatapere Ward Pool Rate	\$5,067	\$4933	\$10,000	Increase	Mark D	Report to Board 22/2/21 to grant \$10K
Waikana Forest	\$976,601	\$60,662	\$1,037,263	Increase	Ashby	Actual harvest volume increase
Waste Management Costs	\$31,292	(\$21,292)	\$10,000	(Decrease)	Ian	Consultant budget reduced to reflect limited work required through to June 2021
Water Services	\$210,000	\$363,648	\$573,648	Increase	Ian	Regional collaboration allocation for 3 Water Reform stimulus funding and consultancy costs for asset management and improvement , design standards and RFI
Water Supply Ramparts	\$36,700	\$3,008	\$39,708	Increase	Ian	Slight increase in maintenance
Water Supply Takitimu	\$18,612	\$15,000	\$33,612	Increase	Ian	Increase budget for replacement of motor on pump
Water Supply Tuatapere	\$73,400	(\$73,400)	\$0	(Decrease)	Ian	moved to capex
Wheeler Bins	\$1,949,776	\$0	\$1,949,776	(Decrease)	Ian	Increased through forecasting to reflect estimated additional cost of provision of recyclables sorting
Work Scheme Programme	\$1,577	\$346	\$1,923	(Decrease)	Mark D	Internal Income charged to other business units reduced to reflect the realistic income recovery for this business unit
Total adjustment	\$12,296,999	\$4,337,543	\$16,634,542	Increase		
Net surplus (deficit)			\$4,423,407			
Capital Expenditure	\$13,076,506	\$646,284	\$13,722,790	Increase		
Business Unit Name		February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)		Comment
Information Management	\$1,223,210	(\$923,210)	\$300,000	(Decrease)	Jock	300K placeholder for HRIS as project scope is currently underway. The core system's budget needs to carry forward to 21/22 as we are still scoping the major projects and it is unlikely that they will start before the new financial year
Dog and Animal Control	\$0	\$9,000	\$9,000	Increase	Michael	Initial cost to set up Pathways mobile inspections and Trapeze Pro
Environmental Health	\$0	\$16,500	\$16,500	Increase	Michael	Initial set up costs for Pathways mobile inspections and Trapeze
Alcohol Licensing	\$0	\$9,000	\$9,000	Increase	Michael	Initial set up costs for Pathways mobile inspections and Trapeze
Information Management	\$65,000	\$39,586	\$104,586	Increase	Jock	R/20/10/59516 , Don St Dark fibre connection
Around the Mountains Cycle Tra	\$213,822	\$112,535	\$326,357	Increase	Ashby	Pauwra Cattle stop improvements\$17,150, \$15,385 Walking Access commission (essments
Water Services	\$0	\$38,078	\$38,078	Increase	Ian	Acquisition of Grants vehicle
District Water	\$304,022	\$2,475,583	\$2,779,605	Increase	Ian	Stimulus Funding
District Sewerage	\$288,498	\$17,742	\$306,240	Increase	Ian	Increased required to reflect actual spend
Building Regulation	\$0	\$73,118	\$73,118	Increase	Julie	2 x new vehicles required for new staff. 1 x Replacement vehicle for vehicle due. New vehicle are a planned expense approved by Council Aug 2020
Buildings - Invercargill Office	\$845,825	\$604,175	\$1,450,000	Increase	Mark D	R/20/2/4628 Unbudgeted exp Invercargill bldg project not carried fwd \$604,175

Business Unit Name		February Forecast Adjustment	Forecast Balance at 30 June 2021	Increase or (Decrease)		Comment
Buildings - Te Anau Library	\$534,278	(\$534,278)	\$0	(Decrease)	Mark D	R/20/8/3267 Transfer budget to Winton office/library and movement within budget from Te Anau Library to Invercargill office
Buildings - Winton Office	\$102,200	\$100,000	\$202,200	Increase	Mark D	R/20/8/3267 Budget transfer from Te Anau Library
Motor Vehicle Pool	\$0	\$8,211	\$8,211	Increase	Matthew D	New electric charger funded by reduced fuel costs
Waste Minimisation	\$60,414	(\$60,414)	\$0	(Decrease)	Ian	Signage project removed to be done next year
Wheele Bins	\$0	\$40,677	\$40,677	Increase		Provision and delivery of new wheele bins through the year
Beautification - Athol	\$0	\$6,424	\$6,424	Increase	Mark D	C/fwd P-10027 movement within budget
Holt Park Extension	\$28,119	(\$28,119)	\$0	(Decrease)	Mark D	Netball Court Resurfacing project deferred to 21/22
Community Centre - Limehills	\$10,418	\$13,473	\$23,891	Increase	Mark D	Limehills Kitchen upgrade
Curio Bay Reserve (SDC Costs)	\$0	\$70,000	\$70,000	Increase	Mark D	Part of stimulus package
Parks & Reserves General	\$10,445	(\$10,445)	\$0	(Decrease)	Mark D	Project 1727 Te Anau Centre walkway to CBD deferred to 21/22
Playground - Rrerton	\$0	\$12,676	\$12,676	Increase	Mark D	R/20/9/49755, Replacement of Swing Set Henderson Park
Sewerage Scheme Rrertsdale	\$1,000,000	(\$800,000)	\$200,000	(Decrease)	Ian	Project for Rrertsdale treatment upgrade stage 2, requires Council approval and legal advice to move forward with land purchase
Sewerage Scheme Rrerton	\$31,728	\$118,272	\$150,000	Increase	Ian	Extend sewer to Princess & Carol Streets, Part of Stimulus projects
Sewerage Scheme Stewart Island	\$73,202	\$0	\$73,202	(Decrease)	Ian	No change in budget
Sewerage Scheme Tokamui	\$89,901	\$80,000	\$169,901	Increase	Ian	Increase for Stimulus project
Sewerage Scheme Winton	\$58,988	\$130,000	\$188,988	Increase	Ian	Budget increased to cover costs of consultant for design and consultation
SIESA - Operations	\$146,914	\$20,000	\$166,914	Increase	Ashby	Forecast for increased project costs
SIESA - Staff House	\$0	\$5,000	\$5,000	Increase	Ashby	Allowance to meet Healthy Homes standard including assessment
Stewart Island Jetties	\$658,473	(\$60,000)	\$598,473	(Decrease)	Mark D	R/20/7/28451, Renewal of Ura Island wharf
Stormwater drain - Stewart Is	\$0	\$15,000	\$15,000	Increase	Ian	Additional QA design charges forecasted
Stormwater Drain - Woodlands	\$0	\$80,000	\$80,000	Increase	Ian	Proposed to be part of Stimulus funding transferred from Eden/Wyn year 1 of LTP waiting on formal confirmation from CIP
Stormwater Drainage - Eden/Wyn	\$0	\$100,000	\$100,000	Increase	Ian	Part of 3 waters stimulus programme
Stormwater Drainage - Lumsden	\$20,000	(\$20,000)	\$0	(Decrease)	Ian	Terminated project. Allowance made in LTP for year 2
Stormwater Drainage - Rrerton	\$0	\$25,000	\$25,000	Increase	Ian	Additional QA design charges forecasted
Stormwater Drainage - Te Anau	\$0	\$60,000	\$60,000	Increase	Ian	3 Waters Stimulus package
Stormwater Drainage - Waianiw	\$0	\$400,000	\$400,000	Increase	Ian	Part of 3 waters Stimulus
Street Works - Various	\$0	\$303,019	\$303,019			Contribution to footpath capital work transferred from maintenance (43360) to capital (65576)
Street Works - Stewart Island	\$127,505	(\$49,705)	\$77,800	(Decrease)	Hardley	R/20/9/53242, additional concrete footpath in Main Road, Stewart Island, Projects 808 and P-10317 deferred to 21/22, projects not started yet
Toilets - Boat Hbr, Torm Centr	\$102,200	(\$102,200)	\$0	(Decrease)	Mark D	This project has been moved to the 2021/2022 Financial Year.
Toilets - Rrerton Princess St	\$342,074	\$51,408	\$393,482	Increase	Mark D	R/20/11/68594 Toilet renewal
Toilets - Wyndham	\$0	\$126,071	\$126,071	Increase	Mark D	R/20/11/68594, Toilet Renewal
Toilet-Hovells PT, Tarama Bay	\$0	\$51,408	\$51,408	Increase	Mark D	R/20/11/68594, Toilet Renewal
Water Supply - Eastern Bush	\$1,326,995	(\$1,076,995)	\$250,000	(Decrease)	Ian	Decrease in budget to reflect re-design phase. An increased budget has been allowed for in year 1 of proposed LTP
Water Supply Homestead	\$7,169	(\$7,169)	\$0	(Decrease)	Ian	Project terminated
Water Supply Kakapo	\$1,499	(\$1,499)	\$0	(Decrease)	Ian	RW138 Consent renewal complete, budget not required
Water Supply Lumsden	\$0	\$0	\$0	(Decrease)	Ian	PP-10376
Water Supply Lumsden/Balbour	\$154,883	\$15,117	\$170,000	Increase	Ian	Budget increase to cover additional project and re-establishment costs plus damaged section of pipe
Water Supply Manapouri	\$1,284,059	(\$900,345)	\$383,714	(Decrease)	Ian	Decrease in budget to reflect design phase. An increased budget has been allowed for in year 1 of proposed LTP
Water Supply Mount York	\$19,036	\$55,783	\$74,819	Increase	Ian	Increase to cover the cost of a new motor and intake pump as well as stimulus
Water Supply Otumutu	\$207,676	\$0	\$207,676	(Decrease)	Ian	No change in budget
Water Supply Overheads	\$29,194	\$0	\$29,194	(Decrease)	Ian	Project completed, no change in budget
Water Supply Ramparts	\$7,063	\$77,451	\$84,514	Increase	Ian	Increase due to resource consent required and new bore pump
Water Supply Rrerton	\$705,610	(\$131,564)	\$574,046	(Decrease)	Ian	Project terminated
Water Supply Scheme Eden/Wyn	\$19,475	(\$19,475)	\$0	(Decrease)	Ian	Project terminated
Water Supply Te Anau	\$2,700,603	(\$101,500)	\$2,599,103	(Decrease)	Ian	Project terminated
Water Supply Tuatapere	\$0	\$145,400	\$145,400	Increase	Ian	Capital project for replacing aerator and stand, project removed from 35217
Water Supply Winton	\$32,506	(\$32,506)	\$0	(Decrease)	Ian	Project terminated
Total adjustment	\$23,753,731	\$14,532,404	\$38,286,135	Increase		

APPENDIX B:**FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE (DISTRICT AND LOCAL)**

	Annual Plan 2020-2021 (adopted in June 2020) (\$000)	Amounts Carried Forward from 2019-2020 (\$000)	Forecast Changes from February 2020 (\$000)	Forecasted Result for 2020- 2021(\$000)
Revenue				
Rates	49,531		(119)	49,412
Other revenue	8,317	77	1,024	9,418
Interest and Dividends	73		(26)	47
NZTA	15,507	1,138	2,277	18,922
Grants and Subsidies	5,306	484	6,322	12,112
Other Gains/(Losses)	(258)			(258)
Vested Assets	-			0
Development and Financial Contributions	24	16	(0)	39
	78,500	1,714	9,478	89,692
Expenditure				-
Employee Benefit Expenses	15,279	77	717	16,073
Depreciation and Amortisation	23,815	-		23,815
Finance Costs	422	-		422
Other Council Expenditure	43,854	1,208	4,338	49,399
	83,370	1,284	5,054	89,709
OPERATING SURPLUS/(DEFICIT)	(4,870)	430	4,423	(17)
Share of Associate Surplus/(Deficit)	-	-	-	-
SURPLUS/(DEFICIT) BEFORE TAX	(4,870)	430	4,423	(17)
Income Tax Benefit	-	-		-
SURPLUS/(DEFICIT) AFTER TAX	(4,870)	430	4,423	(17)
Gain/(Loss) on Property, Plant and Equipment Revaluations	31,324	-	-	31,324
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	26,454	430	4,423	31,307

APPENDIX C:

**SOUTHLAND DISTRICT COUNCIL
FORECAST STATEMENT OF FINANCIAL POSITION
30 JUNE 2021**

	30 June 2020 '000	Annual Plan 2020/21	2019/20 Carried forwards	February Forecast adjustments	Forecast February 2020/2021 '000	Consolidated Annual Plan 2020/2021 '000
Equity						
Retained Earnings	719,386	(4,871)	430	4,423	719,368	717,183
Asset Revaluation Reserves	837,648	31,324			868,972	883,988
Fair Value Reserves	3,577	-			3,577	2,666
Other Reserves	41,812	2,498	1,608	281	46,199	35,797
	1,602,423	28,951	2,037	4,704	1,638,115	1,639,634
Current Assets						
Cash and Cash Equivalents	11,499	1,898			13,396	(2,742)
Trade and Other Receivables	10,683	43			10,725	9,840
Inventories	127	(9)			117	111
Work in Progress	714	-			714	
Other Financial Assets	2,018	-			2,018	314
	25,039	1,931	0	0	26,970	7,523
Non Current Assets						
Property, Plant and Equipment	1,576,653	46,858	7,514	1,535	1,632,560	1,649,670
Intangible Assets	3,618	321	316	(889)	3,367	3,449
Forestry Assets	12,260	(321)			11,939	10,009
Internal Loans	35,338	24,103	-	5,793	57,698	
Investments in Associates	945	-			945	
Other Financial Assets	2	-			2	
	1,628,816	70,962	2,037	4,695	1,706,511	1,663,128
TOTAL ASSETS	1,653,855	72,893	2,037	4,695	1,733,481	1,670,651
Current Liabilities						
Trade and Other Payables	9,380	80			9,460	7,064
Income in Advance					0	
Contract Retentions and Deposits	450	(105)			344	325
Employee Benefit Liabilities	1,984	45			2,030	1,652
Development and Financial Contributions	1,746	(9)		(9)	1,728	2,115
Provision for Decommissioning	14	(1)			13	13
Provisions					0	
Borrowings	2,500	380			2,880	380
	16,074	390	-	(9)	16,456	11,549
Non-Current Liabilities						
Employee Benefit Liabilities	19	-			19	18
Provision for Decommissioning	2	-	2		(0)	-
Borrowings	-	-			0	
Internal Loans - Liability	35,338	24,103			59,441	-
Term loans		19,449			19,449	19,449
	35,359	43,550	-	0	78,909	19,467
TOTAL LIABILITIES	51,432	43,941	-	(9)	95,364	31,016
NET ASSETS	1,602,423	28,952	2,037	4,704	1,638,116	1,639,635

Appendix D: Projects planned to be deferred to future years

Business Unit Name	Project Name	Further Comments	Funded from	Total 20/21 Budget	Forecasted variance
Information Management	Core System replacement	300K placeholder for HRIS as project scope is currently underway. The core systems budget needs to carry forward to 21/22 as we are still scoping the major projects and it is unlikely that they will start before the new financial year	Loan	\$ 906,780	(\$923,210)
Waste Minimisation	Waste Management	Removed to be done next year	Loan	\$ 60,414	(\$60,414)
Street Works - Stewart Island	New walking track horseshoe Bay Road part 1	Project to be deferred to 21/22 financial year, project has not been started yet	Grants	\$ 52,583	(\$52,583)
Street Works - Stewart Island	Walking track horseshoe Bay Road part 3	Project to be deferred to 21/22 financial year, project not started yet	Grants	\$ 54,922	(\$54,922)
Resource Planning/Policy		District Plan General projects budget, wider policy work has not advanced as quickly as anticipated, underspend to be carried forward to 21/22.	District Ops Reserve	\$ 569,411	(\$400,000)
Water structures	Golden bay wharf rebuild	Golden bay wharf rebuild deferred to 21/22	Grant	\$ 400,000	(\$400,000)
Parks and Reserve	Centre walkway to CBD	Project 1727 Te Anau Centre walkway to CBD deferred to 21/22	Development contribution	\$ 10,445	(\$10,445)
Parks and Reserve	Netball court resurface	Holt Park extension Netball Court Resurfacing project deferred to 21/22	Loan	\$ 28,119	(\$28,119)
Buildings	Upgrade of Te Anau Library building	Project to be deferred to 21/22	Loan	\$ 534,278	(\$534,278)
				\$ 2,616,952	(\$2,463,971)

Appendix E: Projects planned to be deleted from the 2020-2021 Annual Plan

Business Unit Name	Project Name	Further Comments	Funded from	Total 20/21 Budget	Forecasted variance	Deleted \$ spend for the year 20/21
District Water	District Monitoring	Project terminated, no longer required	District Funding	\$ 164,578	(\$72,486)	\$ 92,092
District Water	District Monitoring	Project terminated, no longer required	District Funding	\$ 50,000	(\$50,000)	\$ -
Stormwater Drainage - Lumsden	Reticulation Upgrade SE Catchment	Terminated project. Allowance made in LTP for year 2, investigation moved to year 2 so that the construction budget could follow	Loan & Reserves	\$ 20,000	(\$20,000)	\$ -
Water Supply Riverton	Scheme Improvements	Project terminated, no longer required	Mix & Loan	\$ 131,564	(\$131,564)	\$ -
Sewerage Scheme Riverton	Treatment Upgrade & Sewer Pumps	Project terminated, no longer required	District Funding	\$ 31,728	(\$31,728)	\$ -
Water Supply Te Anau	Metering - District Metered Areas	Project terminated as the current scope could not be achieved without significant further investigation. Will be addressed in the next LTP cycle.	District Funding	\$ 101,500	(\$101,500)	\$ -
Water Supply Homestead	Plantroom valves (Homestead)	Project terminated, no longer required	Reserves	\$ 7,169	(\$7,169)	\$ -
Hall - Waianiwa	Exterior and roof repaint Waianiwa Hall	Painting of Hall to be undertaken by the Waianiwa Hall Committee	Grants	\$ 31,335	(\$31,335)	\$ -
Water Supply Winton	Metering - District Metered Areas	Project terminated as the current scope could not be achieved without significant further investigation. Will be addressed in the next LTP cycle.	District Funding	\$ 32,506	(\$32,506)	\$ -
Water Supply Scheme Eden/Wyn	District Metered Areas	Project terminated as works was completed	District Funding	\$ 19,475	(\$19,475)	\$ -
					(\$497,763)	

Water and Wastewater Capital Works

Record No: R/21/3/8645
Author: Joe Findley, Projects Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek approval from Council for unbudgeted expenditure associated with three projects. Two of which relate to the water supply activity, and one that relates to the wastewater activity, as follows:
 - a) Replace the aerator and aerator stand at the Tuatapere water treatment plant.
 - b) Complete the upgrade of the supervisory control and data acquisition (SCADA) hardware, software and logic programming within the water treatment plants across the district.
 - c) Continue to the investigation, consultation and design works associated with the Winton wastewater upgrade and consent renewal.

These projects were identified as part of the recent forecast reporting to the Finance and Assurance Committee.

Executive Summary

Tuatapere aeration tower and new aerator

- 2 The Tuatapere water scheme was established during the early 1970s and underwent a significant upgrade to the treatment process which was completed in 2001. The existing aerator and stand were a part of the 2001 upgrade and have operated at the site for the past 20 years.
- 3 A project to 'sandblast and powdercoat aerator stand' was included in the 2018-2028 Long Term Plan and was scheduled to take place in the 2020-2021 financial year. This project had a budget of \$73,400 and was included as a routine maintenance project for the recoating of the existing steel aerator stand.
- 4 Following a scoping visit to the Tuatapere water treatment plant in November 2020, it was deemed that the existing aerator stand was not in a condition that would prove cost effective to refurbish. The existing aerator stand also poses a health and safety issue for maintenance of the existing aerator by not providing a platform for access to the aerator. Further, it is noted that there have been recent operational issues with the existing aerator.
- 5 As such, it is proposed to replace both the existing aerator and aerator stand at the Tuatapere water treatment plant which requires the use of the existing \$73,400 budget and a further unbudgeted expenditure amount of \$72,000 to be funded by a 30-year loan. It is considered that this is the most cost-effective long term option.

SCADA upgrades to water treatment plants

- 6 Council have 11 water treatment plants across the district that are controlled and monitored in some form by a SCADA system. These systems have programmed logic that manages and controls certain aspects of the treatment process. This is both a compliance requirement, while also providing real time monitoring information and alarms back to Council and its maintenance and operations contractor.
- 7 Following the Havelock North water contamination issue, there has been an increase in the amount of water quality compliance data required and the frequency at which it is monitored. This has put significant pressure on the capability and increased emphasis on the reliability of our SCADA systems.
- 8 During 2018 it was identified that the units from the existing supplier of the then preferred hardware/ software package, were becoming obsolete and were not going to be able to meet the demands of the increasing volume and criticality of compliance data.
- 9 Budgets for water treatment plant SCADA upgrades were allowed for in the 2019/2020 and 2020/2021 financial years, these were \$128,125 and \$131,072 respectively. The 2019/2020 budget was used in its entirety to purchase the majority of the hardware required to complete all the necessary upgrades. This decision was made following noted disruptions to electronic hardware and software supply chains following the Covid-19 pandemic.
- 10 The unbudgeted expenditure requested through this report of \$135,000, represents a cost to complete all of the necessary initial upgrades, installation and programming for all the district's water treatment plants, this will bring the total costs for the year to \$266,072.

Professional services for Winton upgrade

- 11 The Winton wastewater treatment ponds were commissioned in 1962 and are designed to service a population of 2,350. The ponds currently service a residential population of 2,210 based on 2013 census data.
- 12 Council holds a resource consent from Environment Southland (ES) that relates to the discharge of treated wastewater at the Winton wastewater treatment site. This consent is due to expire in December 2023.
- 13 The Winton wastewater system is the second largest wastewater catchment in the Southland District, behind Te Anau. The scheme and treatment process have been sufficient to meet the current consent limits but recent decisions regarding the consenting of wastewater discharges would suggest that major upgrade is required to ensure compliance with environmental standards. As such, Council have engaged an external consultancy to provide professional services for investigation, consultation and design.
- 14 The budget that was allowed for the initial phases of this project in the 2018-2028 Long Term Plan was \$58,988 within the 2020/2021 financial year. Through the request for proposal process that was carried out to find a suitable consultant, it was identified that this budget was not sufficient to complete the initial stages of the investigation, consultation, business case analysis, concept development and Assessment of Environmental Effects (AEE) preparation for consent lodgement. It is worthwhile noting that recent changes to the regulatory and legislative environment has significantly impacted the complexity of this process.

- 15 The budget required for the initial stages of investigation, consultation, business case analysis, concept development and AEE preparation for consent lodgement has been estimated at \$190,000 for the current financial year. The budget that was available for this works was \$58,988, which leaves a budget deficit of \$130,000 for which unbudgeted expenditure is requested.

Recommendation

That Council:

- a) **Receives the report titled “Water and Wastewater Capital Works” dated 7 April 2021.**
- 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.

Tuatapere aeration tower and new aerator

- d) Approves the unbudgeted expenditure of \$72,000 (total project cost of \$145,100) to undertake the fabrication and installation of a new aerator and aerator stand at the Tuatapere water treatment plant.
- e) Approves the unbudgeted expenditure of \$72,000 excluding GST for the fabrication and installation of a new aerator and aerator stand at the Tuatapere water treatment plant, to be funded by 30 year loan, with the repayments funded by the district water rates.
- f) Approves the re-classification of the existing \$73,400 budget from maintenance to capital renewal.

SCADA upgrades to water treatment plants

- g) Approves the unbudgeted expenditure of \$135,000 (total project cost of \$266,072 **for the year) to complete the SCADA upgrade project for the district’s water** treatment plants.
- h) Approves the unbudgeted expenditure of \$135,000 excluding GST (total to complete **the SCADA upgrade project for the district’s water treatment plants to be funded by** 30 year loan with the repayments funded by the district water rate.

Professional services for Winton upgrade

- i) Approves the unbudgeted expenditure of \$130,000 (total cost for the year \$188,988) to undertake the professional services associated with the Winton wastewater upgrade and consent renewal.
- j) Approves the unbudgeted expenditure of \$130,000 excluding GST, for the professional services associated with the Winton wastewater upgrade and consent to be funded by 30 year loan, with repayments funded by the district wastewater rate.

Background

Tuatapere aeration tower and new aerator

- 16 The Tuatapere water scheme was established during the early 1970's and underwent a significant upgrade to the treatment process which was completed in 2001. The existing aerator and stand were a part of the 2001 upgrade and have operated at the site for the past 20 years.
- 17 The treatment process at Tuatapere includes the aerator for primary pH adjustment, cartridge filtration, UV sterilisation, chlorination and final pH correction prior to being supplied to the end users.
- 18 The aeration of the raw water is a necessary step in the treatment process to increase the pH of the water prior to treatment so that the other treatment processes can work to optimum effectiveness and within the bounds of the New Zealand Drinking Water Standards.
- 19 A project to 'sandblast and powdercoat aerator stand' was included in the 2018-2028 Long Term Plan and was scheduled to take place in the 2020-2021 financial year. This project had a budget of \$73,400 and was included as a routine maintenance project for the re-coating of the existing steel aerator stand. The operational expenditure needs to be transferred to capital expenditure.

SCADA upgrades to water treatment plants

- 20 Council have 11 water treatment plants across the district which are controlled and monitored in some form by a SCADA system. These systems have programmed logic that manages and controls certain aspects of the treatment process, while also providing real time monitoring information and alarms back to Council and its' maintenance and operations Contractor.
- 21 There are significant compliance monitoring and reporting requirements for water suppliers through the New Zealand Drinking Water Standards as well as volume reporting to Environment Southland for the water abstraction consents.
- 22 Following the Havelock North water contamination issue, there has been an increase in the amount of water quality compliance data required and the frequency at which it is monitored. This has put significant pressure on the capability and increased emphasis on the reliability of our SCADA systems.

Professional services for Winton wastewater upgrade

- 23 The Winton wastewater treatment plant is located to the south of the Winton Township, neighbouring State Highway 6. The ponds were commissioned in 1962 and are designed to service a population of 2,350. The ponds currently service a residential population of 2210 based on 2013 census data.
- 24 The Winton wastewater reticulation system discharges into a pump station at De Joux Road where it passes through a flow meter before being pumped 500m to the 3mm screen at the primary oxidation pond. From the primary pond the effluent passes into a wetland for polishing. The treated effluent is then discharged to the Winton stream.
- 25 Council holds a resource consent from Environment Southland (ES) which relates to the discharge of treated wastewater at the Winton wastewater treatment site. This consent is due to

expire in December 2023. Initial work is being undertaken for investigation, consultation, design and the business case.

Issues

Tuatapere aeration tower and new aerator

- 26 Following a scoping visit to the Tuatapere water treatment plant in November 2020, it was deemed that the existing aerator stand was not in a condition that would prove cost effective to refurbish. The existing aerator stand also poses a health and safety issue for maintenance of the existing aerator by not providing a platform for access to the aerator.
- 27 During the site visit it was also raised by the operations contractor that there have been continual operational issues with the existing aerator. The issues raised relate to the aesthetics of the site and public perception and the continued maintenance required for replacing cartridge filters following maintenance of the aerator.
- 28 The main issue with the existing aerator is the open-air design and stainless-steel material that the aerator is made of. The design and material coupled together promote the growth of algae on the aerator. This algae growth is easily visible from the access road which is also the access to the Tuatapere domain and in public view.
- 29 Regular water blasting maintenance is required to remove the algae which because of the aerator design, sloths off the aerator into the balance tank. The cartridge filters at the plant then catch the algae but this then requires the replacement of the filters because the algae will blind the filters completely.
- 30 New aerators are designed to better prevent the promotion of algal growth by eliminating the sunlight into the treatment process. Such aerators are in operation within the Southland District currently and operate successfully.

SCADA upgrades to water treatment plants

- 31 During 2018 it was identified that the units from the existing supplier of the then preferred hardware/software package, were becoming obsolete and were not going to be able to meet the demands of the increasing volume and criticality of compliance data.
- 32 A suitable replacement was looked for and found through another supplier which offered a far more powerful and user-friendly product. Both the hardware and software of the new supplier are at the beginning of their product cycle, which provides Council more surety of continued support and availability of spares. The new software also provides in-built data integrity protocols to self-manage the quality of data being sent out as well as a much greater scope for compliance reporting to the new drinking water regulator.
- 33 Budgets for water treatment plant SCADA upgrades were allowed for in the 2019/2020 and 2020/21 financial years, these were \$128,125 and \$131,072 respectively. The 2019/2020 budget was used in its' entirety to purchase the majority of the hardware required to complete all the necessary upgrades. This decision was made following noted disruptions to electronic hardware and software supply chains following the Covid-19 pandemic.
- 34 The remaining installation, software upgrade and logic programming work has been progressing throughout the 2020-2021 financial year. However, given the additional requirements of the

compliance monitoring set out by the Ministry of Health, following the initial report recommendations from the Havelock North enquiry, the cost of additional plant configuration works has increased significantly.

- 35 The unbudgeted expenditure requested through this report, represents a cost to complete all of the necessary initial upgrades, installation and programming for all the district's water treatment plants.
- 36 The plants that have already been upgraded and providing Council with a far greater compliance data capture and proving to be a lot more reliable, experiencing little if any communications failures as experienced through the old system.

Professional services for Winton wastewater upgrade

- 37 The Winton wastewater system is the second largest wastewater catchment in the Southland District, behind Te Anau. The scheme and treatment process have been sufficient to meet the current consent limits but recent decisions regarding the consenting of wastewater discharges would suggest that major upgrade is required to ensure compliance with environmental standards. As such, Council have engaged an external consultancy to provide professional services for investigation, consultation and design.
- 38 At times, the existing wastewater treatment system struggles to keep up with the inflow received at the plant. The consented volume of discharge under the existing resource consent is 750m³/day, a figure which is regularly exceeded due to infiltration and inflow issues within the township. This is attributed to the high levels of inflow (rain water inflow) and infiltration (ground water ingress) within the network and a project is currently underway to identify the major infiltration and inflow areas within the network and look to reduce these volumes down to nationally accepted levels.
- 39 The budget that was allowed for the initial phase of this project in the 2018-2028 Long Term Plan was \$58,988 within the 2020-2021 financial year. Through the request for proposal process that was carried out to find a suitable consultant, it is known that this budget is not sufficient to complete the initial stages of the investigation, consultation, business case analysis, concept development and AEE preparation for consent lodgement.

Factors to Consider

Legal and Statutory Requirements

Tuatapere aeration tower and new aerator

- 40 The New Zealand Drinking Water Standards include provision for aesthetically pleasing qualities of the water supplied to consumers. While it can be easily proven that the algal growth which presently forms on the existing aerator is removed through the filtration process, it still provides a platform for a negative public perception.

SCADA upgrades to water treatment plants

- 41 Council have statutory requirements to provide compliance and monitoring data to the Ministry of Health as per the New Zealand Drinking Water Standards.
- 42 Council have requirements to Environment Southland to provide volume monitoring data with regards to the water abstractions consents it holds for all water supplies.

Professional services for Winton wastewater upgrade

- 43 Council are required to maintain a current consent for the discharge of wastewater through Environment Southland. If a renewal of consent is not applied for, through application including a suitable solution, Council could be liable for prosecution by Environment Southland.

Community Views

Tuatapere aeration tower and new aerator

- 44 The original project for the maintenance of the aerator stand was included in the 2018-2028 Long Term Plan and as such was released for consultation.
- 45 No further community consultation has occurred with regards to the proposed aerator replacement however.

SCADA upgrades to water treatment plants

- 46 The original project for the software upgrade was included in the 2018-2028 Long Term Plan and as such was released for consultation.

Professional services for Winton wastewater upgrade

- 47 The community and a wider group of stakeholders are current being consulted with through a number of methods, including the Council website, social media, face to face meetings which are planned and the stakeholder engagement group.
- 48 This consultation will continue throughout the initial stages of the project, through until a preferred upgrade option is agreed and developed for consent.
- 49 There is a significant budget that has been included in the proposed 2021-2030 Long Term Plan for the upgrade project itself. This plan is currently out for consultation with the community now.

Costs and Funding

Tuatapere aeration tower and new aerator

- 50 The proposal is to replace the aerator and the stand, which includes provision for maintenance access with a platform atop the stand. The estimated costs for supply and installation of the new aerator and stand is \$145,400 excluding GST, the existing maintenance budget for this project is \$73,400.
- 51 Funding the additional unbudgeted amount of \$72,000 through a 30 year loan, results in an additional district water rates required of \$3,214 (excluding GST) per annum in 2021/2022 to 2030/2031.

SCADA upgrades to water treatment plants

- 52 The budget required to complete the SCADA upgrade project is \$266,000. The existing budget available for this work is \$131,072, which leaves a budget deficit of \$135,000.
- 53 Funding the additional unbudgeted amount of \$135,000 through a 30 year loan, results in additional district water rates required of \$6,028 (excluding GST) per annum in 2021/2022 to 2030/31.

Professional services for Winton wastewater upgrade

- 54 The budget required for the initial stages of investigation, consultation, business case analysis, concept development and AEE preparation for consent lodgement has been estimated at \$190,000. The budget that was available for this works was \$58,988, which leaves a budget deficit of \$130,000.
- 55 Funding the additional unbudgeted amount of \$130,000 through a 30 year loan, results in an additional district wastewater rates required of \$5,804 (excluding GST) per annum in 2021/2022 to 2030/2031.
- 56 The impact on the rate payer for the three projects is \$1.51 (0.27%) for the district water rate payers and \$0.77 (0.15%) for district wastewater rate payers. The increase of total rate collected is 0.03%.

Policy Implications

Tuatapere aeration tower and new aerator

SCADA upgrades to water treatment plants

Professional services for Winton wastewater upgrade

- 57 Nil.

Analysis

Options Considered

Tuatapere aeration tower and new aerator

- 58 The following options have been identified and considered as outlined in Options 1A-3A below;

Analysis of Options

Option 1A – Replace existing aerator and aerator stand with new Armatec aeration tower and new aerator stand which includes maintenance platform.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• reduced routine maintenance costs on aerator and cartridge filter replacement• increased safety of maintenance staff through inclusion of maintenance platform on new stand• robust and proven aerator which does not promote the algae growth issues that the existing aerator does• new and robust aerator stand that will have a coating specified to withstand the operating environment it is in• improved treatment efficiency with new aerator• new aerator will eliminate the aesthetic issue of the algal growth, visible to the public.	<ul style="list-style-type: none">• requires unbudgeted expenditure to complete.

Option 2A – Replace aerator stand only and retain existing aerator

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> increased safety of maintenance staff through inclusion of maintenance platform on new stand new and robust aerator stand that will have a coating specified to withstand the operating environment it is in. 	<ul style="list-style-type: none"> existing aerator will still create operation and maintenance issues which affect the overall functionality of the Tuatapere water treatment plant increased maintenance costs of cleaning and filter replacement will remain aesthetic issue of algal growth will still remain.

Option 3A – Do nothing

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> no unbudgeted expenditure or capital costs. 	<ul style="list-style-type: none"> existing aerator will still create operation and maintenance issues which affect the overall functionality of the Tuatapere water treatment plant increased maintenance costs of cleaning and filter replacement will remain aesthetic issue of algal growth will still remain existing stand will continue to deteriorate in condition maintenance of aerator will still require contractor to use cherry picker for access.

SCADA upgrades to water treatment plants

- 59 Given the criticality of the SCADA systems to the successful operation of Councils water treatment plants, a do-nothing approach has not been considered. Therefore, only two options have been provided for as detailed in 1B and 2B below;

Analysis of Options

Option 1B – **Continuation of the SCADA upgrade project to the district's water treatment plants through unbudgeted expenditure**

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• provides significant increase in reliability of the SCADA system• provides significant increase in confidence of data being supplied through the system• increased performance of new system enabling the additional compliance monitoring data to be supplied and reported• new system is more user friendly and is well supported with good accessibility to spare parts• project ensures water treatment plants are showing an ongoing and continued trend towards full compliance.	<ul style="list-style-type: none">• requires unbudgeted expenditure to complete.

Option 2B – Inclusion of the additional funds for the project in the Long Term Plan through a staff submission

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• financial impact to ratepayers delayed to the 2022/23 financial year	<ul style="list-style-type: none">• reduces confidence levels in Council's existing systems while project is delayed• delays the timeline of the project• interrupts the work currently being completed by the contractor.

Professional services for Winton wastewater upgrade

- 60 Only two options have been considered for this report, as detailed below.
- 61 Option 1C is the funding of the required budget through unbudgeted expenditure to ensure that the project can continue to progress through the lodgement of a new consent with Environment Southland. The outcomes of previous applications suggest that this process should be progressed as early as possible to ensure Council can maintain its' obligations to have a current wastewater discharge consent. Invariably there will be a hold up somewhere along the process that will need time to consult and resolve.
- 62 Option 2C is to put through a staff submission to include a budget for the works within the 2021-2022 financial year. This would enable consideration of the project to be completed through the proper channels, however would create some delays to the expected timeframe for consent lodgement.

Analysis of Options

Option 1C - Continuation of the Winton wastewater upgrade and consent renewal project through unbudgeted expenditure

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> enables the project to continue to progress as per the planned timeframes for consultation and consent lodgement provides continuity for the consultant and the wider stakeholder engagement group provides Council with a time contingency to utilise in the event of any delays or consent hearings. 	<ul style="list-style-type: none"> incurs unbudgeted expenditure.

Option 2C – Inclusion of the additional funds for the project in the Long Term Plan through a staff submission

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> financial impact to ratepayers delayed to the 2022/2023 financial year. 	<ul style="list-style-type: none"> delays the timeline of the project interrupts the work being completed by the consultant and stakeholder engagement group effects the overall time contingency currently available to the project.

Assessment of Significance

- 63 The proposed recommendations are assessed as not significant. The assessment of significance needs to be carried out in accordance with Council's Significance and Engagement Policy. The Significance and Engagement Policy requires consideration of the impact on social, economic or cultural wellbeing of the region and consequences for people who are likely to be particularly affected or interested. Community views on this matter have been considered through engagement therefore this decision is not considered significant.

Recommended Option

Tuatapere aeration tower and new aerator

- 64 It is recommended to Council to approve the unbudgeted expenditure request for Option 1 – replacement of aerator and new aerator stand, estimated at \$145,400 (excluding GST) which includes an unbudgeted amount of \$72,000 (excluding GST) funded by a 30 year loan.

SCADA upgrades to water treatment plants

- 65 It is recommended to Council to approve the unbudgeted expenditure request for Option 1 – Continuation of the SCADA upgrade project to the district's water treatment plants through unbudgeted expenditure, with unbudgeted expenditure amount of \$135,000 (excluding GST) funded by a 30 year loan.

Professional services for Winton wastewater upgrade

- 66 It is recommended to Council to approve the unbudgeted expenditure request for Option 1 – Continuation of the Winton wastewater upgrade and consent renewal project through unbudgeted expenditure, with an estimated unbudgeted expenditure amount of \$130,000 (excluding GST) funded by a 30 year loan.

Next Steps

Tuatapere aeration tower and new aerator

- 67 If Council approves the unbudgeted expenditure for Option 1A above, then Council will purchase the new aerator and have Council's maintenance and operations contractor Downer, fabricate the new stand and install both the stand and aerator at the Tuatapere water treatment plant.

SCADA upgrades to water treatment plants

- 68 If Council approves the unbudgeted expenditure as per Option 1B above, then the project will continue as planned.

Professional services for Winton wastewater upgrade

- 69 If Council approves the unbudgeted expenditure as per Option 1C above, then the project will continue as planned.
- 70 It has been recognised through the 2021-2030 Long Term Plan process that the budget allocated to wastewater consent renewal planning, were lighter than required. Through the proposed LTP these budgets have been increased to reflect more closely what the planning and consultation phases of these consents really is.

Attachments

There are no attachments for this report.

Southland Museum and Art Gallery Trust draft Statement of Intent

Record No: R/21/3/10221
Author: Melissa Brook, Governance and Democracy Manager
Approved by: Trudie Hurst, Group Manager Customer Delivery

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to provide Council with the draft Southland Museum and Art Gallery Statement of Intent 2021/2022, and an opportunity to provide feedback to the Southland Museum and Art Gallery Trust Board.

Executive Summary

- 2 The Southland Museum and Art Gallery Trust (SMAGT) is a council controlled organisation (CCO) under the Local Government Act 2002 (the act).
- 3 The act requires a CCO to have a statement of intent. The statement of intent must comply with the requirements of the act.
- 4 Under the act, each CCO of Southland District Council needs to provide its draft statement of intent to Council by 1 March. The draft statement of intent was received via email on 24 February, meeting this requirement. Council, as soon as practicable after receiving the draft statement of intent, must respond and provide any feedback to the SMAGT.
- 5 The SMAGT board must then consider Council's comments and deliver its final statement of intent by 30 June.

Recommendation

That Council:

- a) Receives the **report titled “Southland Museum and Art Gallery Trust draft Statement of Intent” dated 8 April 2021.**
- 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) Acknowledges receipt of the draft statement of intent from the Southland Museum and Art Gallery Trust.
- e) Confirms that the feedback to the Southland Museum and Art Gallery Trust should include the following:
 - a request for clarification on legislative compliance as it relates to the non-financial performance measures outlined in the draft statement of intent
 - a request **t to consider the addition of Council’s community outcomes in section 2.4**
 - a request to consider the necessity of retaining performance measures in section 3.0 where there is no corresponding performance target

Background

- 6 The SMAGT board have prepared the draft statement of intent for consideration (Attachment A). Through the statement of intent, SMAGT can publicly state its intended activities for the year and the objectives to which they contribute.
- 7 The process for developing the statement of intent provides an opportunity for Council to influence the direction of SMAGT.
- 8 Following feedback from Council and our other partner councils, the SMAGT board will finalise its statement of intent for the 2021/2022 financial year.

Issues

- 9 Clauses 7 and 10 of Schedule 8 of the act sets out the required content for the statement of intent. Although the draft statement of intent outlines the financial information for the next three years, the performance measures are focused on the 2021/2022 financial year. While acknowledging the governance review currently being undertaken for SMAGT, staff consider that providing only one year of non-financial performance targets and other measures by which the performance of SMAGT may be judged in relation to its objectives does not meet the requirements of clause 7 of schedule 8 of the act. SMAGT board should be asked for confirmation that the draft statement of intent meets legislative requirements.

- 10 In section 2.4 of the draft statement of intent, the SMAGT board outlines how it aligns with the Invercargill City Council's community outcomes. As a CCO, the SMAGT should also be contributing to Southland District Council's community outcomes. Staff have considered Council's community outcomes alongside the objectives and activities of SMAGT as outlined in the draft statement of intent. To illustrate how SMAGT assists in achieving Council's outcomes, staff would recommend that Council request the following SDC community outcomes be added to section 2.4 of the draft statement of intent:

- kaitiakitanga for future generations
- inclusive connected communities.

- 11 Section 3.0 outlines the non-financial performance targets and other measures by which the performance of SMAGT may be judged in relation to its objectives. Although a number of these measures are technical by nature, staff consider there are adequate measures to enable performance monitoring. Staff recommend that Council query the relevance of retaining two identified 'strategies to achieve output' where a corresponding target has not been included. The two strategies that do not have corresponding targets are:

- collection of items to have digital images made (page 6)
- provide outreach to other museums and related organisations in the region and community (page 7).

Factors to Consider

Legal and Statutory Requirements

- 12 Part 5 of the Local Government Act 2002 specifically refers to council controlled organisations and Schedule 8 specifically refers to statement of intent requirements.
- 13 These requirements have been considered and form the basis and rationale behind the process being undertaken.

Community Views

- 14 No specific community views have been sought in considering the comments that Council might provide on the draft statement of intent.

Costs and Funding

- 15 The funding provided to SMAG is sourced from the regional heritage rate.

Policy Implications

- 16 No policy implications have been identified.

Analysis

Options Considered

- 17 Council is required to give feedback to the SMAGT board, even if that feedback is only to acknowledge receipt of the draft statement of intent and to not request any amendments. Two options have been identified for Council's consideration. Option 1 is to request clarification on legislative compliance as it relates to the non-financial performance measures outlined in the draft statement of intent and to provide feedback requesting the SMAGT board consider the addition of Council's community outcomes in section 2.4 and the necessity of retaining performance measures in section 3.0 where there is no corresponding performance target.

- 18 Option 2 is to acknowledge receipt of the draft statement of intent, but not provide feedback on its content.

Analysis of Options

Option 1 – request clarification on legislative compliance as it relates to the non-financial performance measures outlined in the draft statement of intent and provide feedback **requesting the SMAGT board consider the addition of Council's community** outcomes in section 2.4 and the necessity of retaining performance measures in section 3.0 where there is no corresponding performance target

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• reflects good practice in that Council is utilising the legislative requirement in providing feedback to the process• will allow the trustees to consider whether they should modify the draft statement of intent to reflect the feedback provided by Council.	<ul style="list-style-type: none">• may slow the process of finalisation should the trustees choose to undertake further investigation into Council's feedback.

Option 2 – acknowledge receipt of the draft statement of intent, but not provide feedback on its content

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• the trustees will finalise the statement of intent.	<ul style="list-style-type: none">• the trustees would not have the advantage of receiving feedback from Council.

Assessment of Significance

- 19 The SMAGT draft statement of intent is not considered significant in relation to Council's Significance and Engagement Policy.

Recommended Option

- 20 Staff recommend option 1 - request clarification on legislative compliance as it relates to the non-financial performance measures outlined in the draft statement of intent and provide feedback requesting the SMAGT board consider the addition of Council's community outcomes in section 2.4 and the necessity of retaining performance measures in section 3.0 where there is no corresponding performance target.

Next Steps

- 21 The feedback provided by Council will be delivered to the SMAGT board for its consideration alongside the feedback received from our partner councils. SMAGT board will provide the final statement of intent, including any response to Council's feedback, to Council before 1 July 2021.

Attachments

- A DRAFT Southland Museum and Art Gallery Trust Statement of Intent 2021-2022 [↓](#)

The Statement of Intent for the Southland Museum & Art Gallery Trust Board has been prepared in accordance with the Local Government act 2002.

A review of the governance of the Southland Museum & Art Gallery Trust Board is currently underway. As any changes to the governance structure is currently unknown, this Statement of Intent has been prepared with the assumption of business as usual.

SOUTHLAND MUSEUM AND ART GALLERY TRUST BOARD

STATEMENT OF INTENT

**FOR THE FINANCIAL YEAR ENDING
30 June 2022**



The purpose of this Statement of Intent is to:

- State publicly the activities and intentions of this Council Controlled Organisation for the year and the objectives to which those activities will contribute.
- Provide an opportunity for shareholders to influence the direction of the organisation.
- Provide a basis for the accountability of the Board to their stakeholders for the performance of the organisation.

Southland Museum and Art Gallery Trust Board
Statement of Intent 2021/22

Page 1 of 11

This Statement of Intent covers the year 1 July 2021 to 30 June 2022.

1. MISSION, VISION, STRATEGIC OBJECTIVES AND THE THREE YEAR PLANNING PERIOD

1.1 Mission Statement

To celebrate our people, land and culture

1.2 Vision Statement

We are a nationally respected, unique, innovative, vibrant attraction providing a must-do experience with a positive culture from a team that is excited to be there, supported by diverse funding and revenue streams and meaningful partnerships protecting the collection of Southland, as custodians of our heritage

1.3 Strategic Objectives

Through its activities the Southland Museum and Art Gallery Trust Board (SMAGTB) will:

- Deliver a vibrant successful collaboration with the Invercargill Public Art Gallery in a temporary exhibition space that is bustling with people, activities and culture.
- Increase the sense of ownership by Southlanders, and the attractiveness, meaningfulness, relevance, value of the Museum and its programmes for them and visitors to Southland
- Contribute to the role of attracting visitors to Invercargill as part of the Southland visitor experience.
- Continue to strengthen our relationships with Mana Whenua.
- Have an aligned board and simple governance structure that is the best interest of the Southland Region
- Work with our Community using our Museum as a connector
- Collaborative organisational structure, shared authority and strong community engagement
- Provide support for regional museums in our province.

1.4 Principal Activities

The principal activities which contribute to the achievement of the Strategic Objectives will be provided by the Management Contract. These are categorised into four areas:

1. The Collections – Caring for, developing, and researching collections
2. The Community – Be the facilitator, connector, activator, conductor and co-creator working with community
3. The Experience – Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.
4. The Development – Planning, consulting and establishing a future direction.

1.5 Financial Forecasts

Note: the financial forecasts are prepared on a business as usual basis.

	2021/22	2022/23	2023/24
Revenue	1,225,074	1,248,709	1,248,709
Expenses	1,230,520	1,253,266	1,253,266
Net Surplus / Deficit	(5,446)	(4,557)	(4,557)

The loss is directly related to depreciation of assets the Trust has. Cash flow position is neutral each year.

The SMAGTB receives annual grants from the Southland Regional Heritage Committee and has an annual service contract with Invercargill City Council.

The SMAGTB will approve the budget for expenditure in the Management Contract each year. See Section 2.3, Management of the Southland Museum and Art Gallery.

The SMAGTB owns some of the collection and is guardian of other parts of the collection.

1.6 Bicultural Development

Southland Museum and Art Gallery maintains a working partnership with iwi through the Iwi Liaison Komiti, which has representatives from the four Southland runanga. The Iwi Liaison Komiti meets quarterly to discuss issues relating to the collections and exhibitions.

2.0 STATEMENT ON THE BOARD'S APPROACH TO GOVERNANCE

2.1 Role of the Board

The Board is responsible for the governance of the Southland Museum and Art Gallery. The Board is responsible for setting the strategic direction of SMAG, approving the Statement of Intent and monitoring the performance of the Management Contract.

2.2 Board Membership

The SMAGTB is a Council Controlled Organisation with up to 10 trustee members and three ex officio members who represent the contributing authorities. The Board also has the authority to appoint additional members whose skills and experiences benefit the Trust and its functions.

INVERCARGILL CITY COUNCIL

Cr D Ludlow
Cr R Amundsen
Vacant

SOUTHLAND DISTRICT COUNCIL

Mayor G Tong
Cr C Menzies

GORE DISTRICT COUNCIL

Cr Bret Highsted

TANGATA WHENUA

E Cook

APPOINTMENTS BY THE ABOVE TRUSTEES

G Neave
R Eagles

FRIENDS OF THE MUSEUM

C Henderson

EX OFFICIO

Manager – W Marriott (ICC officer)
Secretary – Vacant (ICC officers covering)
Treasurer – J Botting (ICC officer)

2.3 Management of the Southland Museum and Art Gallery

The SMAGTB has a Management Contract with the Invercargill City Council to carry out the Principle Activities of the Board. The Council employs the museum manager and staff who operate He Waka Tuia and the museum facility on Gala street. The Trust Board will approve the budget for expenditure in the Management Contract each year.

2.4 Alignment with Community Outcomes

The SMAGTB contributes towards the achievement of Invercargill City Council's community outcomes.

Enhance our City	Preserve its Character	Embrace Innovation and Change
<i>We will know success when:</i>	<i>We will know success when:</i>	<i>We will know success when:</i>
New residents feel welcomed and embraced by Invercargill culture.	Invercargill is celebrated for preserving its heritage character.	Invercargill's culture is embraced through Community projects.
Healthy and active residents utilise space, including green space, throughout the City.	Our natural and existing points of difference are celebrated.	Technology is utilised in both existing and new City services.
Invercargill's business areas are bustling with people, activities and culture.	Strong, collaborative leadership of the City is demonstrated.	Residents of, as well as visitors to, Invercargill give positive feedback and have great experiences.
		Invercargill has the 'wow factor' with the right facilities and events to enjoy.

3.0 OUTPUTS PLANNED FOR THE YEAR ENDED 30 JUNE 2022

Below are the outputs which are planned by the organisation to be delivered by the Management Contractor and the strategies that will be used to achieve these.

3.1 The Collections Caring for, developing, and researching collections.		
Output	Strategies to achieve Output	2021-22 Target
The collection is developed to enable the Museum to document, illustrate and explore Southland's unique natural and cultural heritage	Collection management policies are reviewed as required.	One review annually
	New acquisitions are considered according to the Collection Management Policy. (Minimal acquisitions desired while museum building is closed).	100% of objects acquired are considered
	New acquisitions are entered into Vernon Collection Management System (CMS) to the level of Stripped Stage 1.	1000 records
	Existing CMS records are updated to Stage 1 (Full Documentation). Stage 1 is designed to make the updated records searchable, identify key hazards, and ensure that the items ready for relocation.	2,400 records
	Collections items to have digital images made.	0 items (Photography will only be undertaken as required for the purposes of condition reporting, online presence, and the temporary gallery space.)

Output	Strategies to achieve Output	2021-22 Target
The collection is prepared for removal from the building by 2021/22 (4 years)	<p>Pack items for storage and transportation.</p> <p>Stage 2a of the current Collection Relocation Plan involves packing and physically readying objects for relocation.</p> <p>Stage 2b of the current Collection Relocation Plan involves implementing a temporary transporting/packing solution for objects to be safely transported off-site.</p>	2000 items across Stage 2a and 2b.
Collections are maintained in optimal conditions for their long term preservation	Storage space is kept at temperature of 19°C±1°C, percentage of time in range.	Minimise variance
	Storage space is kept at humidity of 50%±5%, percentage of time in range.	Minimise variance
	Storage space is monitored for infestation by pests and moulds.	Minimum pests, moulds and pollutants found
	A procedure to minimise deterioration by light is followed.	Yes
	A procedure to avoid loss or damage to objects in the collection or on loan is followed.	Yes

3.2 The Community

Be the facilitator, connector, activator, conductor and co-creator working with community

Output	Strategies to achieve Output	2021-22 Target
Maintain strong relationships with iwi over issues relating to the collections, exhibitions and tuatara management	Iwi Liaison Komiti (representing the four Southland runanga; Waihopai, Oraka-Aparima, Hokonui, Awarua) meets regularly.	Four meetings
Promote a museum presence	Provide outreach to other museums and related organisations in the region and community.	No target

3.3 The Experience

Interactive and social connections. A whole brain learning – sparking memories of lifetime connections with the past and the future, connecting with the mauri of our taonga, celebrating our land, people and culture.

Output	Strategies to achieve Output	2021-22 Target
Establish a temporary museum presence within the city.	Deliver short-term exhibitions within the museum presence.	Four exhibition

3.4 The Development

Planning, consulting and establishing a future direction.

Output	Strategies to achieve Output	2021-22 Target
Awaiting decision on SMAGTB future governance structure		

4.0 ACCOUNTING POLICIES

4.1 Basis Of Preparation

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions. This is on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of more than \$2 million and less than \$30 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the Trust will continue to operate in the foreseeable future.

The Trust is domiciled in New Zealand, is a reporting entity for the purposes of the Charitable Trusts Act 1957 and its financial statements comply with that Act.

The trustees of the Trust do not have the power to amend the financial statements after issue.

4.2 Changes In Accounting Policies

There has been no change in accounting policies.

4.3 Goods And Services Tax (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

4.4 Revenue

Revenue is recognised to the extent that it is probable the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

4.4.1 Grants

Council, government, and non-government grants are recognised as revenue when the conditions attached to the grant has been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

4.4.2 Donations

Donations are recognised as revenue upon receipt.

4.4.3 Bequests

Revenue from estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably.

4.4.4 Interest revenue

Interest revenue is recognised as it accrues, using effective interest method.

4.4.5 Other revenue

Revenue is measured at the fair value of consideration received.

4.5 Expenditure

All expenditure is recognised in the period in which it is incurred and expensed when the related services has been received.

4.6 Income Tax

The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

4.7 Donated Services

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in the financial statements.

4.8 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These comprise cash on hand, cheque or savings accounts, and deposits held at call with banks. Bank overdrafts are presented as a current liability in the statement of financial position.

4.9 Short term investments

Short term investments comprise term deposits which have a term greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.10 Receivables

Short-term receivables are recorded at the amount due, less any provision for non-collectability. A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

4.11 Creditors And Accrued Expenses

Creditors and other payables are measured at the amount owed.

4.12 Property, Plant And Equipment

Property, plant and equipment is recorded on the cost basis, less accumulated depreciation and impairment losses.

Property, plant, and equipment held at cost that has a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value, less costs to sell, and value in use. The total impairment loss is recognised in the surplus or deficit.

The Trust has elected not to revalue property plant and equipment

4.12.1 Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

4.12.2 Depreciation

Depreciation has been charged in the Financial Statements on the basis of the economic life rates recommended by the Inland Revenue Department as follows:

Buildings	2%	SL
Fit-out	9 - 40%	DV

4.12.3 Heritage Assets

The Southland Museum & Art Gallery Trust Board owns an extensive collection of material and information relating to natural, cultural and scientific heritage. Heritage assets are valued at cost or fair value at the date of acquisition and are not depreciated.

All assets acquired are recognised at cost at the date of acquisition. As a large number of the Heritage assets are donated or subsidised generally such cost will be nil unless they have been acquired as a result of a purchase by the Trust.

The bulk of the Trust's collection is represented by unrealisable or irreplaceable items and it is impracticable and cost prohibitive to value them on a "Market Based" or "Depreciated Replacement Cost" basis. As a consequence the Trust's collection is undervalued in these financial statements.

The result of this accounting policy means that the vast majority of the Museum's collection is effectively valued for accounting purposes at nil, or at historical cost for those few items purchased.

The primary function and purpose of the Southland Museum is the preservation and display of the extensive collection of heritage assets. These are the tasks that make up the bulk of the Southland Museum's activities.

This means that much of the collection is valued at nil, or very old historical cost for those few items purchased. The Board is confident that if the collection, however unlikely, was to be sold, its market value would be very substantial.

The fact that most of the collection has a nil, or low, value for accounting purposes in no way reduces the true value of the collection or the care that is exercised in its conservation and exhibition.

For Insurance purposes, the collection is valued at \$10,000,000.

Ohai Railway Fund Committee - Appointment of Members

Record No: R/21/3/12774
Author: Melissa Brook, Governance and Democracy Manager
Approved by: Trudie Hurst, Group Manager Customer Delivery

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to correct an anomaly in Council's appointments to the Ohai Railway Fund Committee, by appointing three elected members, including His Worship the Mayor, to the Ohai Railway Fund Committee in accordance with both the Local Government Act 2002 and the Local Government Commission determination on the former Ohai Railway Board.
- 2 The report further outlines necessary amendments to Council's Manual of Delegations, Terms of Reference for the Ohai Railway Fund Committee and Local Governance Statement.

Executive Summary

- 3 The Local Government Commission determination on the Ohai Railway Board (the determination) determined that Southland District Council would establish and maintain a committee, to be called the Ohai Railway Fund Committee (the committee) with its stated function to be 'to make grants or loans or both from the fund – a) for the benefit of the residents of the former board; or b) to any resident of the district of the former board.'
- 4 The determination outlines that the committee shall comprise not less than five persons, nor more than seven persons, the majority of whom shall be residents of the district of the former Ohai Railway Board. At its inaugural meeting on 1 November 2019, Council appointed Crs Byars, Harpur and Ruddenklau to the committee.
- 5 Section 41A(5) of the Local Government Act 2002 states that 'A mayor is a member of each committee of a territorial authority'. This has given rise to the anomaly that, although only three elected members have been attending as members of the committee, Council technically has four elected members appointed.
- 6 Council is unable to have four elected members appointed and comply with the terms of the determination and therefore staff have discussed with the appointed councillors having one stand down from the committee.
- 7 Staff have also reviewed the terms of reference for the operation of, and delegations to, the committee and note that they appear to have omitted the changes made through the Local Government (Southland Region) Reorganisation Amendment Order 2005. This amended the definition of 'resident' and extended the timeframe for eligibility by three years every three years, thus widening the pool of people who may be considered eligible for funding.

Recommendation

That the Council:

- a) **Receives the report titled “Ohai Railway Fund Committee - Appointment of Members” dated 8 April 2021.**
- 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) Determines that Council appointees on the Ohai Railway Fund Committee are Mayor Tong, Cr Harpur and Cr Ruddenklau.
- e) Determines to amend the terms of reference and scope of activities in the delegations manual and local governance statement for the Ohai Railway Fund **Committee to the following: “The purpose of the fund is to provide grant(s) for the benefit of the “residents” of the former “Ohai Railway Board area” as legally described in the New Zealand Gazette Notice, page 1671 of 11 May 1916. A “resident” being a person or a descendant of a person whose name appeared on the Parliamentary Electoral Roll in any year from 1960 to 2014, both years inclusive, and whose address at this time or times was within the area of the district of the former board.”**
- f) **Notes that the latter year in the definition of ‘resident’ will need to be updated** following each triennial election to reflect the Local Government (Southland Region) Reorganisation Amendment Order 2005.

Background

- 8 Following the sale of the assets of the former Ohai Railway Board, Southland District Council asked the Local Government Commission (LGC) for a determination establishing a committee of council to administer and manage the Ohai Railway Fund.
- 9 The LGC, in its 1993 determination, determined the following:

“(3) Southland District Council shall establish and maintain a committee, to be called the ‘Ohai Railway Fund Committee’ (hereinafter in this clause referred to as ‘the committee’), comprising not less than five persons nor more than seven persons, the majority of whom shall be residents of the district of the former Ohai Railway Board, which district shall comprise the area delineated on S.O. Plan No. 11924 deposited with the chief surveyor of Southland District.

(4) The function of the committee shall be to make grants or loans or both from the fund –
 - (a) for the benefit of the residents of the district of the former board*
 - (b) to any resident of the district of the former board*

- (5) *For the purposes of this clause a resident of the district shall be a person, or a descendant of a person whose name has appeared on any parliamentary electoral roll in any year from 1960 to 1990, both years inclusive, and whose address at that time or times was within the area of the district of the former board.*
- (6) *The committee shall, within the parameters set out in this clause, fix appropriate criteria governing the making of any grant or loan under subclause (4) of this clause.”*
- 10 The Local Government (Southland Region) Reorganisation Amendment Order 2005 reviewed and amended the definition of ‘resident’. Subclause 5 is now amended to include a subclause 5a and 5b as outlined below:
- (5) (a) *For the purposes of this clause a resident of the district shall be a person, or a descendant of a person whose name has appeared on any parliamentary electoral roll in any year from 1960 to 1999, both years inclusive, and whose address at that time or times was within the area of the district of the former board.*
- (5) (b) *From 1 January 2008, the reference in subclause (5)(a) to the year “1999” shall be read as a reference to “2002”, and on 1 January of each third year thereafter shall be amended by the addition of a further three years to that reference”.*
- 11 At its inaugural meeting on 1 November 2019, Council appointed Crs Byars, Harpur and Ruddenklau to the committee. It appears that although Mayor Tong is automatically a member of this committee, through virtue of section 41A(5) of the LGA, his appointment was not included in the appointment of members reports to Council. His appointment is noted in the local governance statement (adopted by Council 4 March 2020), but not within the delegations manual and associated terms of reference (adopted by Council 1 November 2019). This has resulted in Council technically having four elected members appointed to the committee when a maximum of three is allowed.
- 12 Staff have met with Mayor Tong and Crs Byars, Harpur and Ruddenklau to discuss options for addressing the over representation. Cr Byars has indicated that he would be willing to step down from the membership. Staff bring to the attention of Council that standing orders (13.1) allow an elected member to attend a meeting of which they are not an appointed member, including the public excluded session (unless they are lawfully excluded), and although they may not vote on any matter discussed at the meeting, they may, with the leave of the chair, take part in the meeting’s discussions. This would mean that should Cr Byars wish to continue to attend and contribute to the committee he would be able to do so, although he would not have a vote.

Issues

- 13 There are two issues that need to be determined by Council. The first is the appointment of the appropriate number of councillors to the committee, noting that the mayor is automatically a member of all Council committees. The second is the amending of the terms of reference, local governance statement and delegations’ documents to accurately reflect the 2005 changes to the determination.
- 14 It appears that there has been a level of confusion in the past as to the correct status of the Ohai Railway Fund Committee, whether it is a subcommittee or a committee. The LGC determination states that Council will establish a committee.
- 15 It is important to note that all of the previous decisions of the committee are still valid. Both standing order 7.7 and clause 29 of Schedule 7 of the LGA highlight that a decision is not

invalidated if following the decision, a defect in the appointment process is discovered and/or that the membership of a person on the committee at the time is found to have been ineligible.

Factors to Consider

Legal and Statutory Requirements

- 16 The composition of the committee is defined in the Local Government Commission determination. Establishment of committees is regulated through the Local Government Act 2002. Council is required to comply with both the determination and also the Local Government Act.

Community Views

- 17 Community views are received at the committee's triennial meeting where four local representatives are elected to the committee.

Costs and Funding

- 18 There are no cost or funding implications arising from this report.

Policy Implications

- 19 Although not policies, the terms of reference, manual of delegations and local governance statement will need to be amended to reflect Council's decisions.

Analysis

Options Considered

- 20 Staff consider that there are three options available for Council to consider. The first option is to make amendments to the membership of the committee and to amend the terms of reference, delegations and associated documents, the second option is to make amendments to the membership of the committee, but not amend the terms of reference, delegations and associated documents, and the third option is to not make any amendments from what is currently in place.

Analysis of Options

Option 1 – make amendments to the membership of the committee and to amend the terms of reference, delegations and associated documents.

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Council will reduce risk of its decision-making being challenged as its documentation and committee structure will align with the Local Government Commission determination.	<ul style="list-style-type: none">one of the current elected members of the committee will no longer be on the committee.

Option 2 – make amendments to the membership of the committee, but not amend the terms of reference, delegations and associated documents

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the committee structure will align with the Local Government Commission determination.	<ul style="list-style-type: none">Council's documentation will not align with the Local Government Commission determinationresidents who would be eligible for funding under the determination are precluded from applying by Council's own terms of reference and delegationsone of the current elected members of the committee will no longer be on the committee.

Option 3 – not make any amendments from what is currently in place

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">no changes to the committee membership	<ul style="list-style-type: none">opens future committee decisions to challenge as the committee is incorrectly constituted and Council is now aware of thisresidents who would be eligible for funding under the determination are precluded from applying by Council's own terms of reference and delegationsCouncil's documentation and committee structure will not align with the Local Government Commission determination.

Assessment of Significance

- 21 In accordance with Council's Significance and Engagement Policy, this decision is considered 'not significant'.

Recommended Option

- 22 Staff recommend option 1, make amendments to the membership of the committee and to amend the terms of reference, delegations and associated documents.

Next Steps

- 23 Following Council's decision, staff will update the Local Governance Statement and Manual of Delegations and any other documentation that reflects the constitution and delegations of the Ohai Railway Fund Committee.

Attachments

There are no attachments for this report.

Health and Safety Update

Record No: R/21/3/14107
Author: Janet Ellis, People and Capability Manager
Approved by: Cameron McIntosh, Chief Executive

☐ Decision

☒ Recommendation

☐ Information

Purpose

- 1 To provide an update on health and safety related incidents and activity over the last quarter, to present the Health, Safety and Operation Plan for 21/23 and to present the Health, Safety and Wellbeing Roadmap for 21/23.

Content

Health, safety and wellbeing update

- 2 Please find attached the health, safety and wellbeing update as at 28 February 2021.
- 3 This is a new document that has been drafted to give councillors more information regarding their health and safety responsibilities.

Other health and safety related initiatives

- 4 There are many ways to keep current on health and safety matters, subscribing to the Worksafe updates is an easy way to remain up to date. The link is:
<https://worksafe.govt.nz/home/subscriptions>
- 5 Health and safety training continues with staff completing the health and safety e-learning modules based on the health and safety procedures. All new staff are required to complete all the modules.
- 6 The health and safety governance training that was scheduled for early 2021 has now been delayed due to the cancellation of a council meeting for an LTP workshop. A new date will be set shortly. All community board chairs will be invited to attend the training.
- 7 In July 2020, Southland District Council undertook a high-level assessment and review of Council's approach to the management of health and safety. This included a review of Council's governance framework, strategic plan and performance measures and targets.
- 8 The review also included a thin slice review of the health and safety management system targeting risk management, incident management, worker engagement, contractor management and injury management.
- 9 The opportunities identified as part of this gap analysis have been incorporated into the Draft Health, Safety and Wellbeing Operation Plan 2021/23 and the Health, Safety and Wellbeing Road Map 2021/23 and are attached for your information, discussion and confirmation.
- 10 Please note that the resources identified to achieve this plan are estimates only. Detailed work now needs to occur on implementation and project planning stage. This detailed work will highlight actual resources required to achieve what is required in the timeframes.

- 11 The areas identified for improvement include governance, health and safety planning, health and safety management system, risk management and health and safety performance measurement.
- 12 Council continues to manage the risk and transmission of Covid-19. Council continues to invest in additional PPE gear to ensure we can continue to provide our essential services regardless of alert level changes.
- 13 Review of policies and information is ongoing to support our employee health safety and wellbeing, updates include bullying, harassment and discrimination policy and employee handbook. Alongside our policy reviews and updates, education opportunities are provided.

Recommendation

That the Council:

- a) receives **the report titled “Health and Safety Update” dated 8 April 2021**.
- 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 to approve the Draft Health, Safety and Wellbeing Operation Plan for 2021/23.
- e) agrees to approve the Health, Safety and Wellbeing Road Map for 2021/23.

Attachments

- A Health Safety & Wellbeing Update for Council 28th February 2021 [↓](#)
- B Health, Safety and Wellbeing Operational Plan and Road Map [↓](#)

Health Safety & Wellbeing Update for Council

As at 28th February 2021

Author: Teri Black

Relevant WorkSafe health safety wellbeing news and media

Overlapping health and safety duties: Fines for PCBU's:

<https://www.copelandashcroft.co.nz/overlapping-health-and-safety-duties-fines-for-pcbus/>

Managing workplace mental health:

<https://www.copelandashcroft.co.nz/managing-workplace-mental-health/>

H&S Resource

Health and Safety training modules

New employees are continuing to undertake H&S e-learning modules as a part of their induction to SDC. Level 2 for module 8 – In an emergency is in draft. This part focuses on emergency warden training.

With the health and safety framework review complete, it is time to evaluate framework performance against the HS14 – Getting it Right procedure and subsequent implementation checklists. This began in January and is still ongoing.

Implementation plan update

The implementation plan for 20/21 will change based on draft HSW operational plan 2021-2023 adoption.

The gap analysis recommendations have driven this change so as improvement actions can be developed and implemented.

Data

Monitor - Organisational H&S data update, including contractor monitoring

2020

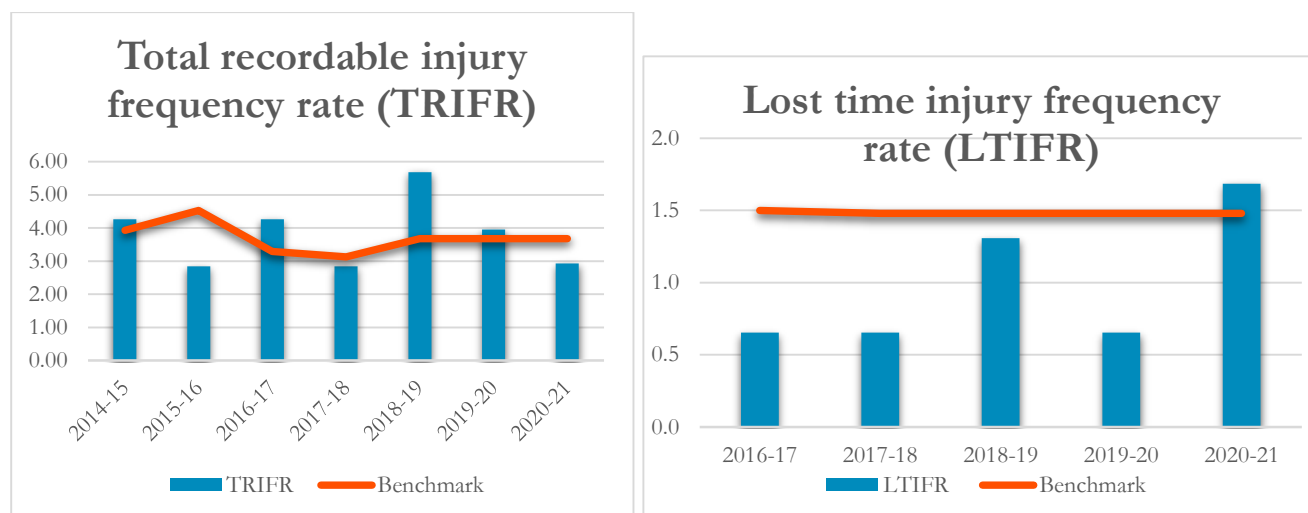
Date	Total Reported Events	EDI - Early Discomfort Incident	NMI - Near Miss Event	MNI - Minor No Treatment Event	FAI - First Aid Event	MTI - Medical Treatment Injury Event	LTI - Lost Time Event	PDI - Property Damage Event	RSK - Risk Reports	Other (ie Medical Event/NWR)	Number of incidents investigated	Number of Corrective Actions set	Number of Corrective Actions achieved	LTI Free Days	Days Lost Time	ACC Claims	Contractor Safety/Site Observations received	Contractor Audits Completed	Contractor Audits Requiring Follow up
Jan-20	13	2	2	0	2	2	0	0	5	0	13	13	11	84	0	1	15	16	0
Feb-20	5	0	1	0	0	1	0	1	2	0	5	5	3	113	0	0	9	8	0
Mar-20	2	1	0	0	0	0	0	0	1	0	2	3	3	144	0	1	12	6	0
Apr-20	6	3	0	0	0	0	0	0	3	0	6	1	0	174	0	0	10	5	0
May-20	8	2	1	2	0	0	0	1	2	0	8	3	4	205	0	0	27	4	0
Jun-20	3	0	1	0	0	0	0	0	2	0	2	2	1	235	0	0	6	5	0
Jul-20	5	0	0	1	0	1	0	1	2	0	4	4	4	266	0	1	3	6	0
Aug-20	2	0	0	1	0	0	0	1	0	0	2	2	4	297	0	1	1	7	0
Sep-20	4	0	1	0	0	0	0	0	3	0	3	4	4	327	0	0	4	16	0
Oct-20	8	0	5	0	0	0	0	1	2	0	5	4	3	358	0	0	10	16	6
Nov-20	5	2	3	0	0	0	0	0	0	0	5	10	3	388	0	0	1	19	1
Dec-20	6	1	1	1	0	1	0	1	1	0	6	5	10	15	7	1	2	15	0
Total	67	11	15	5	2	5	0	6	23	0	61	56	50		7	5	100	123	7

2021

Health Safety Wellbeing Monthly Reporting

Date	Total Reported Events	EDI - Early Discomfort Incident	NMI - Near Miss Event	MNI - Minor No Treatment Event	FAI - First Aid Event	MTI - Medical Treatment Injury Event	LTI - Lost Time Event	PDI - Property Damage Event	RSK - Risk Reports	Safety Observation internal	Other (ie Medical Event/NWR)	Number of incidents investigated	Number of Corrective Actions set	Number of Corrective Actions achieved	LTI Free Days	Days Lost Time	ACC Claims	Contractor Safety/Site Observations received	Contractor Audits Completed	Contractor Audits Requiring Follow up
Jan-21	10	1	2	0	1	2	1	0	2	1	0	9	6	5	46	7	2	0	2	0
Feb-21	8	0	0	3	0	0	0	1	0	4	0	8	8	9	74	0	0	3	9	0
Mar-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Apr-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jun-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jul-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aug-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sep-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oct-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nov-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dec-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	18	1	2	3	1	2	1	1	2	5	0	17	14	14		7	2	3	11	0

Organisation overview



There have been three lost time accidents that resulted in ACC claims this 20/21 year to date, with a total of 21 days lost time.

The lost time in relation to these has pushed our LTIFR above the benchmark. With five more months in this reporting space, this ratio may change as we move further through 2021.

The Benchmark has been updated alongside the 2018 Benchmarking report published by the Business Leaders Health and Safety Forum, a summary of this can be found here:

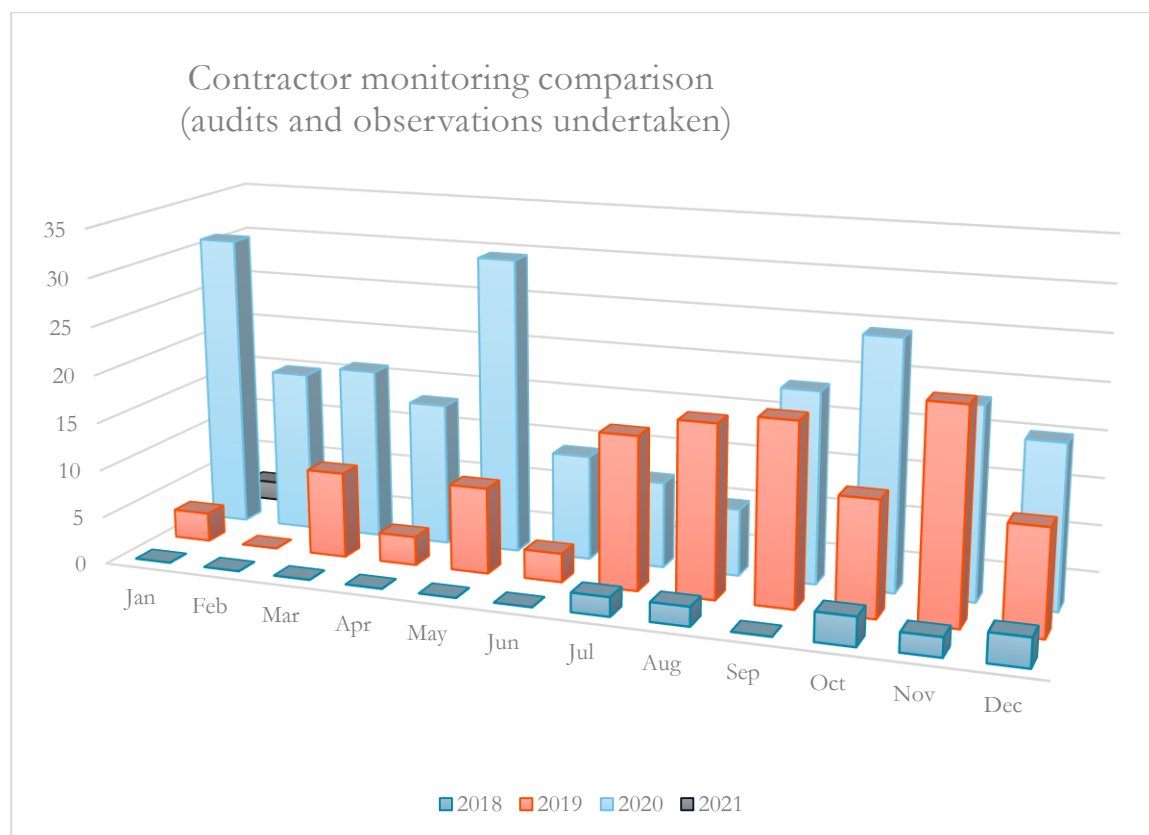
<https://www.zeroharm.org.nz/assets/Uploads/Benchmarking-Snapshot-2018.pdf>

Definitions

The TRIFR is the number of injuries (excluding fatalities) requiring medical treatment per 200,000 hours worked within this organisation based on our FTE workforce.

A lost-time injury is something that results in a fatality, permanent disability or time lost from work. It could be as little as one day. LTIFR refers to the number of lost-time injuries within a given period, relative to the total number of hours (200,000) worked in that period based on our FTE workforce.

Contractor overview



Health Safety and Wellbeing Operational Plan 2021-2023 - DRAFT

Our health and safety commitment

We care for the wellbeing and safety of our people and those who interact with us. Our goal is to deliver safe and effective services to our community and ensure everyone gets safely home every day (SHED).

Current performance

Our health and safety was benchmarked and reviewed by an external organisation in 2017, and our health and safety management has focused on key gaps identified in this analysis. Leading into the 2020/21 plan, a health and safety external gap analysis was undertaken in June 2020 to ensure we continue on the correct path to continually improve health, safety and wellbeing.

As an executive leadership team (ELT) we have discussed the recommendations identified in this gap analysis and, as per 20/21 action plan, have adjusted our health, safety and wellbeing plan for 2020/2021 to align with and support implementation of the improvement opportunities identified.

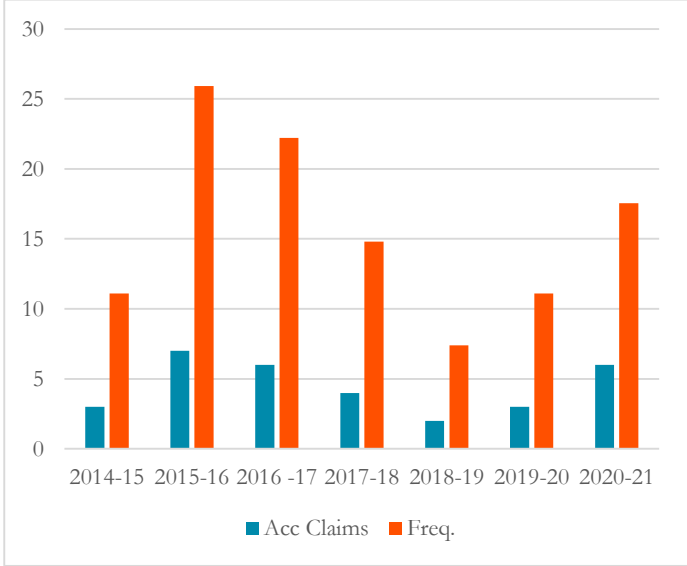
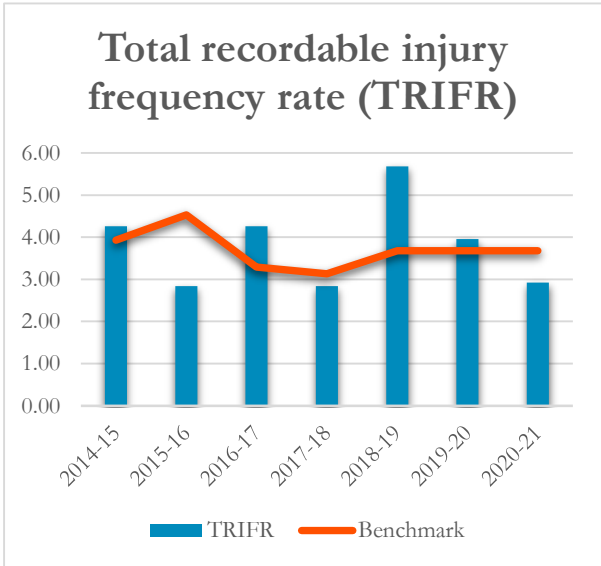


This health safety wellbeing operational plan for 2021 through to 2023 provides Southland District Council (SDC) with a clear pathway to understanding our current risk profile, improving risk management across the organisation, and supports achievement of our core health safety and wellbeing goal which is to deliver safe and effective services to our community and ensure everyone gets safe home every day (SHED).

Data

The graph below shows our current total recordable injury frequency rate. This is based on the average hours worked by our full time equivalent (FTE) workforce. This frequency rate is the number of recordable injuries per

200,000 hours worked. While the majority of the injuries recorded are minor in nature, it is a reminder that a serious injury can occur at any time. A graph of ACC claim trends below shows an increase in ACC claims for the 20/21 year to date. Majority of these are sprains and strains. With the new plan, injury prevention is part of our improving risk management goal.



Action plan

As part of our commitment as a leadership team we will co-sponsor a key activity within the health, safety and wellbeing plan, this sponsorship commitment is supporting the roll-out of the initiative or objective and keep each other and our teams on track in undertaking the objectives within SDC.

CURRENT PERFORMANCE	ACTION REQUIRED	EXECUTIVE SPONSOR	WHEN	FUTURE PERFORMANCE
Recognition that real improvement has been made but true culture of health safety and wellbeing is yet to be achieved	Develop road map for HSW improvement	Janet Ellis	February 2021 to June 2022	We will have a clear understanding of our risk profile Our people will be involved and engaged with our work Our leaders demonstrate exemplary behaviours and attitudes to health safety and wellbeing
	Shift in culture	All of executive leadership team	February 2021 To May 2023	
	Reporting improvements	Matt Russell Nick Hamlin	February 2021 to July 2021	
	Training	Janet Ellis	April 2021 to March 2022	
Officers may not satisfy all due diligence requirements under the HSWA 2015	Governance training	Cameron McIntosh	March 2021	We will build genuine relationships with our people to build a culture where ideas and issues are shared and jointly acted on
	Annual review of officers	Cameron McIntosh	July 2021 to June 2022	
Our risk management is not 'fit for purpose' in its current state	Risk Management	Matt Russell Nick Hamlin	March 2021 To June 2022	Health, safety, wellbeing and the environment will be integrated into the way we work
Operational/tactical approach rather than led by governance and ELT. Heavy organisational reliance on operational health safety and wellbeing roles	Leadership and performance	Fran Mikulicic Anne Robson Trudie Hurst	May 2021 To June 2022	

taking ownership working together being proud to belong creating opportunities

Health Safety and Wellbeing Strategic Road Map – 2021-2023

We care about the health safety and wellbeing of our people and those who interact with us. The health safety and wellbeing strategic road map provides Southland District Council with a clear pathway to understanding our risk profile, improving risk management across the organisation, and supports achievement of our core health safety and wellbeing goal which is to deliver safe and effective services to our community and ensure everyone gets safe home every day.

Current performance	Action required	How we will achieve our target and measure our journey	resource required	When	Draft Measures for monitoring	Future performance
Recognition that real improvement has been made but true culture of health safety and wellbeing is yet to be achieved	Develop road map for HSW improvement	<ul style="list-style-type: none"> Develop and present draft 3-year HSW strategic plan for approval Develop detailed implementation plan to set 3/6/12/targets to achieve road map actions 	ELT time	February 2021 to June 2022	Road map progress reported on % completion against implementation plan	<p>We will have a clear understanding of our risk profile</p> <p>Our people will be involved and engaged with our work</p> <p>Our leaders demonstrate exemplary behaviours and attitudes to health safety and wellbeing</p>
	Shift in culture	<ul style="list-style-type: none"> Engagement/consultation Link with values and organisational direction Safety II 	\$20,000	February 2021 To May 2023	Need to get some advice on this overall – a part of the \$20,000 cost Safety Culture?	
	Reporting improvements	<ul style="list-style-type: none"> Review reporting structure (Operational, ELT, F&A, Council) 	Current resource with support from external consultant \$3,000	February 2021 to July 2021	# of officers satisfied with the quality/content of HSW reports received # of major risk assessments completed involving ELT Reporting structure finalised and implemented	
	Training	<ul style="list-style-type: none"> E-learning refresher for all employees Review learning management system 	Will use organisational training budgets for the next two years	April 2021 to March 2022	Training needs assessment completed and training plan completed # or % increase in training completion (plan) % of health and safety employee induction review and update complete	
Officers may not satisfy all due diligence requirements under the HSWA 2015	Governance training	<ul style="list-style-type: none"> Provide governance training opportunities 	External \$3,000	March 2021	# or % of officer induction overdue # or % of officer induction refresher overdue % of officers attending refresher training	<p>We will build genuine relationships with our people to build a culture where ideas and issues are shared and jointly acted on</p> <p>Health safety wellbeing and the environment will be integrated into the way we work</p>
	Annual review of officers	<ul style="list-style-type: none"> Develop and implement officer due diligence requirements Review of officers' due diligence by external resource 	External \$10,000	Feb 2021 to June 2022	Review of officers completed # of gaps identified and % progress toward corrective actions set in response	
Our risk management is not 'fit for purpose' in its current state	Risk Management	Review risk management framework. Includes: <ul style="list-style-type: none"> Critical risk management Environmental risk management Risk reporting 	Option 1 Aggressive \$20,000 Plus additional resource (~\$80,000) Option 2 (takes longer): In house current resource plus \$20,000	March 2021 to June 2022	# of risks reviewed within one year & within 2 years # of risks not yet reviewed # of risk corrective actions completed and outstanding # control failures % of residual risks categorised by priority # new reports, ACC claims, DART rate # and frequency rates: LTI, LTIFR, FAI, MTI, TRIFR	<p>Overall Measurement:</p> <p>Gap analysis completed in October 2022 with significant improvement made and recognition that the true culture of health safety and wellbeing is on track and at the early stages of being achieved</p>
		<ul style="list-style-type: none"> Review and update contractor management processes in line with changes implemented in risk management framework review 			# of contractor audits and observations completed % of contractor management documentation reviewed and current	
Operational/tactical approach rather than led by governance and ELT. Heavy organisational reliance on operational health safety and wellbeing roles	Leadership and performance	<ul style="list-style-type: none"> Set SMART H&S KPI's org wide and link to performance management system Increase leadership visibility Increase monitoring and observations 	ELT time and education	May 2021 To June 2022	# or % of leader induction overdue # or % of leader induction refresher overdue % of leaders attending refresher training # of health and safety audits and observations attended by officers and leaders % of meetings where health and safety updates are discussed	
OUR ORGANISATIONAL VALUES: TAKING OWNERSHIP WORKING TOGETHER BEING PROUD TO BELONG CREATING OPPORTUNITIES						

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.

C10.1 Around the Mountains Cycle Trail - Unbudgeted expenditure

C10.2 Building Solutions - Unbudgeted Expenditure Request March 2021

C10.3 Proposed Road Stopping 14 Dover Street Wreys Bush and Unbudgeted Expenditure Approval to fund Councils portion of the actions required.

C10.4 Unbudgeted Expenditure Report for Obtaining Subdivision Consents for the Luxmore Residential and Industrial Developments

C10.5 Winton Wastewater Treatment and Discharge - Alternative Solution

C10.6 Water and Wastewater Maintenance Expenditure

C10.7 Access to Commercial Forest at Ohai for Coal Exploration and Mining

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 - Unbudgeted expenditure	s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	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.
Building Solutions - Unbudgeted Expenditure Request March 2021	s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health and safety of members of the public. s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	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.
Proposed Road Stopping 14 Dover Street Wreys Bush and Unbudgeted Expenditure Approval to fund Councils portion of the actions required.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	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.
Unbudgeted Expenditure Report for Obtaining Subdivision Consents for	s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be	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

the Luxmore Residential and Industrial Developments	<p>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> <p>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).</p>	information for which good reason for withholding exists.
Winton Wastewater Treatment and Discharge - Alternative Solution	<p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.</p> <p>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).</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.
Water and Wastewater Maintenance Expenditure	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.	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.
Access to Commercial Forest at Ohai for Coal Exploration and Mining	<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)(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).</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.